

Errata Sheet
Revised Agenda

Board of Directors Meeting
Wednesday, April 6, 2011

The revised agenda reflects the addition of a second closed session item pursuant to Government Code Section 54957 and 54957.6; the Committee will meet in closed session to conduct a performance evaluation of the Executive Officer/APCO.



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
REGULAR MEETING
APRIL 6, 2011

A meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:45 a.m. in the 7th Floor Board Room at the Air District Headquarters, 939 Ellis Street, San Francisco, California.

**Questions About
an Agenda Item**

The name, telephone number and e-mail of the appropriate staff Person to contact for additional information or to resolve concerns is listed for each agenda item.

Meeting Procedures

The public meeting of the Air District Board of Directors begins at 9:45 a.m. The Board of Directors generally will consider items in the order listed on the agenda. However, any item may be considered in any order.

After action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

Public Comment Procedures

Persons wishing to make public comment must fill out a Public Comment Card indicating their name and the number of the agenda item on which they wish to speak, or that they intend to address the Board on matters not on the Agenda for the meeting.

Public Comment on Non-Agenda Matters, Pursuant to Government Code Section 54954.3 For the first round of public comment on non-agenda matters at the beginning of the agenda, ten persons selected by a drawing by the Clerk of the Boards from among the Public Comment Cards indicating they wish to speak on matters not on the agenda for the meeting will have three minutes each to address the Board on matters not on the agenda. For this first round of public comments on non-agenda matters, all Public Comment Cards must be submitted in person to the Clerk of the Boards at the location of the meeting and prior to commencement of the meeting. The remainder of the speakers wishing to address the Board on non-agenda matters will be heard at the end of the agenda, and each will be allowed three minutes to address the Board at that time.

Members of the Board may engage only in very brief dialogue regarding non-agenda matters, and may refer issues raised to District staff for handling. In addition, the Chairperson may refer issues raised to appropriate Board Committees to be placed on a future agenda for discussion.

Public Comment on Agenda Items After the initial public comment on non-agenda matters, the public may comment on each item on the agenda as the item is taken up. Public Comment Cards for items on the agenda must be submitted in person to the Clerk of the Boards at the location of the meeting and prior to the Board taking up the particular item. Where an item was moved from the Consent Calendar to an Action item, no speaker who has already spoken on that item will be entitled to speak to that item again.

Up to ten (10) speakers may speak for three minutes on each item on the Agenda. If there are more than ten persons interested in speaking on an item on the agenda, the Chairperson or other Board Member presiding at the meeting may limit the public comment for all speakers to fewer than three minutes per speaker, or make other rules to ensure that all speakers have an equal opportunity to be heard. Speakers are permitted to yield their time to one other speaker; however no one speaker shall have more than six minutes. The Chairperson or other Board Member presiding at the meeting may, with the consent of persons representing both sides of an issue, allocate a block of time (not to exceed six minutes) to each side to present their issue.

BOARD OF DIRECTORS REGULAR MEETING

REVISED AGENDA

WEDNESDAY
APRIL 6, 2011
9:45 A.M.

BOARD ROOM
7TH FLOOR

CALL TO ORDER

Opening Comments
Roll Call
Pledge of Allegiance

Chairperson, Tom Bates
Clerk of the Boards

PUBLIC COMMENT ON NON-AGENDA MATTERS

Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3

For the first round of public comment on non-agenda matters at the beginning of the agenda, ten persons selected by a drawing by the Clerk of the Boards from among the Public Comment Cards indicating they wish to speak on matters not on the agenda for the meeting will have three minutes each to address the Board on matters not on the agenda. For this first round of public comments on non-agenda matters, all Public Comment Cards must be submitted in person to the Clerk of the Board at the location of the meeting and prior to commencement of the meeting.

CONSENT CALENDAR (ITEMS 1 – 6)

Staff/Phone (415) 749-

1. Minutes of March 16, 2011

L. Harper/5073
lharper@baaqmd.gov

2. Board Communications Received from March 16, 2011 through April 5, 2011

J. Broadbent/5052
jbroadbent@baaqmd.gov

A list of communications directed to the Board of Directors received by the Air District from March 16, 2011 through April 5, 2011 if any, will be at each Board Member's place.

3. District Personnel on Out-of-State Business Travel

J. Broadbent/5052
jbroadbent@baaqmd.gov

In accordance with Section 5.4 (b) of the District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that the attached memoranda lists District personnel who traveled on out-of-state business.

4. Set Public Hearings to Consider Adoption of Proposed Amendments to District Regulation 3: Fees, and Approval of a Notice of Exemption from CEQA

B. Bateman/4653
bbateman@baaqmd.gov

The Board of Directors will hold a Public Hearing on May 4, 2011, to: (1) Consider Adoption of Proposed Amendments to District Regulation 3: Fees, with the exception of proposed amendments to Fee Schedules L, Q, R, and S (for which a second public hearing is required prior to adoption), (2) Receive Testimony on Proposed Amendments to Fee Schedules L, Q, R,

and S, and (3) Consider Approval of a Notice of Exemption from CEQA. The Board of Directors will also hold a Public Hearing on June 15, 2011, to (1): Consider Adoption of Proposed Amendments to Fee Schedules L, Q, R, and S in District Regulation 3: Fees.

5. Set Public Hearing for May 4, 2011 to Consider Proposed Amendments to Regulation 9, Rule 7: Nitrogen Oxides and Carbon Monoxide from Industrial, Institutional and Commercial Boilers, Steam Generators and to Regulation 1: General Provisions and Definitions; and to Consider Approval of an Addendum to the 2008 CEQA Negative Declaration for Regulation 9-7

H. Hilken/4642
hhilken@baaqmd.gov

The Board of Directors will hold a Public Hearing on May 4, 2011, to: Consider Approval of Proposed Amendments to Regulation 9; Rule 7: Nitrogen Oxides and Carbon Monoxide from Industrial, Institutional and Commercial Boilers, Steam Generators and Process Heaters; and to Regulation 1: General Provisions and Definitions; and to consider approval of an addendum to the 2008 California Environmental Quality Act (CEQA) Negative Declaration. The proposed amendments to Regulation 9-7 will revise compliance dates for certain devices subject to the rule. The proposed amendments to Regulation 1 are administrative, regarding registration of non-permitted equipment.

6. Set a Public Hearing for May 18, 2011 for the Exclusive Purpose of Considering Testimony on the Air District's Proposed Budget for FYE 2012 and a Final Public Hearing for June 15, 2011 to Consider Adoption of the Proposed Budget for FYE 2012

J. McKay/4629
jmckay@baaqmd.gov

The Board of Directors will set a public hearing for May 18, 2011 for the Exclusive Purpose of Considering Testimony on the Air District's Proposed Budget for FYE 2012 and a Final Public Hearing for June 15, 2011 to Consider Adoption of the Proposed Budget for FYE 2012.

COMMITTEE REPORTS AND RECOMMENDATIONS

7. Report of the **Budget and Finance Committee** Meeting of March 23, 2011

CHAIR: C. GROOM

J. Broadbent/5052
jbroadbent@baaqmd.gov

8. Report of the **Mobile Source Committee** Meeting of March 24, 2011

CHAIR: S. HAGGERTY

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee recommends Board of Directors approval of the following:

A) Consideration of Projects with Proposed Grant Awards Over \$100,000

1. Approve Carl Moyer Program projects with proposed grant awards over \$100,000.
2. Authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program projects.

9. Report of the **Personnel Committee Meeting** of March 28, 2011
CHAIR: B. WAGENKNECHT

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee recommends Board of Directors' approval of appointment of candidates to fill two (2) Alternate Hearing Board Public Member vacancies.

10. Report of the **Public Outreach Committee Meeting** of April 4, 2011
CHAIR: M. ROSS

J. Broadbent/5052
jbroadbent@baaqmd.gov

11. Report of the **Legislative Committee Meeting** of April 4, 2011
CHAIR: S. GARNER

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee may recommend Board of Directors approval of positions on significant air quality bills.

PRESENTATION

12. Overview of the 2010/2011 Particulate Matter (PM) Season

J. Broadbent/5052
jbroadbent@baaqmd.gov

Staff will provide an overview of the 2010/2011 Winter PM Season, including: Wintertime air quality, Regulation 6-3 implementation and the Winter Spare the Air outreach campaign. Staff will also address next steps to prepare for the Winter 2011/2012 PM season.

CLOSED SESSION

- 13a. **EXISTING LITIGATION (Government Code Section 54956.9(a))**

Pursuant to Government Code Section 54956.9(a), a need exists to meet in closed session with legal counsel to consider the following case(s):

A.) California Building Industry Association v. Bay Area AQMD, San Francisco Superior Court, Case No. RG 10548693

- 13b. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION (GOVERNMENT CODE SECTION 54957 AND 54957.6)**

A.) Pursuant to Government Code Section 54957 and 54957.6, the Committee will meet in closed session to conduct a performance evaluation of the Executive Officer/APCO.

OPEN SESSION

PUBLIC COMMENT ON NON-AGENDA MATTERS

Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3

Speakers who did not have the opportunity to address the Board in the first round of comments on non-agenda matters will be allowed three minutes each to address the Board on non-agenda matters.

BOARD MEMBERS' COMMENTS

Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)

OTHER BUSINESS

14. Report of the Executive Officer/APCO
15. Chairperson's Report
16. Time and Place of Next Meeting – 9:45 A.M. Wednesday, May 4, 2011 – 939 Ellis Streets, San Francisco, CA 94109
17. Adjournment

CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET SF, CA 94109

(415) 749-5130
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities. Notification to the Executive Office should be given at least 3 working days prior to the date of the meeting so that arrangements can be made accordingly.
- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the Air District's headquarters at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body. Such writing(s) may also be posted on the Air District's website (www.baaqmd.gov) at that time.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
(415) 771-6000

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS

APRIL 2011

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Public Outreach Committee <i>(At the Call of the Chair)</i>	Monday	4	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Legislative Committee <i>(At the Call of the Chair)</i>	Monday	4	Immediately Following Public Outreach Cme.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	6	9:45 a.m.	Board Room
Board of Directors Executive Committee <i>(At the Call of the Chair)</i>	Monday	11	9:30 a.m.	4 th Floor Conf. Room
Advisory Council Meeting	Wednesday	13	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i> - CANCELLED	Wednesday	20	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i>	Thursday	28	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(At the Call of the Chair)</i>	Thursday	28	Immediately Following Mobile Source	4 th Floor Conf. Room

MAY 2011

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	4	9:45 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(At the Call of the Chair)</i>	Wednesday	25	1:00 p.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets 4th Thursday each Month)</i>	Thursday	26	9:30 a.m.	4 th Floor Conf. Room

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 24, 2011

Re: Board of Directors Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Board of Directors Regular Meeting of March 16, 2011.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Regular Meeting of March 16, 2011.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109

Board of Directors Regular Meeting
March 16, 2011

DRAFT MINUTES

CALL TO ORDER: Chairperson Tom Bates called the regular meeting to order at 9:45 a.m.

PLEDGE OF ALLEGIANCE: Chairperson Bates led the Pledge of Allegiance.

Roll Call: Chairperson Tom Bates; Vice Chair John Gioia; and Directors John Avalos, Susan Gorin, Carole Groom, Scott Haggerty, Jennifer Hosterman, David Hudson, Nate Miley, Johanna Partin, Mark Ross, James Spering, Gayle B. Uilkema, Brad Wagenknecht, Ken Yeager, and Shirlee Zane

Absent: Secretary Ash Kalra; and Directors Harold Brown, Carol Klatt, Liz Kniss and Eric Mar

OATH OF OFFICE/SWEARING-IN OF NEW BOARD MEMBERS:

The Clerk of the Boards administered the Oath of Office to new Board Member John Avalos of the City and County of San Francisco.

PUBLIC COMMENTS: None

CONSENT CALENDAR (Items 1-5):

1. **Minutes of March 2, 2011 Regular Meeting;**
2. **Communications;**
3. **Referral of Proposed Budget for Fiscal Year Ending 2012 to the Budget and finance Committee**
4. **Resolution to Authorize the Executive/Officer/APCO to Enter into a Contract with Caltrans on Behalf of the Air District for an Environmental Justice Transportation Planning Grant**
5. **Subordination Request from City of Novato**

Board Action: Director Hosterman made a motion to approve Consent Calendar Items 1, 2, 3, 4 and 5; Director Miley seconded the motion; unanimously approved without objection.

Adopted Resolution 2011-04 Authorizing the Executive/Officer/APCO to Enter into a Contract with Caltrans on Behalf of the Air District for an Environmental Justice Transportation Planning Grant.

COMMITTEE REPORTS AND RECOMMENDATIONS

6. Report of the Stationary Source Committee Meeting of March 3, 2011

Chair: G. Uilkema

The Stationary Source Committee met on Thursday, March 3, 2011 and deferred approval of the December 13, 2010 minutes.

The Committee received an update of the following:

- Proposed Regulation 11, Rule 17: Limited Use Stationary Compression Ignition Engines in Agricultural Use;
- Proposed Regulation 12, Rule 13: Metal Melting and Processing Facilities;
- Proposed Amendments to Regulation 9, Rule 7: NO_x and CO from Industrial, Institutional and Commercial Boilers, Steam Generators and Process Heaters.

The next meeting of the Stationary Source Committee will be on Thursday, May 5, 2011 at 9:30 a.m.

Board Action: Director Uilkema made a motion to approve the report of the Stationary Source Committee; Director Spring seconded the motion; which carried unanimously without objection.

Noted Present:

Directors Susan Garner, Liz Kniss and Eric Mar were noted as present.

7. Report of the Public Outreach Committee Meeting of March 3, 2011

Chair: M. Ross

The Public Outreach Committee met on Thursday, March 3, 2011 and approved the minutes of July 21, 2010 and October 25, 2010.

The Committee recommends the Board of Directors' approve the following:

- The Executive Officer/APCO to enter into contract extensions for the 2011 Summer Spare the Air campaign (\$900,000 in CMAQ funding), the Smoking Vehicle Assistance Program, Resource Teams and Employer Program (\$695,000 in TFCA funding);
- The Executive Officer/APCO to enter into a contract with Kearns and West in an amount not exceed \$200,000 to assist staff with the development of a District-wide Public Engagement Policy and Plan; and
- The Executive Officer/APCO to enter into a contract with the Prescott-Joseph Center in the amount of \$215,000 to support the expansion of Breathmobile services into the Bayview Hunters Point neighborhood.

The Committee also received an overview of the Winter Spare the Air season and new multilingual campaign elements.

The next meeting of the Public Outreach Committee will be on Monday, April 4, 2011 at 9:30 a.m.

Public Comment:

Susan Goldsborough, Families for Clean Air, Mill Valley, submitted a letter into the record regarding concerns of wood smoke exposure in Marin and Sonoma counties and discussed air monitoring results prepared by Sonoma Technology.

Beverly Wood, Novato, urged the District to review and identify high risk subpopulations to better define wood smoke problems and discussed various discrepancies in air monitoring stations throughout Sonoma and Marin counties.

Patti Weisselberg, Families for Clean Air, Mill Valley, commended the District for its wood smoke outreach efforts, spoke of her desire for additional public outreach and enforcement, and asked that the District verify exemptions from the wood smoke regulations.

Mr. Broadbent reported that a full discussion of the *Winter Spare the Air* program will be presented to the Board of Directors at its April 6, 2011 regular meeting and an upcoming Public Outreach Committee meeting.

Board Member Discussion:

In response to Director Haggerty, Mr. Broadbent noted that the higher number of complaints received from the Sonoma and Marin areas has a lot to do with their geographic location, and said staff can review the need for greater emphasis and enforcement in those areas. He said that over the last few years, the wood smoke program had continually matured and refinement is ongoing.

Director Zane questioned and confirmed with Air Quality Program Manager Barbara Coler that the District issued 59 warning letters and 2 Notice of Violations (NOVs) this season, with fines of \$400 each. Last season, 310 warnings and 9 NOVs were issued. Director Zane asked that additional enforcement be undertaken and fines issued, citing the District's work to provide extensive education and outreach to homeowners and businesses since the program's inception.

Director Gorin questioned where citations were occurring in Marin and Sonoma counties, suggested local officials work with specific neighborhoods and that they avoid wood burning on all days.

Director Ross thanked speakers for their input, recognized the program's evolution and agreed that targeted mailings and enforcement can be further emphasized in Marin and Sonoma counties.

Vice Chair Gioia highlighted the program's initial start-up and the District's sensitivity and/or recognition of lower income families with no sources of heat. He suggested a better understanding of the entire situation. Director Uilkema concurred and asked that staff provide verification prior to renewal of exemptions for businesses and homes.

Board Action: Director Ross made a motion to approve the report and recommendations of the Public Outreach Committee; Director Gioia seconded the motion; which carried unanimously without objection.

8. Report of the Legislative Committee Meeting of March 7, 2011
Chair: S. Garner

The Legislative Committee met on Monday, March 7, 2011 and approved the minutes of December 6, 2011.

The Committee discussed new bills, and recommends Board of Directors' approval of the positions listed in the table below and as distributed to Directors. Note the Committee changed staff's "Support" recommendation to "Watch" on AB 343 (Atkins) and AB 710 (Skinner).

The Committee also recommends that the Board endorse as a principal that important air quality and climate change programs not be sacrificed under the banner of regulatory reform.

The next meeting of the Legislative Committee is at the call of the Chair.

BILL NO.	AUTHOR	SUBJECT	RECOM-MENDATION
AB 128	Logue	Would allow ARB to, instead of imposing an air penalty, spend an equivalent amount on actions to comply with the violated regulation or on a supplemental project	Oppose
AB 333	Grove	Exempts counties with unemployment over 7% from AB 32	Oppose
AB 343	Atkins	Requires redevelopment plans to identify how redevelopment projects will help regions attain their SB 375 (GHG emission reduction) goals	Support WATCH
AB 382	Nestande	Requires all written district communications alleging violations to contain new detailed information, and imposes new requirements on inspectors	Oppose
AB 462	B. Lowenthal	Allows air districts to use AB 923 funds to replace older CNG tanks on school buses	Support
AB 710	Skinner	Infill Development and Sustainable Community Act; eliminates excessive minimum parking requirements in infill and transit-oriented development areas	Support WATCH
AB 942	Huber & B.Berryhill	Directs all penalties and fines collected by ARB into the General Fund, rather than air pollution remediation accounts	Oppose
AB 1332	Donnelly	Abolishes ARB and transfers duties and obligations to CalEPA	Oppose
ABx1 2	Logue	Would allow ARB to instead of imposing an air penalty spend an equivalent amount on actions to comply with the violated regulation or on a supplemental project	Oppose
ABx1 7	Logue	Directs all penalties and fines collected by ARB into the General Fund, rather than air pollution remediation accounts	Oppose
SB 170	Pavley	Allows South Coast Air District to receive intellectual property benefits or revenues from projects funded with grant funds controlled by the South Coast	Support if Amended

BILL NO.	AUTHOR	SUBJECT	RECOM-MENDATION
SB 209	Corbett	Prevents homeowners associations from blocking EV residential charging	Support
SB 582	Emmerson	Allows MPO's and air districts to jointly adopt regional commute benefit policies, with requirements on employers	Co-Sponsor
SB 724	Dutton	Expands ARB's requirements and considerations when assessing penalties, and imposes new deadlines and requirements on ARB when certifying engines	Oppose
SB 739	A.Lowenthal	Requires ports to assess infrastructure and air quality needs, in consultation with the local MPO and air district, specifying needed projects, funding, and timelines	Support

Vice Chairperson Gioia requested a brief presentation from staff on AB 710 (Skinner), stating there was discussion on the issue at the Legislative Committee meeting.

Senior Advanced Projects Advisor, Tom Addison, reported that AB 710 has been in print for less than a month and deals with mandatory minimum parking requirements. Staff recommends a support position because mandatory parking requirements tend to encourage people to drive, thus reducing the use of transit, walking, biking, and other modes which help reduce emissions. The bill is sponsored by the Infill Builders Association. The bill was scheduled for two Policy Committee hearings and he sees the bill as something that will evolve and likely be changed in a number of ways over the course of the year from local government feedback.

Vice Chairperson Gioia read part of the bill language into the record, stating it would “prohibit a city or county from requiring more than one parking space per residential unit and more than one parking space per 1,000 square feet of commercial or other nonresidential space for a residential or mixed-use residential project located in a transit intensive area, as defined, or subject to an adopted downtown area plan, an adopted neighborhood plan, or an adopted redevelopment project area.”

Director Partin confirmed that the District does take action on federal legislation, and she asked about House Bill 910, the Energy Tax Prevention Act of 2011. The bill would strip the Environmental Protection Agency of its power to regulate greenhouse gas emissions. Mr. Broadbent noted that District, in response to a request as a member of the National Association of Clean Air Agencies, took the initiative of preparing a letter in opposition and the matter can be brought back to the Legislative Committee for follow-up.

Director Sperring requested separating out the recommendations for AB 343 and SB 739, at which point he will vote to oppose the stated positions.

Board Action: Director Garner made a motion to approve the report and recommendations of the Legislative Committee; Director Hosterman seconded the motion; which carried by the following voice vote (18-1-2): Ayes: Avalos, Bates, Garner, Gioia, Gorin, Groom, Haggerty, Hosterman,

Hudson, Kniss, Mar, Miley, Partin, Ross, Uilkema, Wagenknecht, Yeager, Zane. Noes: Sperring (only on AB 343 and SB 739); Absent: Kalra and Klatt.

9. Report of the Climate Protection Committee Meeting of March 7, 2011

Chair: J. Hosterman

The Climate Protection Committee met on Monday, March 7, 2011 without an established quorum and deferred approval of the November 29, 2010 minutes.

The Committee received an update from Bruce Riordan, Climate Consultant, on the Joint Policy Committee/Climate Bay Area's development of a regional climate protection strategy, and the Climate Bay Area's project to identify important and high impact projects that link the climate/energy crisis and the economic crisis. The five key projects are:

- 1) Sustainable Community Strategy (SB 375);
- 2) Bay Area adaptation strategy;
- 3) Home and business building retrofits;
- 4) Electric vehicle strategy; and
- 5) Local renewable power

The Committee then received an update on the status of local Climate Action Plans (CAPs) in the Bay Area, reviewed the District's support of development of CAPs, web portal tracking, and expansion of adopted CAPs in the Bay Area. Cities are including more emission sources and specific measures in their plans and incorporating climate protection elements in their general plans.

The Committee then received an update on District actions to implement AB 32 control measures. The Committee discussed five CARB regulations and their reporting requirements, performance standards, exemptions, and applicability:

- Landfill Methane Control Measure
- Semiconductor Operations
- Sulfur Hexafluoride Use (non-utility and non-semiconductor)
- Stationary Refrigerant Management Program
- Cap-and Trade Regulation

The Committee then discussed its meeting schedule and work in the coming year. The next meeting of the Climate Protection Committee is at the Call of the Chair.

Board Action: Director Hosterman made a motion to approve the report of the Climate Protection Committee; Director Uilkema seconded the motion; which carried unanimously without objection.

CLOSED SESSION

The Board of Directors adjourned to Closed Session at 10:34 a.m.

11. CONFERENCE WITH LABOR NEGOTIATORS (Government Code § 54957.6(a))

Agency Negotiators: Jack P. Broadbent, Executive Officer/APCO

Jack M. Colbourn, Director of Administrative Services

Employee Organization: Bay Area Air Quality Management District Employee's Association, Inc.

12. EXISTING LITIGATION (Government Code Section 54956.9(a))

Pursuant to Government Code Section 54956.9(a), a need exists to meet in closed session with legal counsel to consider the following case(s):

A.) California Building Industry Association v. Bay Area AQMD, San Francisco Superior Court, Case No. RG 10548693

OPEN SESSION

The Board of Directors reconvened in Open Session at 11:12 a.m. District Counsel Bunger stated there was no reportable action taken.

PUBLIC COMMENT ON NON-AGENDA MATTERS – None

OTHER BUSINESS

8. **Report of the Executive Officer/APCO:** Mr. Broadbent reported that the District, MTC and ABAG are moving forward with examining a potential relocation of District offices through its work with CB Richard Ellis. An RFP was issued to firms in the Bay Area and he will provide a report at the Executive Committee Meeting on April 11, 2011, with the entire process expected to be completed sometime in May.
9. **Chairperson's Report:** Chairperson Bates announced the cancellation of the April 20, 2011 Board of Directors meeting.

BOARD MEMBERS' COMMENTS - None

PRESENTATION

10. What's in the Air We Breathe and How Do We Measure It?

Director of Technical Services Eric Stevenson discussed the radiation monitor on the roof of this building, stating the District is part of an EPA program that measures radioactive levels in San Francisco, San Jose, and Sacramento. The monitors provide background information, deviation, and filter media levels and can determine whether the Bay Area is affected from radiation resulting from Japan's incidents.

Directors discussed the potential for radiation traveling west, the federal government as the lead agency, links posted on the District's website which refer to up-to-date information and the ability after the meeting for Board Members to visit the roof where the monitor is located.

Mr. Stevenson gave a presentation on the air we breathe, how is it measured, air quality standards, how attainment is determined, how the District is doing, specifics of the District's air monitoring network and locations measured. He pointed out there is now interest in ultrafine particles which is

being reviewed by the Advisory Council, described components of air, units of measurement, the human respiratory system, and said the level of risk depends on the following factors:

- The amount of type of pollution in the air;
- The amount of time the exposure occurs;
- The amount of air we breathe in a given time; and
- Overall health

Other exposures to air pollutants include:

- Eating food products contaminated by air toxins that have been absorbed by plants or animals, (Dioxin);
- Drinking water contaminated by air pollutants (Lead);
- Ingesting contaminated soil (Arsenic);
- Touching contaminated soil, dust or water where contaminants can be absorbed through the skin (PCBs)

He displayed a chart showing compounds the District is most active in controlling and information on their emission sources, key man-made sources, scale of impacts, health and other impacts, and peak levels seen. Health impacts come down to dollars; reductions equal better health and less health care costs. He reviewed involved agencies, stating the Air District was established in 1955 as the first regional air pollution agency. The California Air Resources Board (CARB) was established in 1967, and the U.S. EPA in 1970.

He reviewed Clean Air Act requirements, stating the state and national ambient air quality standards are set to protect human health and the environment, and reviewed primary and secondary standards and monitoring requirements, and criteria pollutants showing both national and state standards, and their averaging time.

Mr. Stevenson then reviewed attainment status, stating the District is in non-attainment for ozone, PM10 and PM2.5 for the State standard. For the federal standard, the District is in non-attainment for ozone and 24-hour average for PM2.5, but is unclassified for PM10.

Mr. Stevenson presented emission trends from 1980 to 2010 showing directly emitted ROG, NO_x, PM2.5 and SO₂ from facilities categorized by consumer products, on- and off-road, evaporation, refinery other industrial and combustion emissions. He then reviewed ozone creation, stating ground level or “bad” ozone is not emitted directly into the air, but is created by chemical reactions between NO_x and VOCs in the presence of heat and sunlight. Emissions from industrial facilities and electric utilities, motor vehicle exhaust, gasoline vapors, and chemical solvents are some of the major sources of oxides of nitrogen (NO_x) and volatile organic compounds (VOC).

Mr. Stevenson then presented ozone exceedance trends from 1968 to 2010, showing the number of days exceeding the National 8-hour Standard (75 ppb), number of days exceeding the State 1-hour Standard (90 ppb), and a 3 year running 8-hour average. He also displayed PM2.5 exceedance days from 2000 to 2010 showing the national 24-hour (35 ug/m³) and a 3 year running 24-hour, which show significant reduction. However, the trends for GHGs are increasing.

Mr. Stevenson presented air monitoring sites in the entire Bay Area. South Coast has a fairly extensive, but comparatively, the Bay Area AQMD has the densest network in the world. Mr. Broadbent added that Mr. Stevenson heads up the National Association of Clean Air Agencies Monitoring Committee, is considered to be a national/worldwide expert, and is often called on to speak.

Director Comments/Questions:

Directors discussed results which show diesel is the highest mobile source emission, measurements of attainment and non-attainment as averages, cites not meeting the standard, and confirmed that a future workshop will focus on legal status of attainment measures and the District's work.

- 10. Time and Place of Next Meeting:** 9:45 a.m., Wednesday, April 6, 2011 – 939 Ellis Street, San Francisco, CA 94109.
- 11. Adjournment:** The Board of Directors meeting adjourned at 11:56 a.m.

Lisa Harper
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 24, 2011

Re: Board Communications Received from March 16 through April 5, 2011

RECOMMENDED ACTION:

None; receive and file.

DISCUSSION

A list of communications directed to the Board of Directors received by the Air District from March 16, 2011 through April 5, 2011 if any, will be at each Board Member's place at the April 6, 2011 Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Vanessa Johnson
Reviewed by: Rex Sanders

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 21, 2011

Re: District Personnel on Out-of-State Business Travel

RECOMMENDED ACTION:

None; receive and file.

BACKGROUND

In accordance with Section 5.4 (b) of the District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that the following District personnel have traveled on out-of-state business:

The out-of-state business travel summarized below covers the period March 1, 2011 through March 30, 2011. Out-of-state travel is reported in the month following travel completion.

DISCUSSION

There were no personnel traveling out of state during this reporting period.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Glasser
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 24, 2011

Re: Set Public Hearings to Consider Adoption of Proposed Amendments to District Regulation 3: Fees, and Approval of a Notice of Exemption from the California Environmental Quality Act (CEQA)

RECOMMENDED ACTION:

Set a public hearing for May 4, 2011, to: (1) Consider adoption of proposed amendments to Air District Regulation 3: Fees, with the exception of proposed amendments to Fee Schedules L, Q, R, and S (for which a second public hearing is required prior to adoption), (2) Receive testimony on proposed amendments to Fee Schedules L, Q, R, and S, and (3) Consider approval of a Notice of Exemption from CEQA. Set a public hearing for June 15, 2011, to (1): Consider adoption of proposed amendments to Fee Schedules L, Q, R, and S in Air District Regulation 3: Fees.

DISCUSSION

A public hearing notice and the proposed amendments to Regulation 3 are available for review by request and have been posted on the Air District's website at http://www.baaqmd.gov/pln/ruledev/regulatory_public_hearings.htm.

BUDGET CONSIDERATION/FINANCIAL IMPACTS:

The proposed amendments to the Air District's fee regulation would not impact the current fiscal year's budget but, if adopted, would increase budgeted fee revenue in the upcoming FYE 2012 by approximately \$1.5 million, representing an increase of 5 percent.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Reviewed by: Jeffrey Mckay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 24, 2010

Re: Set Public Hearing for May 4, 2011 to Consider Proposed Amendments to Regulation 9, Rule 7: Nitrogen Oxides and Carbon Monoxide from Industrial, Institutional and Commercial Boilers, Steam Generators and Process Heaters; and to Regulation 1: General Provisions and Definitions; and to Consider Approval of an Addendum to the 2008 CEQA Negative Declaration for Regulation 9-7

RECOMMENDED ACTION:

Set a public hearing for May 4, 2011 to consider proposed amendments to Regulation 9, Rule 7: Nitrogen Oxides and Carbon Monoxide from Industrial, Institutional and Commercial Boilers, Steam Generators and Process Heaters; and to Regulation 1: General Provisions and Definitions; and to consider approval of an addendum to the 2008 California Environmental Quality Act (CEQA) Negative Declaration for Regulation 9-7.

BACKGROUND

In July, 2008, the Board of Directors adopted amendments to Regulation 9, Rule 7 to reduce nitrogen oxide (NO_x) and carbon monoxide (CO) emissions from boilers, steam generators and process heaters. The amendments to Regulation 9-7:

- Expanded the rule applicability for devices that are fueled by natural gas and liquid petroleum gas (LPG) from an input heat rating of 10 million (MM) BTU/hr or more to a rating of greater than 2 million BTU/hr and established NO_x and CO emission limits for these smaller devices;
- Reduced the NO_x emission limits for devices already subject to this rule – gas-fired devices with an input heat rating of 10 MM BTU/hr or more;
- Established an emissions certification requirement for manufacturers of the smaller devices (>2 and <10 MM BTU/hr) and established operator registration requirements for new and existing devices in this size range; and
- Established insulation requirements, stack gas temperature limits and annual tune-up requirements to ensure reasonable energy efficiency and reduce fuel use and the associated NO_x and greenhouse gas emissions (GHG).

At the public hearing, the Board also approved a CEQA Negative Declaration for the Regulation 9, Rule 7 amendments.

DISCUSSION

In expanding Regulation 9-7 to apply to smaller devices (>2 MM to <10 MM BTU/hr), the District extended the rule to a large number of previously-unregulated people and sources. As a result, the amendments sought to minimize the cost and complexity of demonstrating compliance with the Rule in two ways. First, the 2008 Amendments allowed the owners of these smaller devices to register the devices with the Air District, instead of undergoing a more expensive and complex permitting process. Second, the 2008 Amendments required manufacturers to certify their heaters for compliance with the new requirements before offering them for sale within the Air District. This latter approach partially shifted the burden of understanding and complying with Regulation 9-7 requirements from the smaller heater operators to the manufacturers.

On January 1, 2011, the new emission limits for small devices rated greater than 2 to 5 MM BTU/hr went into effect, along with the requirement that only pre-certified heaters in this size range be sold in the Air District's jurisdiction. For devices rated greater than 5 to less than 10 MM BTU/hr, the emissions limits and certification requirement will go into effect on January 1, 2012. Although heaters in both size ranges that comply with Regulation 9-7 requirements are available in California, no manufacturer has yet applied to the Air District to certify a heater model for sale in the Bay Area in either size range. As a result, persons who must purchase a new heater to comply with the new emission limits of the 2008 amendments cannot do so and also comply with the requirement to install only a pre-certified device.

The proposed amendments to Reg. 9-7 would extend the emissions requirement compliance dates from January 1, 2011 for devices rated >2 to 5 MM BTU/hr and from January 1, 2012 for devices rated >5 to <10 MM BTU/hr until January 1, 2013 for both sizes. Also, the Air District proposes to allow additional test methods, including U.S. EPA and CARB methods, for certification of emission rates, and to require certification of new heaters smaller than 10 MM BTU/hr effective January 1, 2012. The amendments would also make a number of minor corrections and clarifications to Regulation 9, Rule 7.

Minor amendments to two sections of Regulation 1: General Provisions and Definitions are also proposed. Section 1-410 would be amended to state that individual pieces of equipment may be required to be registered by Air District rules regardless of whether the Air District permits other equipment in the same facility. The proposed amendments to Section 1-412 would require advance notice for changes to the owner or address of record to ensure that the Air District has current information for addressing official correspondence.

An addendum to the CEQA Negative Declaration for the 2008 amendments has been prepared. The addendum concludes that the proposed amendments would not have significant adverse environmental impacts, that the amendments do not affect the analysis or conclusions in the CEQA Negative Declaration prepared for the 2008 amendments, and that no additional Initial Study, Environmental Impact Report or Negative

Declaration is required. The addendum to the July 2008 CEQA Negative Declaration for the amendments to Regulation 9, Rule 7 is also proposed for approval.

A public hearing notice, proposed amendments to Regulation 9, Rule 7; proposed amendments Regulation 1; the CEQA addendum; an addendum to the 2008 socioeconomic analysis; and a staff report are available by request and will be posted on the Air District's website at <http://www.baaqmd.gov/Divisions/Planning-and-Research/Rule-Development/Current-Regulatory-Public-Hearings.aspx>.

BUDGET CONSIDERATION/FINANCIAL IMPACTS:

Program costs are to be funded by the registration fees adopted concurrent with the 2008 amendments to Regulation 9-7.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Julian Elliot
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 24, 2011

Re: Set Public Hearing for May 18, 2011 for the Exclusive Purpose of Considering
Testimony on the Air District's Proposed Budget for FYE 2012 and a Final Public
Hearing for June 15, 2011 to Consider Adoption of the Proposed Budget for FYE
2012

RECOMMENDED ACTION:

Set a public hearing for May 18, 2011 for the exclusive purpose of considering testimony on the Air District's Proposed Budget for FYE 2012 and a final public hearing for June 15, 2011 to consider adoption of the Proposed Budget for FYE 2012.

BACKGROUND:

At the March 16, 2011 Regular Board of Directors Meeting, the FYE 2012 proposed budget document was referred to the Budget and Finance Committee for review at the Committee's March 23, 2011 meeting.

DISCUSSION:

Pursuant to Health and Safety Code Section 40131 two public hearings are needed for the adoption of the Proposed Budget for FYE 2012. The first public hearing to consider testimony from the public on this matter is scheduled for May 18, 2011. Final public hearing is scheduled for June 15, 2011.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The proposed consolidated budget for FYE 2012 is \$72,360,101 and is a balanced budget with the inclusion of \$895,000 from the Reserve for Economic Uncertainties.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Glasser
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 28, 2011

Re: Report of the Budget & Finance Committee Meeting of March 23, 2011

RECOMMENDED ACTION:

None; receive and file.

BACKGROUND

The Budget & Finance Committee met on Wednesday, March 23, 2011. The Committee received the following reports:

- A) Summary of 2011 Cost Recovery and Containment Study
- B) Fiscal Year Ending (FYE) 2012 Fee Proposal
- C) Discussion of Proposed Budget for FYE 2012

Attached are the staff reports presented in the Budget and Finance Committee packet.

Chairperson Carole Groom will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

- A) No budget impact.
- B) The draft fee amendments are expected to increase fee revenue in FYE 2012 by approximately 5 percent from FYE 2011 budgeted levels, or \$1.54 million. This revenue has been included in the draft FYE 2012 budget. Even with these fee increases, the District will likely need to make modest use of its reserve funds in FYE 2012.

- C) The proposed consolidated budget for FYE 2012 is \$72,360,101 and is a balanced budget with the inclusion of \$895,000 from the Reserve for Economic Uncertainties.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Lisa Harper
Reviewed by: Rex Sanders

Attachments

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 15, 2011

Re: Summary of 2011 Cost Recovery and Containment Study

RECOMMENDED ACTION

Receive and file.

BACKGROUND

The District has the authority to collect fees in order to recover the reasonable costs of activities involved in regulating stationary source of air pollution. It is therefore important that analyses be conducted from time-to-time to determine if assessed fees result in the collection of a sufficient and appropriate amount of revenue in comparison to the costs of related regulatory program activities.

In 1999, a comprehensive review of the District's fee structure and revenue was completed by KPMG Peat Marwick LLP. That study concluded that fee revenue did not nearly recover the full costs of program activities. In response to this study, an across-the-board fee increase of 15 percent (the maximum allowed by law) was adopted, and this was followed by a series of annual fee increases (most of which were Cost of Living Adjustments intended to keep pace with inflation). The District also implemented a detailed employee time accounting system to improve the ability to track costs by program activities.

In 2005, Stonefield Josephson, Inc. completed an updated analysis of cost recovery for the District based on the detailed time accounting data. This study concluded that overall fee revenue remained well below the point of full cost recovery. The study also provided cost recovery results at the level of each individual fee schedule. This information was used by staff to develop annual fee increases the magnitude of which varied based on the degree of cost recovery for a particular schedule (rather than using an "across-the-board" approach).

In September 2010, staff hired Matrix Consulting Group to complete an updated analysis of cost recovery that could be used in developing fee amendments for FYE 2012 and beyond. This study also included a review of the District's current cost containment strategies, and provided recommendations to improve the management of the District's costs and the quality of services provided to stakeholders. A four-member Stakeholder Advisory Group provided input on preparation of the study, including the development of the Request for Proposals, contractor selection, and review of the draft study.

DISCUSSION

Matrix Consulting Group has recently completed the 2011 Cost Recovery and Containment Study. A copy of the report has been provided for the Committee's review. The consultants will discuss the study at the Committee meeting scheduled for March 23, 2011.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No budget impact.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Reviewed by: Jeffrey McKay

Cost Recovery and Containment Study

**BAY AREA AIR QUALITY MANAGEMENT
DISTRICT**

FINAL REPORT



March 9, 2011

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INTRODUCTION AND SUMMARY

In October 2010, the Matrix Consulting Group initiated the Cost Recovery and Containment Study of the Bay Area Air Quality Management District (the District). The primary goal of the study is to provide the District with guidance and opportunities for improvement regarding its organization, operation, and cost recovery / allocation practices, including the following primary objectives:

- Compare the costs of permit-related program activities to the associated revenues received from permit funding sources, and analyze how these costs are apportioned amongst fee-payers.
- Review the District's methodology for allocating costs, describing the nature of cost increases, and recommend strategies to contain costs.
- Assist the District to enhance the methodology and allocate estimated costs (direct and indirect) to various activities so that appropriate fee levels can be established.
- Identify the District's current cost containment strategies and develop opportunities for improvement regarding permitting processes and the quality of services provided to stakeholders.

Overall, the study may be used to determine whether any modifications should be made to the District's current operation and fee structures. The next section summarizes the key activities the project team conducted to complete the project, followed by a summary of key results and opportunities for improvement.

A. INTRODUCTION

This comprehensive report includes the results of various efforts undertaken by the Matrix Consulting Group to meet the District's goals and objectives, which is summarized on the following page:

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Cost Recovery and Containment Study

Chapter	Study Area	Key Objective
1	Cost Allocation Plan	The project team identified the appropriate and reasonable allocations of actual FY 2009 / 2010 expenditures from the District's administrative programs to all District operating programs and sections. The primary objective of this Full-Cost Allocation Plan is to spread costs from administrative programs and in doing so, the District can both better understand its full cost of providing specific services to the community, and also generate organizational awareness regarding indirect (overhead) costs associated with operations.
2	Cost of Services / User Fee	The project team analyzed the cost of service relationships that exist between fees for service activities involving the following divisions: Engineering Division, Compliance & Enforcement Division, Planning, Rules & Research Division and the Technical Services Division. The results of this assessment provide a tool for understanding current service levels, the cost and demand for those services, and what fees for service can and should be charged.
3	Permitting and Enforcement	The project team conducted an assessment of the organization, operation, and management related to the permitting and enforcement processes (i.e., the fee generating activities) to identify opportunities for improvement regarding both internal management and operations, to enhance how the District works with the regulated community, as well as opportunities to improve overall customer service.

To address the areas above and complete the assessment of the District fees, costs, permitting and enforcement processes, the project team conducted a number of activities, summarized as follows:

- Held project kick-off meetings with key District managers and staff to understand and confirm the overall scope of work, project goals and objectives, and schedule.
- Conducted individual interviews with key administrative and financial personnel to understand the current fee schedules, structures and cost allocation methodologies used.
- Conducted individual interviews with District managers and staff to understand the overall roles and responsibilities of permitting and enforcement personnel and to obtain perceptions regarding current organizational and operational challenges.
- Collection and review of financial information such as time reports, expenditure reports, staffing levels, and budget documents.

- Collection and review of “as-is” and “to-be” business process maps which were developed as part of the design, development, and implementation process for the new Production System.
- Collection and review of workload information from Databank / IRIS, including raw data extraction relating to permit processing and inspections to understand overall service levels and performance.
- Conducted external stakeholder group interviews to understand their level of satisfaction regarding their interactions and collaboration with the District, including the identification of improvement opportunities.

During the course of the study, the Matrix Consulting Group collaborated with the key District managers to review and discuss deliverables.

B. SUMMARY OF KEY RESULTS AND IMPROVEMENT OPPORTUNITIES

While there are a number of specific issues and opportunities for improvement contained in this report, the following points highlight the key results of this Cost Recovery and Containment Study.

(1) The District is Recovering Approximately 62% of its Fee-Related Activity Costs, which Means the District Provides an Annual Subsidy to Fee Payers for Services.

Overall, this Cost of Services Study concluded that the District under-recovers its costs by approximately \$16.8 million per year providing its *fee-related* services. Within this context, the District is over-collecting for some fee activities, while under-collecting for others. For example, the District is collecting 330% of its fees related to Stationary Containers for Organics Liquids Storage staff review activities, as well as 122% for its G-4 Miscellaneous Source, and 119% cost recovery for Greenhouse Gas fee-related activities. On the other hand, the District is collecting 7% of its costs related to Dry Cleaners, 26% of its costs related to Solid Waste Disposal Sites, 42% of its costs for

Solvent Evaporating Sources, and 43% cost recovery for fees associated with Major Facility Review (Title V). The Matrix Consulting Group recommends the following:

- **Adopt a Formal Cost Recovery Policy.** The project team recommends that the Board adopt a formalized, district-wide cost recovery policy for the fee services included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources.
- **Adopt an Annual Fee Update / Increase Mechanism.** The project team recommends the District perform a complete update of its User Fee Study on a periodic basis. In general, 3 to 5 years for fee and rate studies is considered a best management practice. The purpose of a comprehensive update is to completely revisit the analytical structure, service level estimates and assumptions applied in the previous study, and to account for any major shifts in cost components, operations and organizational structures.

The detailed findings per fee type also provide District managers and supervisors insights relating to how they allocate staff resources, including opportunities to re-allocate staffing according to cost recovery performance. For example, with the District spending approximately \$1.3 Million on review activities related to the Dry Cleaner fee-type, but collecting only \$85,000, there may be opportunities to streamline / automate this process in order to reduce costs.

(2) Although the District has Implemented a Number of Cost Containment Strategies, there exists Further Opportunities to Enhance Processes and Technology to Improve Internal Operations and Customer Service.

To reduce or stabilize expenditures, the District has implemented various types of cost containment strategies, including the maintenance of a vacancy rate, reduction of service and supply budgets, increased employee contributions to retirement accounts, and others. Within this context, the project team conducted an assessment of the general organization and operations of the permitting and enforcement processes.

The assessment identified a number of strengths, as well as opportunities for improvement, summarized by the following points:

- **Continue Implementation of the new Production System.** The project team found that the current Databank / IRIS does not meet many of the best practices regarding permit management. After review of process mapping and discussions with staff, the new Production System should continue to be designed and implemented to include additional web-based features, enhanced automation capabilities for managers and staff, and additional opportunities for electronic submission of information and data (to reduce any manual and paper-based processes).
- **Enhance Permit Processing Management Practices.** The project team recommends the District implement further business practices to enhance how applications are assigned, reviewed, monitored, and managed, including the implementation of automated case management tools to improve the timeliness of application processing, increased transparency and awareness with the applicants regarding cycle time objectives, etc.
- **Continue to Provide Tools and Resources to Applicants.** The project team recommends the District continue to enhance the online / web-based capabilities regarding permit application submission, including opportunities for electronic data transfer (e.g., for emissions data), utilization of smart forms, and ability for applicants to view the status of their application online.

As such, the project team recognizes that the design, development, and implementation of the new Production System (to replace its legacy permit information management system) may significantly modernize and enhance how the District operates and provides services to its customers, thus facilitating cost containment through increased efficiency and effectiveness.

1. FULL COST ALLOCATION PLAN

The Matrix Consulting Group has prepared this Full Cost Allocation Plan (CAP) for the Bay Area Air Quality Management District (BAAQMD). This chapter presents a summary of the comprehensive analysis undertaken to identify appropriate and reasonable allocations of Actual Fiscal Year 2009-10 expenditures from the District's administrative (central service) programs to all District operating programs, and sections.

The primary objective of a Full-Cost Allocation Plan is to spread costs from administrative programs, generally called "Central Service Departments" to those programs, and/or cost centers that receive services from the administration in support of conducting their operations. In doing so, an organization can both better understand its full cost of providing specific services to the community, and also generate organizational awareness regarding indirect (overhead) costs associated with operations.

A. METHODOLOGY

This plan was compiled in accordance with Generally Accepted Accounting Principles, and is also based on many of the methods of indirect cost allocation defined by the federal Office of Management and Budget's (OMB) Circular A-87.

According to Circular A-87, costs appropriated to receivers of administrative services must be:

- Necessary and reasonable
- Reflective of benefit received
- Determined by allocation “bases” that relate to benefit received

In addition, Circular A-87 defines a method for allocating indirect costs called the double-step down allocation method, which utilizes two “steps” or “passes” to fully allocate costs. The double-step down procedure is reflected in this plan, and ensures that the benefit of services between Central Service programs are recognized first, before final allocations to receivers of services are made. For example:

- **First Step:** The Finance Department’s expenses are allocated to other central service programs such as Human Resources, Information Technology, etc., as well as to Receiving Programs.
- **Second Step:** Distributes Central Service program expenses and first step allocations to the Receiving Programs only.

It should be noted that there are two types of cost allocation plans. This plan is a Full Cost Allocation plan. The second form of Cost Allocation Plan is known as an OMB A-87 Compliant Plan. An OMB-Compliant Plan is generally concerned with the use of the resulting cost allocations to develop, submit, and secure approval for State and Federal claims. For example, OMB-Compliant allocations could be used to reimburse indirect costs associated with the administration of State and/or Federal grants. An OMB-Compliant plan is far more sensitive in terms of recovering administrative costs within the framework of the specific federal requirements outlined in OMB A-87.

The following is a summary of key study processes for development of a Full Cost Allocation Plan:

- Meet with BAAQMD administrative staff to customize the structure of the plan
- Identify / classify Central Service, versus Receiving programs, and sections

- Determine the major services or “functions” provided by each Central Service program
- Allocate the staff and program costs of each Central Service program to its functions based on staff time estimates or time card records
- Discuss and determine the most reasonable and equitable basis for distribution of costs associated with each function
- Collect allocation basis data and statistics, populate the analytical model, and calculate results
- Review, revise, and finalize results with the organization
- Discuss implementation strategies
- Provide final documentation and present results

In summary, key project details for the BAAQMD cost plan are as follows: Cost figures are based on Fiscal Year 2009-10 actual expenditures, the allocation methodology is Full Cost, not Circular OMB A-87 Compliant, and the results presented in this plan were derived using a double “step-down” allocation process.

B. READING THE PLAN

The following summarizes the separate schedules of the Cost Allocation Plan, which can be used as a guide for navigation and review:

- **Summary Schedule A – Allocated Costs by Program:** Lists Central Service programs on one axis, and Receiving programs on the other. Shows how much was allocated from each Central Service program to each Receiving program. Summarized with unallocated and direct billed entries and produces a grand total for each axis. Also adds in roll forwards, if any, to give a true picture for each Receiving program.
- **Summary Schedule C – Summary of Allocated Costs:** Recaps first Central Service program expenditures, and then Receiving program allocations.
- **Summary Schedule D – Detail of Allocated Costs:** This report is very similar to Schedule A. It lists Central Service programs on one axis, and Receiving programs on the other. The data is the amount allocated from the Central Service program to the Receiving program. The difference between Schedules D and A is

that A lists only the expenses allocated directly from itself to each Receiving program, and doesn't track the amounts back to where they originated from. For example, suppose the Finance Department is allocating its expenses out to other departments, including the Receiving department of the Planning Department. Some of the allocations from the Finance Department will be directly allocated to Planning, but other monies may be allocated first to another Central Service department such as Human Resources, and then from there allocated to Planning. Schedule A simplifies the processing by showing the part of the allocation to Planning from Finance. While this presents a true picture of how much of a total allocation Planning received, it does not accurately reflect how much of Planning's allocation originated in the Finance Department. Schedule D tracks allocations through from their origin. Thus the allocation that went to Planning via the Human Resources department would show in Schedule D as coming from the Finance Department. This is important in cases where reimbursement from the federal government is determined by which administrative overhead department the allocated overhead costs can come from.

- **Summary Schedule E – Summary of Allocation Bases:** Recaps the source and basis for each function of each Central Service program. For example, if the Building Maintenance function of the Facilities Management Department allocates by square footage, then the basis for the allocation of that function shown on this schedule would be square footage, and the source would potentially be blueprints of the building, or square footage records.
- **Detail Reports:** There is one set of reports for each Central Service program in the plan. The reports show an aggregate picture of the programs' expenses, a function-by-function breakdown of the expenses, each function's allocation, and an allocation summary. Each set of Detail Reports contains:
 - **Costs to be Allocated:** This is a summary of the programs' expenditures. It lists the total of the direct expenditures, a recap of the incoming expenses, and arrives at a total this program encumbers on each pass of allocations.
 - **Costs by Function:** Shows the detail of the direct expenditures, adds in incoming allocations, and breaks total costs down by function. It also demonstrates how the G&A (General and Administrative) column is reallocated, and also subtotals for each pass of allocations. Here, unallocated functions are dropped from the Plan's calculations.
 - **Function Allocations:** For each allocable function, this report shows the Receiving programs that costs are allocated to, reduces the first step down allocation amount by direct billings, and shows the amount of allocations per pass.

- **Allocation Summary:** Shows a summary list of each function’s allocation, and a representative percentage of how much is allocated to each Receiving program.

It is important to note that summary Schedules A and E are the optimal documents for beginning review of the Cost Allocation Plan and are included as Appendices in this report. Schedule A provides a summary of results and “bottom-line” picture of the analysis. The reviewer may then refer to the Detail Reports if more information on how allocations shown on Summary Schedule A were derived. Schedule E provides a summary of the allocation methodology applied to each central service program. Schedules C and D were provided to the District under separate cover.

C. NARRATIVES FOR EACH CENTRAL SERVICE PROGRAM

For each Central Service program in this Plan, the following provides a summary of each Program, a description of the program’s major functions, and a description of how costs associated with each function were allocated.

(1) Executive Office

Under the leadership and direction of the Executive Officer / APCO and the Board of Directors, the Executive Office guides the Bay Area Air Quality Management District in meeting its mission of protecting and improving public health, air quality, and the global climate through regulation, incentives, and education. The Executive Office consists of four programs: Executive Office, Board of Directs, Hearing Board, and Advisory Council. For purposes of this study, the Hearing Board was not allocated. Costs associated with each program are allocated to Receiving Programs, as follows:

- **104 Executive Office** – represents costs associated with the administration and direction of district programs. These costs have been allocated based upon the number of staff per Program / Section.

- **121 Board of Directors** – represents costs associated with the overall administration of activities of the Board of Directors. These costs have been allocated based upon the number of staff per Program / Section.
- **123 Advisory Council** – represents costs associated with advising and consulting with the Board of Directors and Executive Office, as well as making recommendations and reports on matters that affect both policy and the legislative agenda. These costs have been allocated based upon the number of staff per Program / Section.

(2) Legal Services Division

The District Counsel provides legal advice, counseling and representation to the Board of Directors and its Committees, the Executive Officer / APCO, District staff, and the Advisory Council in the execution of their respective statutory mandates and responsibilities. The District Counsel also represents, or manages outside counsel, representing the District in all litigation involving the District and in matters before the District's Hearing Board. The Legal Services Division consists of four programs: Legal Counsel, Hearing Board Proceedings, Penalties Enforcement & Settlement, and Litigation. Costs associated with each program are allocated to Receiving Programs, as follows:

- **201 Legal Counsel** – represents costs associated with advising, counseling, and assisting the Board of Directors, the Executive Officer / APCO, and District staff on all legal matters related to the District's clean air mission and operations. These costs have been broken down into three functions, and allocated as follows:
 - **Permitted Sources** – costs are allocated based upon the permitted source revenue per program for FY 2010.
 - **Direct Support** – costs are allocated based upon the percentage of direct time spent in support of Programs / Sections.
- **202 Hearing Board Proceedings** – represents costs associated with representing the District in all proceedings involving variances, orders of abatement, permit appeals and permit revocations before the District's Hearing Board. These costs have been allocated directly to Permit Renewals.

- **203 Penalties Enforcement & Settlement** – represents costs associated with removing the economic benefit from, and providing a credible and effective deterrence to, violations of District Rules by reaching settlements or pursuing penalty enforcement actions fairly and consistently. These costs have been broken down into three functions, and allocated as follows:
 - **District Wide Support** – costs are allocated based upon the number of staff per Program / Section.
 - **Permitted Sources** – costs are allocated based upon the permitted source revenue per program for FY 2010.
 - **Direct Support** – costs are allocated based upon the percentage of direct time spent in support of Permit Renewals and Title V.

- **205 Litigation** – represents costs associated with representing and overseeing the District representation in State and Federal courts. These costs have been broken down into three functions, and allocated as follows:
 - **District Wide Support** – costs are allocated based upon the number of staff per Program / Section.
 - **Permitted Sources** – costs are allocated based upon the permitted source revenue per program for FY 2010.
 - **Direct Support** – costs are allocated based upon the percentage of direct time spent in support of Permit Renewals and Title V.

(3) Communications & Outreach Office

The Communications Office develops and delivers public information messages through the media and public events to support the District's priority programs. The Communications Office strives to increase public awareness, encourage behavior change and understanding of the roles that the public, business community and District play in reducing air pollution. The Communications and Outreach Office consists of two sections: Public Information and Community Outreach. Costs associated with each program are allocated to Receiving Programs, as follows:

- **301 Public Information** – represents costs associated with acting as the District’s main point of contact with the public and media, and developing effective clean air partnerships with non-profit organizations. These costs have been broken down into three functions, and allocated as follows:
 - **District Wide Support** – costs are allocated based upon the number of staff per Program / Section.
 - **Permitted Sources** – costs are allocated based upon the permitted source revenue per program for FY 2010.
 - **Direct Support** – costs are allocated based upon the percentage of direct time spent in support of Programs / Sections.

- **302 Community Outreach** – represents costs associated with facilitating the implementation of the District’s community outreach objectives. These costs have been broken down into three functions, and allocated as follows:
 - **District Wide Support** – costs are allocated based upon the number of staff per Program / Section.
 - **Permitted Sources** – costs are allocated based upon the permitted source revenue per program for FY 2010.
 - **Direct Support** – costs are allocated based upon the percentage of direct time spent in support of Programs / Sections.

(4) Administrative Services Division - Human Resources

The Human Resources Office is responsible for personnel matters including payroll and benefits, labor and employee relations, recruitment and testing, processing personnel actions, employee performance appraisal and recognition programs, organizational development and training, health and safety compliance, workers compensation and special events coordination. The Human Resources Office consists of five programs: Payroll, Benefit Administration, Organizational Development, Employment Relations, and Recruitment & Testing. Costs associated with each program are allocated to Receiving Programs, as follows:

- **106 Payroll** – represents costs associated with administering payroll for District employees and processing benefit payments. These costs have been allocated based upon the number of staff per Program / Section.
- **107 Benefit Administration** – represents costs associated with administering benefits programs for District employees. These costs have been allocated based upon the number of staff per Program / Section.
- **109 Organizational Development** – represents costs associated with providing appropriate workplace learning and organization development to increase organizational effectiveness and results through training and development activities. These costs have been allocated based upon the number of classes provided per Program / Section.
- **111 Employment Relations** – represents costs associated with providing management and staff support in the area of employment relations. These costs have been allocated based upon the number of staff per Program / Section.
- **114 Recruitment & Testing** – represents costs associated with conducting recruitment and testing for external and internal candidates to fill vacant positions. These costs have been allocated based upon the number of recruitments per Program / Section.

(5) Administrative Services Division – Finance Office

The Finance Office oversees Accounts Payable, Accounts Receivable, Budgeting, the annual audit of the financial statements, as well as other core functions, and ensures that proper accounting, internal controls and accurate and timely reporting requirements are met. The Finance Office consists of the Accounting Program, and costs associated with this program are allocated to Receiving Programs, as follows:

- **701 Accounting** – represents costs associated with maintaining the fiscal stewardship and financial accountability of the District. These costs have been allocated based upon the number of staff per Program / Section.

(6) Administrative Services Division – Strategic Facilities Planning Office

The Strategic Facilities Planning Office is responsible for the day to day operations of Air District facilities, security, safety, and maintenance. The Strategic

Facilities Planning Office consists of the Strategic Facilities Program, and costs associated with this program are allocated to Receiving Programs, as follows:

- **702 Strategic Facilities** – represents costs associated with the planning, security, safety, and maintenance of existing equipment. These costs have been allocated based upon the occupied square footage per Program / Section.

(7) Administrative Services Division – Business Office

The Business Office is responsible for contracts, purchasing, non-workers compensation risk management and office support services. The Business Office consists of two programs: Communications and Purchasing. Costs associated with these programs are allocated to Receiving Programs, as follows:

- **703 Communications** – represents costs associated with maintenance of the day-to-day communication and reproduction operations of the District. These costs have been allocated based upon the number of staff per Program / Section.
- **708 Purchasing** – represents costs associated with providing for the purchasing of equipment and supplies, and negotiating lease and service contracts. These costs have been allocated based upon the number of purchase orders per program / section.

(8) Administrative Services Division – Vehicle Maintenance

The Vehicle Maintenance section includes the maintenance of the District's 152 vehicle fleet, and the operation of the garage facilities. Costs associated with the Vehicle Maintenance Section are allocated to Receiving Programs, as follows:

- **710 Vehicle Maintenance** – represents costs associated with fleet maintenance and garage facilities. These costs have been allocated based upon the number of vehicles per Program / Section.

(9) Administrative Services Division – Technical Library

The Technical Library provides materials and information on air quality and related subjects to staff and the public as its primary function. The Librarian selects, orders, and processes books, reports, periodicals, and electronic media, and keeps staff

informed of library acquisitions. Costs associated with the Technical Library are allocated to Receiving Programs, as follows:

- **801 Technical Library** – represents costs associated with providing current and archival information and reference assistance on matters relating to air quality and environment to staff, other environmental agencies, libraries, students and the general public. These costs have been allocated based upon the number of staff per Program / Section.

(10) Information Services Division

The Information Services Division is comprised of three programs that provide various types of operational support and services to all District staff, and directly to members of the regulated community that use District on-line technologies. These programs are: Information Management Records and Content, Information Systems Software Development, and Information Technology Engineering & Operations. Costs associated with the Technical Library are allocated to Receiving Programs, as follows:

- **712 Information Management Records & Content** – represents costs associated with providing archival and retrieval services for the District's records produced by various Divisions in both their physical and digital versions, as well as supporting and maintaining the District's web presence through its multiple sites. These costs have been allocated based upon the percentage of labor identified using fee schedules per Program / Section.
- **725 Information Systems Software Development** – represents costs associated with providing design, development, implementation and support of business systems that embody the District business process. These costs have been allocated based upon the percentage of labor identified using fee schedules per Program / Section.
- **726 Information Technology Engineering & Operations** – represents costs associated with providing computer and telecommunications infrastructure as well as providing service and support for all staff. These costs have been allocated based upon the number of staff per Program / Section.

2. USER FEES AND COSTS OF SERVICES

This chapter presents the results of the Cost of Services (User Fee) Study conducted by the Matrix Consulting Group for the Bay Area Air Quality Management District (BAAQMD). Division 26 of the Health and Safety Code created the California Clean Air Act. Under this regulation, the BAAQMD is responsible for protecting public health and the environment by achieving and maintaining state and national ambient air quality standards and reducing the risk of public exposure to toxic air contaminants in the region, which represents nine counties within the District. The Matrix Consulting Group analyzed the cost of service relationships that exist between fees for service activities involving the following divisions: Engineering Division, Compliance & Enforcement Division, Planning Rules & Research Division and the Technical Services Division. The results of this Study provide a tool for understanding current service levels, the cost and demand for those services, and what fees for service can and should be charged.

The methodology employed by the Matrix Consulting Group is a widely known and accepted “bottom up” approach to cost analysis, where time spent per fee type is determined for each program budgeted within a division. Once time spent for a fee activity is determined, all applicable costs are then considered in the calculation of the “full” cost of providing each service. The following table provides an overview of the types of costs applied in establishing the “full” cost of services provided by each Division included in this Study:

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Cost Recovery and Containment Study

Cost Component	Description
Direct	Fiscal Year 2009/10 actual salaries, benefits and allowable expenditures.
Division Overhead	Division administration / management and clerical support
District-wide Overhead	District costs associated with central service costs such as payroll, human resources, budgeting, District management, etc. These costs are established through the Full Cost Allocation Plan performed by the Matrix Consulting Group (provided under separate cover).
Supporting (Cross) Division Review	Where applicable, direct and indirect costs associated with division support

Together, the cost components in the table above comprise the calculation of the total “full” cost of providing any particular service, whether a fee for that service is charged or not.

The work accomplished by the Matrix Consulting Group in the analysis of the proposed fees for service involved the following steps:

- **Division Staff Interviews:** The project team interviewed staff in each division regarding their needs for clarification to the structure of existing fee items, as well as their time reported activities.
- **Data Collection:** Data was collected for each item, including, time reports, expenditure reports and staffing levels for the FY 2009/10 fiscal year and were entered into the Matrix Consulting Group’s analytical software model.
- **Cost Analysis:** The full cost of providing each service included in the analysis was established. Cross-checks such as revenue reports and allocation of not more than 100% of staff resources to both fee and non-fee related activities assured the validity of the data used in the Study.
- **Review and Approval of Results with District Staff:** District Management have reviewed and approved these documented results.

A more detailed description of user fee methodology, as well as legal and policy considerations are provided in subsequent sections of this chapter.

A. SUMMARY OF RESULTS AND RECOMMENDATIONS

Overall, this Cost of Services Study concluded that the District under-recovers its costs by approximately \$16.8 million per year providing *fee-related* services. While the detailed documentation of the Study will show an over-collection in certain fees types, and an undercharge for others, overall, the District is providing an annual subsidy to fee payers for all services included in the analysis.

The display of the cost recovery figures shown in this report are meant to provide a basis for policy development discussions among District Management and the Board of Directors, and do not represent a recommendation for where or how the Board should take action. The setting of the “rate” or “price” for services, whether at 100 percent full cost recovery or lower, is a decision to be made only by the Board, often with input from District staff and the community. The Matrix Consulting Group strongly recommends that the District use the information contained in this report to discuss, adopt, and implement a formal Cost Recovery Policy for the District, and also to implement a mechanism for the annual update of fees for service.

(1) Adopt a Formal Cost Recovery Policy

The Matrix Consulting Group strongly recommends that the Board adopt a formalized, district-wide cost recovery policy for the fee services included in this Study. Whenever a cost recovery policy is established at less than 100% of the full cost of providing services, a known gap in funding is recognized and may then potentially be recovered through other revenue sources. The following table presents typical cost recovery percentages seen in other jurisdictions, predominantly municipal and county jurisdictions:

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Cost Recovery and Containment Study

Department	Typical Cost Recovery %
Administration	Varies
Building and Safety/Code Enforcement	80 - 100%
Planning (Administrative Costs Only)	40 - 80%
Public Works/Engineering	Land Development – 80-100%, Encroachment Permits 40 - 80%
Fire	Building Plan Review – 80-100%, Uniform Fire Code Permits - 20 – 60% Annual Fire Safety Inspections 0 - 100%

Information presented in the table above is based on the Matrix Consulting Group’s experience in analyzing local government’s operations across the United States, and reflects the *typical results* of cost recovery analysis, not typical policy decisions made by local adopting authorities. In fact, very few jurisdictions have adopted formal cost recovery policies at the division / service level. The Matrix Consulting Group considers a formalized cost recovery policy for various fees for service an industry Best Management Practice.

(2) Adopt an Annual Fee Update / Increase Mechanism

The Matrix Consulting Group recommends the District perform a complete update of its User Fee Study on a periodic basis. In general, 3 to 5 years for fee and rate studies is considered a best management practice. The purpose of a comprehensive update is to completely revisit the analytical structure, service level estimates and assumptions applied in the previous study, and to account for any major shifts in cost components, operations and organizational structures.

In between comprehensive updates, the District could utilize published industry economic factors such as CPI or other regional factors to update the cost calculations established in the Study on an annual basis. Alternatively, the District could also

consider the use of its own anticipated labor cost increases such as step increases, benefit enhancements, or cost of living raises. The latter example provides a more realistic reflection than a CPI, given the fact that labor costs generally comprise the majority of cost calculations for a jurisdiction. Use of an automatic increase mechanism based on the District's own labor costs also provides a factor that is specific to it and its operations, rather than one that is specific to a region or industry as a whole. Utilizing an annual increase mechanism would ensure that the District receives appropriate fee and revenue increases that reflect growth in costs.

B. LEGAL FRAMEWORK AND POLICY CONSIDERATIONS

A "user fee" is a charge for services provided by a governmental agency to a public citizen, entity or group. In California, several constitutional laws such as Propositions 13, 4 and 218, State Government Codes 66014 and 66016, and more recently the Attorney General's Opinion 92-506 set the parameters under which the user fees typically administered by local government are established and administered. Specifically, California State Law, Government Code 66014(a), stipulates that user fees charged by local agencies, "...may not exceed the estimated reasonable cost of providing the service for which the fee is charged", and under Prop 218, thus does not constitute a special tax, which requires voter approval. In addition and specific to an air district, Division 26 of the Health and Safety Code, section 42311 identifies what costs for pollution control programs related to permitted stationary sources may be included in the fees that an air district may charge. This regulation authorizes the District to recover costs of the full range of programs and activities related to air quality assessment and planning, control measure development, rulemaking and implementation, compliance

assistance and enforcement, as well as permitting and the various administrative tasks necessary to support these activities. The District fee authority is intended to provide air districts the means to carry out air quality programs related to permitted stationary sources without tax-payer funding.

(1) General Principles and Philosophies Regarding User Fees

Air quality districts, as well as local governments are providers of many types of regulatory services to their communities. While all services provided are beneficial to constituents, some services can be classified as globally beneficial to all citizens, while others provide more of a direct benefit to a specific group, business or individual in the course of business operations. The following table provides examples of services provided by air quality districts and local government within a continuum of the degree of community benefit received:

Services that Provide General “Global” Community Benefit	Services that Provide Both “Global” Benefit and also a Specific Group or Individual Benefit	Services that Provide a Primary Benefit to an Individual or Group, with less “Global” Community Benefit
<ul style="list-style-type: none"> • Achieving & Maintaining Clean Air • Public Safety (Police) 	<ul style="list-style-type: none"> • Clean Air and a safe working environment • Fire Suppression / Prevention 	<ul style="list-style-type: none"> • Operating Permit for stationary sources (issued by BAAQMD) • Planning and Zoning Review • Building Permit

Funding for air quality districts, as well as local government is obtained from a myriad of revenue sources such as taxes, fines, grants, special charges, user fees, etc. In the table above, services in the “global benefit” section tend to be funded primarily through voter approved tax revenues. In the middle of the table, one typically finds a mixture of taxes, user fee, and other funding sources. Finally, in the “individual / business / group benefit” section of the table, lie the services provided by the district and local government that are typically funded almost entirely by user fee revenue.

The following are two central concepts regarding the establishment of user fees:

- **Fees should be assessed according to the degree of individual or private benefit gained from services.** For example, the processing and approval of a permit to operate or building permit will generally result in monetary gain to the applicant. Whereas, a program, such as the Intermittent Control Program, which includes public education and other efforts to entice the public to take public transportation and rideshare as an effort to reduce emissions benefits the community as a whole, and
- **A profit making objective should not be included in the assessment of user fees.** In fact, California laws require that the charges for service be in direct proportion to the costs associated with providing those services. Once a charge for service is assessed at a level higher than the actual cost of providing a service, the term “user fee” no longer applies. The charge then becomes a tax subject to voter approval, per Prop 218.

Therefore, it is commonly accepted that user fees are established at a level that will recover up to, and not more than, the cost of providing a particular service.

(2) General Policy Considerations Regarding User Fees

Undoubtedly, there are programs, circumstances, and services that justify a subsidy from a tax based or alternative revenue source. However, it is essential that jurisdictions prioritize the use of revenue sources for the provision of services based on the continuum of benefit received and funding ability.

Within the services that are typically funded by user fees, the Matrix Consulting Group recognizes several reasons why District staff or the Board may not advocate the full cost recovery of services. The following factors are key policy considerations in setting fees at less than 100 percent of cost recovery:

- **Limitations posed by an external agency.** The State or other agency will occasionally set a maximum, minimum, or limit the jurisdiction’s ability to charge a fee at all. Examples include Transportation Permits commonly issued by Public Works departments or charging for time spent copying and retrieving public documents, such as in the Communications and Outreach Division.

- **Encouragement of desired behaviors.** Keeping fees for certain services below full cost recovery may provide better compliance from the community. For example, if the cost to register a piece of equipment is higher than the cost of the equipment itself, many applicants will avoid equipment registration with the District.
- **Encourage participation for individuals or groups.** Policy makers may decide to fully subsidize or set fees at a level that will enhance participation of the community, such as Spare the Air Days, whereby the cost of public transportation is free in order to encourage participation.
- **Benefit received by user of the service and the community at large is mutual.** Many services that directly benefit a group or individual equally benefit the community as a whole, for examples, the Vehicle Buy-Back and Spare the Air.

The Matrix Consulting Group recognizes the need for policy that intentionally subsidizes certain activities. The primary goals of a User Fee Study are to provide a fair and equitable basis for determining the costs of providing services, and assure that the District is in compliance with State law.

Once the full cost of providing services is known, the next step is to determine the “rate” or “price” for services at a level which is up to, and not more than the full cost amount. The Board is responsible for this decision, which often becomes a question of balancing service levels and funding sources. The placement of a service or activity within the continuum of benefit received may require extensive discussion and at times fall into a “grey area”. However, with the resulting cost of services information from a User Fee Study, the Board can be assured that the adopted fee for service is reasonable, fair, and legal.

C. USER FEE STUDY METHODOLOGY

The Matrix Consulting Group utilizes a cost allocation methodology, commonly known and accepted as the “bottom-up” approach to establishing User Fees. The term

means that several cost components are calculated for each fee or service. These components then build upon each other to comprise the total cost for providing the service. The components of a full cost calculation are typically as follows:

Cost Component	Description
Direct	Salaries, benefits and allowable departmental expenditures.
Division Overhead	Division administration / management and clerical support.
District-wide Overhead	District costs associated with central service costs such as payroll, human resources, budgeting, District management, etc. Established for this Study through a separate Cost Allocation Plan analysis performed by the Matrix Consulting Group.
Cross-Division Support	Costs associated with review or assistance in providing specific services. For example, costs performed by the Technical Services Division are included as an applicable cost toward the fees for service that are initiated in the Engineering Division.
Planning, Research, Policy, and Systems Update and Maintenance	Examples often include: regulations updates and enforcement, and technology costs.

The general steps utilized by the project team to determine allocations of cost components to a particular fee or service are:

- Develop time allocation for each service included in the study;
- Calculate the direct cost attributed to each time allocation;
- Utilize the program specific allocation of staff time to establish an allocation basis for cost components;
- Distribute the appropriate amount of the other cost components to each fee or service based on the staff time allocation basis, or other reasonable basis.

The result of these allocations provides detailed documentation for the reasonable estimate of the actual cost of providing each service. The following are critical points about the use of time reporting and the validity of cost allocation models.

(1) Staff Time Reports are a Measure of Service Levels Required to Perform a Particular Service

One of the key study assumptions utilized in the “bottom up” approach is the use of time reports for the provision of each fee related service. Utilization of time reports is a reasonable and defensible approach, especially since these records were developed as an after the fact accounting of time. The project team worked closely with District staff in reviewing and validating the time reports for accuracy.

The Matrix Consulting Group agrees that while the use of time reports by program for each fee category is not as accurate, as tracking time by each permit or fee for service, it is the best alternative available for setting a standard level of service for which to base a jurisdiction’s fees for service, and it meets the requirements of California law.

The alternative to allocating time by program for each permit type is actual time tracking, often referred to billing on a “time and materials” basis for each permit. Except for in the case of anomalous or sometimes very large and complex projects, the Matrix Consulting Group believes this approach not to be cost effective or reasonable for the following reasons:

- Accuracy in time tracking is compromised by the additional administrative burden required to track, bill, and collect for services in this manner;
- Additional costs are associated with administrative staff’s billing, refunding, and monitoring deposit accounts;
- Customers often prefer to know the fees for services in advance of applying for permits or participating in programs;
- Applicants may begin to request assignment of faster or less expensive personnel to their project;
- The District can better predict revenue streams and staff needs using

standardized time reporting and allocation of costs by program to fee types and anticipated permit volumes.

Situations arise where the size and complexity of a given project warrants time tracking and billing on a “time and materials” basis. However, the Matrix Consulting Group discourages this practice whenever possible.

(2) Cross Checks Ensure the Validity of our Analytical Model

In addition to the collection of time reporting data by program for each fee or service type included in the User Fee Study, staff data for the total number of hours are also a critical component. By collecting data on the total hours available by program for each fee or service, a number of analyses are performed which not only provide useful information regarding allocation of staff resources, but also provide valuable cross checks that ensure the validity of each cost allocation model. This includes assurance that 100% of staff resources are accounted for and allocated to a fee for service, or “other non fee” related category. Since there are no objectives to make a profit in establishing user fees, it is very important to ensure that services are not estimated at a level that exceeds actual resource capacity. If at least and not significantly more than 100% of staff resources are accounted for, then no more than 100% of costs associated with providing services will be allocated to individual services in the Study.

D. RESULTS

The motivation behind a cost of services (User Fee) analysis is for the Board of Directors and District Staff to maintain services at a level that is both accepted and effective for the community served, and also to maintain control over the policy and management of these services. Discussion of results in this section is intended as a summary of extensive and voluminous cost allocation documentation produced during

the Study. The full analytical results were provided to District staff under separate cover from this summary report. In addition, the appendix to this report also includes more detailed cost calculation results:

- **On an annualized basis:** the project team utilized total activity costs to project annual subsidies and revenue impacts associated with the implementation of fee for service at full cost recovery levels.

It should be noted that the results presented in this report are not a precise measurement. In general, the a cost of service analysis takes a “snapshot in time”, where the most current fiscal year of actual expenditures cost information is compared to the most current actual fiscal year of revenue and workload data available. Workload data may then be adjusted to reflect “reasonable and defensible” estimates for purposes of analysis.

For contextual purposes, it is important to note that fee revenue (~\$27 Million) equates to approximately 25% of grand total revenue, transfers, grant program distributions and projects funding for the District – while County revenue (~\$20 Million) equates to approximately 20% of grand total District funding. The table on the following page presents a summary of results by Fee Type for the District.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Cost Recovery and Containment Study

Fee Name	Revenue at Current Fee - Annual (\$)	Total Cost - Annual (\$)	Surplus / (Deficit) - Annual (\$)	Current Cost Recovery Percentage
A - HEARING BOARD	4,192	213,992	(209,799)	2%
B - COMBUSTION OF FUEL	7,059,240	8,485,182	(1,425,942)	83%
C - STATIONARY CONTAINERS FOR ORGANIC LIQUIDS STORAGE	2,282,518	691,094	1,591,424	330%
D - GASOLINE TRANSFER - DISPENSING FACILITIES, PLANTS & TERMINALS	3,202,560	7,448,119	(4,245,559)	43%
E - SOLVENT EVAPORATING SOURCES	1,882,721	4,489,739	(2,607,018)	42%
F - MISCELLANEOUS SOURCES	1,408,313	1,833,989	(425,676)	77%
G-1	1,516,868	2,602,102	(1,085,234)	58%
G-2	399,468	1,249,964	(850,496)	32%
G-3	374,199	894,545	(520,346)	42%
G-4	2,025,581	1,663,200	362,381	122%
G-5	489,940	682,754	(192,814)	72%
H - SEMICONDUCTOR AND RELATED OPERATIONS	98,257	280,489	(182,232)	35%
I - Dry Cleaners	85,504	1,295,065	(1,209,561)	7%
K - SOLID WASTE DISPOSAL SITES	184,793	723,962	(539,169)	26%
L - ASBESTOS OPERATIONS	1,674,660	2,687,613	(1,012,953)	62%
N - TOXIC INVENTORY (AB 2588)	628,865	764,234	(135,369)	82%
P - MAJOR FACILITY REVIEW (Title V)	2,774,573	6,457,780	(3,683,207)	43%
R - EQUIPMENT REGISTRATION	34,129	231,266	(197,137)	15%
S - NATURALLY OCCURRING ASBESTOS OPERATIONS	12,492	460,984	(448,492)	3%
T - GREENHOUSE GAS	1,222,929	1,030,822	192,107	119%
Total	27,361,802	44,186,894	(16,825,092)	62%

FY 2009/10 Actual Expenditures, FY 2009/10 Revenue

E. CONCLUSION

The Bay Area Air Quality District engaged the Matrix Consulting Group to determine the total cost of services provided to its citizens and businesses for all District fee activities. To calculate the total cost of the District's fee services, Matrix Consulting Group employed both a widely accepted and defensible methodology, as well as the experience and input of District staff to complete the necessary data collection and discussion to complete the analysis. District leaders can now use this information to make informed decisions and set its fees to meet the fiscal and policy goal objectives of the District.

Overall, this Cost of Services Study concluded that the District under-recovers its costs by approximately \$16.8 million per year providing its *fee-related* services. While the detailed documentation of the Study will show an over-collection in some areas or certain fees, and an undercharge for others, overall, the District is providing an annual subsidy to fee payers for all services included in the analysis.

The project team recommends the District try to recover as much of the fee service costs as is feasible. For most fee related services, the Matrix Consulting Group recommends setting fees at as close to 100% cost recovery as possible. However, as discussed in previous sections of this chapter, several policy factors often warrant adoption of fee levels at less than 100%.

3. PERMITTING AND ENFORCEMENT PROCESSES

In order to assess the permitting and enforcement processes and identify opportunities for improvement, the project team developed a set of performance measures, which are called “best management practices,” against which to assess the District. These performance measures have been derived from the project team's collective experience and represent the following ways to identify departmental strengths as well as improvement opportunities:

- Statements of "effective practices" based on the study team's experience in evaluating operations in other local governments or “industry standards” from other research organizations.
- Identification of whether and how the District meets the performance targets.
- Identification of the opportunity for improvement.

While the focus of this study was to identify issues, it is important to note the Bay Area Air Quality Management District has a number of organizational and operational strengths (identified in this assessment), as well as implemented a number of strategies in order to contain its costs over the past several years, including such strategies as the following:

- The filling only of critical positions / vacancies
- Maintenance of a 10% vacancy rate by leaving open positions through attrition
- Reduction of service and supply budgets by 10% during FY 2010 / 2011, and a target of 15% for FY 2011 / 2012
- Increased employee contribution to retirement accounts
- Reduction of the unfunded liability associated with other costs for retiree health care obligations.

Additionally, the District is currently engaged in a major initiative with the design, development, and implementation of the new Production System (to replace its legacy permit information management system) that will significantly modernize and enhance how the District operates and provides services to its customers. The following subsections provide the results of this assessment and identify numerous opportunities which may lead to more efficient and effective operations, as well as a higher quality of customer service.

(1) Permit Information System

PERMIT INFORMATION SYSTEM		
Best Management Practice	Strengths	Opportunities For Improvement
1. The permit information system is web-based – the system provides internal users access to data and functions via a web-browser.		The current information management system, Data Bank / IRIS, is not web-based. The District, however, should be designing and implementing a new permit information management system (i.e., the “Production System”) that is web-based, allowing access from any computer terminal.
2. The permit information system provides online permit applicant access for tracking applications/permits via the Internet.	The District publishes a monthly report on its website on what major permits were issued.	Current District permit applicants do not have the access to online information regarding the status of their respective permit application. The new Production System should be designed and / or implemented with online capabilities.
3. The permit information system lists the status of pending permit applications for internal management purposes.	The District staff runs regular internal reports from Data Bank / IRIS to view permit application status, including when the permit application was received, completed, whether it has been assigned, etc.	The new Production System should be designed and / or implemented to readily provide web-based capabilities to see the status of permit applications.

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PERMIT INFORMATION SYSTEM		
Best Management Practice	Strengths	Opportunities For Improvement
4. The permit information system includes an integrated wireless product; users can access the system via a wireless interface. Users (e.g., inspectors) can enter data into a PDA or laptop while in the field and upload data to the automated permit information system wirelessly or through hot/active sync.		Data Bank / IRIS does not have wireless capabilities. With the implementation of the Production System, the District should utilize wireless interfaces and capabilities, especially for the field inspectors, in order to view permit history, update comments, etc.
5. The permit information system uses a standard non-propriety database (e.g., Microsoft SQL Server) as its primary relational database management system (RDBMS).	IRIS utilizes SQL.	The current Data Bank / IRIS system is utilizing a dated mainframe for data (HP 3000 / 9000) and custom in-house code for data management. The new Production System should utilize a relational database management system (such as Oracle).
6. The permit information system has a centralized client server topology model, with software deployment files in a MSI format (e.g., Microsoft Windows Installer installation package file) to provide better corporate deployment and a standard format for component management.		The new Production System should utilize a centralized client server to standardize operations and management (e.g., system updates).
7. The permit information system is fully integrated with other enterprise systems used by the agency (such as the financial accounting system).	There is some level of integration between the permit system, the inspection system, and the enterprise-wide financial system (JD Edwards) through nightly data transfers for invoicing and updating of files and accounts.	Data Bank / IRIS are not fully integrated with other District information management systems (i.e., the financial system and the inspector / enforcement system). The new Production System should be designed and / or integrated with the disparate systems to promote consistency and efficiency among the operating units (i.e., permitting, invoicing, and inspections).

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PERMIT INFORMATION SYSTEM		
Best Management Practice	Strengths	Opportunities For Improvement
8. The permit information system has robust GIS integration – the system allows for display of all data via a GIS data browser. The system has bi-directional capabilities that will allow the user to manage data on the GIS which in turn updates the permitting system without duplicate data entry	The District utilizes electronic mapping for certain functions and activities, such as geo-coding new facilities in order to coordinate and assign facilities, while the Toxics Section utilizes GIS mapping for modeling.	The Production System should be designed and / or implemented to support GIS capabilities.
9. The permit information system contains the ability to QA/QC data input into the application. This includes the capacity to minimize staff inputting inaccurate information into various activity fields, through such tools as data input “masks”, or templates that force the user to adhere to a prescribed character format or pull-down list.	The District utilizes smart forms for the internal combustion engines, but most of the forms have limited or no automated QA / QC capabilities.	The new Production System should be designed and / or implemented with automated features that minimize manual data input errors (i.e., utilizing, smart forms, automated fee calculations, standard permit conditions, etc.).
10. The permit information system has the ability to stamp which user has either created or modified an activity record.	Data Bank / IRIS provides the ability for staff to log the date and time of permit application receipt, and there are hierarchal security and access levels in place (e.g., only certain positions have access and update rights).	Data Bank / IRIS has a limited audit trail for each permit application showing the date, time, and specific staff member who handled the permit application folder. Data Bank / IRIS also has a limited audit trail for modification of data in the system (e.g., time, date, personnel stamp, etc.). The new Production System should be designed and / or implemented with audit trail capabilities, which specifically track the user and types of changes made to a record (including date and time), including capturing the identification of all staff who was assigned to that permit application during its lifetime (i.e., the current system does not track when permit is re-assigned).

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PERMIT INFORMATION SYSTEM		
Best Management Practice	Strengths	Opportunities For Improvement
11. The permit information system contains scheduling capabilities. This capability is based upon a tie-in from the system to the existing email / calendar vendor (i.e., Microsoft's Outlook).		The new Production System should be designed and / or implemented to integrate with email and calendar systems, which, for example, can facilitate such features as automatic emails to supervisors regarding overdue permit applications.
12. The permit information system has the ability to automatically notify staff and the permit applicant of any status change to their permit applications or renewals.		Data Bank / IRIS has limited capabilities to notify of status changes. The new Production System should be designed and / or implemented with these automated auditing features.
13. The permit information system enables applicants to submit their permit applications and renewals online.	For registration of certain types of equipment, the District allows for electronic and online submittal and fee payment capabilities from its website.	Data Bank / IRIS does not support online submission of permit applications. The new Production System should be designed and / or implemented with electronic submittal capabilities for both permit applications and renewals.
14. The permit information system provides applicants with the relevant electronic permit application and renewal forms online.	For registration of certain types of equipment, the District allows for online renewal capabilities. Additionally, permit application forms are available on the website which can be printed out and completed (but not submitted electronically).	Data Bank / IRIS are not a web-based system which supports automated submissions, and does not support the electronic receipt of data from the facilities (e.g., such as emissions information during the renewal process). Currently, permit holders must contact the District to retain copies of update questionnaires or permit invoices. The new Production System should be designed and / or implemented to allow online submission for high volume source categories, such as for auto-body shops, dry cleaners, etc.
15. The permit information system links to on-line access to electronic versions of applicable and current agency permit regulations from within the automated permit information system.	The District website provides electronic PDF copies of various policies, procedures, forms, applications, etc.	

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PERMIT INFORMATION SYSTEM		
Best Management Practice	Strengths	Opportunities For Improvement
16. The permit information system has the capability through table-driven fee schedules to perform mathematical computations for varied fee calculations, eliminating the need to manually calculate permit fees outside of the permit software.	The District permit renewal fees/invoices are generated automatically.	Data Bank / IRIS does not automatically generate fees for permit applications (as the fee calculations are currently done manually). The new Production System should be designed and / or implemented for automated fee calculations based on emissions and other factors (requiring the system to be table driven).
17. The permit information system contains functionality to process electronic payments.	The District allows for registrations, and corresponding renewals, of certain types of equipment to be paid online.	The Production System should be designed and / or implemented to allow for online payments, especially for “smaller” applicants that meet certain criteria, who should be allowed to automatically pay for permits at time of online submittal (thus limiting processing time and manual involvement by District staff).
18. The permit information system supports the capability to debit charges against fee deposits and later display the payment components.		The Production System should be integrated with JD Edwards and the invoicing process to automatically adjust invoice amounts.
19. The permit information system supports the issuance of receipts for permit application payments.	For the renewal process, the Permit to Operate is generated showing respective fee amount.	Data Bank / IRIS does not have receipt issuance capabilities. The new Production System should be designed and / or implemented (with JD Edwards integration) to support receipt issuance.
20. The permit information system supports the on-line storage of permit application comments, corrections, and annotations.	Data Bank / IRIS have a comments field (e.g., for status updates).	Data Bank / IRIS does not support web-based storage of information on each permit application file, such as scanned documents or images, etc. The new Production System should be designed and / or implemented to electronically store information related to the application (including engineer comments, etc.).

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PERMIT INFORMATION SYSTEM		
Best Management Practice	Strengths	Opportunities For Improvement
21. The permit information system supports the automatic integration of common / standard permit conditions based on permit application / source type.	In hard copy form, the District does have a series of standard permit conditions / templates for common sources. Data Bank / IRIS users can query on this information to find it, but its not automatically shown or populated based on the permit application type.	The new Production System should be designed and / or implemented to store approved template permit conditions for reference by engineers, inspectors, and other pertinent staff. The system should automatically assign the permit conditions based on source type.
22. The permit information system enables users to attach digital (i.e., MS Word or scanned hard copy) documents and images/pictures to any activity or permit, or to add a "pointer tag" to a document/image to tell the system where the document is located. These files are stored in a centralized network location.	Permit applications stored on NEKO and Peelle systems are accessible to staff from their computer terminals.	The District should have a consolidated and centralized document archive. The new Production System should be designed and / or implemented to upload and store necessary scanned and other electronic documents for permit applications.
23. The permit information system operates according to business tasks and rules defined by the agency to automatically assign permit applications (based on such criteria as type, staff workload, etc.)	If the facility is already assigned to an engineer, the current system will automatically assign a new permit application based on the facility number.	Data Bank / IRIS does not make automatic assignment of permit applications (this is manually checked and will be assigned based on whether it is a new facility). The new Production System should provide automated assignment and routing of permit applications (based on both qualitative and quantitative factors) in order to promote better time management and workload balancing among staff. Additionally, the new Production System should be configurable to allow managers to set cycle time objectives (i.e., number of days from permit application submittal) that are different from the regulatory dates.

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PERMIT INFORMATION SYSTEM		
Best Management Practice	Strengths	Opportunities For Improvement
24. The permit information system automatically populates applicant fields if the applicant data already exists in the system.	Data Bank currently populates facility contact information (contact name, facility address, and contact address) for AC / PO letters, annual update requests, and billing invoices.	Data Bank / IRIS does not store and / or automatically populate applicant information. The new Production System should be designed and / or implemented to utilize more “auto-populating” capabilities.
25. The permit information system enables the management of the agency to perform permit application routing, tracking and monitoring from start to finish, including the date received, the date assigned to a staff member for review, the date the 1 st , 2 nd , etc. review was completed by such staff, the date the comments and corrections were sent to the permit applicant, the date that the permit application was returned to the agency for 2 nd , 3 rd , etc. review by the permit applicant, etc.	Data Bank / IRIS capture various data elements, including Application Number, Site Number, Received Date, Project Title, Employee Identification Number, Date of Completion, Type, Result, and Result Date.	Data Bank / IRIS does not support management processes to fully understand the activity, date, and assigned staff through the lifecycle of the permitting process. The new Production System should be designed and / or implemented to track and manage all tasks and activities throughout the lifecycle of the permitting process, and should generally have an adequate number of descriptors to promote case management and ability of managers to identify the exact status of a permit application.
26. The permit information system is utilized to accept permit applications upon receipt, assign application numbers, route permit applications to other divisions for review, maintain corrections, maintain conditions of approval, issue permits, etc.	The District utilizes a “To” process which forwards / assigns (per the system) the permit application.	Data Bank / IRIS does not automatically generate application numbers or assign permits based on permit application type. The new Production System should be designed and / or implemented for automated routing and tracking features.
27. The permit information system enables all of the agency divisions involved in the permit process to enter/edit and retrieve data.		Data Bank / IRIS allow only a limited number of users to have access to the same permit application, and does not support District-wide access to the permit application simultaneously. The new Production System should be designed and / or implemented to allow for enterprise wide access.

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PERMIT INFORMATION SYSTEM		
Best Management Practice	Strengths	Opportunities For Improvement
28. The permit information system generates usable project management reports so that managers and supervisors can monitor levels of service and staff performance.	Data Bank / IRIS provide for some key information that allow managers and supervisors to obtain and print out (e.g., to identify which permit applications have not yet been assigned, to monitor staff performance, etc.).	The new Production System should be designed and / or implemented with more comprehensive and integrated “dashboards” to support the proactive management of permit applications and processes, including staff caseload balance and activity levels.
29. The permit information system enables staff to input information from all pertinent divisions and sections.		The new Production System should be designed and / or implemented to allow for all divisions; for example, Technical Services, to input source test results, and Toxics to enter risk screening results and data.
30. The permit information system assigns a unique number to each piece of equipment/source to track historical data.	Data Bank / IRIS does track a unique number for each piece of facility equipment.	The new Production System should be designed and / or implemented to identify each piece of equipment/source and its respective historical and emissions data.

(2) Permit Fee and Cost Recovery

PERMIT FEE AND COST RECOVERY		
Best Management Practice	Strengths	Opportunities for Improvement
31. A formal cost recovery policy has been developed and adopted by the agency.	The District regularly prepares a Cost Recovery Report that compares the costs with the revenue and indicates the shortfall or subsidy.	The target for cost recovery is approved annually by the Board of Directors based on year-to-year staff proposals; however, a more formalized cost recovery policy or directive (e.g., 75% of total relevant costs) should be memorialized to effectuate the budget planning process, as well as to assist with resource planning and deployment.
32. The fees associated with permits are evaluated annually and adjusted as necessary to maintain compliance with the adopted cost recovery policy.	Permit fees are adjusted annually based on results of the cost recovery report.	The District should implement a formal policy that clearly defines the level of subsidy that the District is trying to achieve.
33. The agency has conducted a formal permit fee study within the last 5 years to ensure individual fees charged are (1) appropriate and in proportion to the staff time required for review and processing; and (2) at a level sufficient to cover full cost of services provided (or level of cost recovery adopted by policy).	Formal fee studies were conducted in 1999, 2005, and, currently, for 2010.	The District is limited by the Health and Safety Code Section 41512.7 that limits the amount that the fees can be increased in any one year by 15%; therefore, if the District sets a recovery policy at 75% recovery, it could increase fees incrementally until the policy level has been reached. As such, the District should develop policies and procedures that define what the appropriate and sufficient levels are for staff time and cost recovery.
34. The cost allocation and fee methodologies are made public to promote transparency with financial-related information.	The District publishes cost and fee information on its website.	

(3) Permit Processing Management

PERMIT PROCESSING MANAGEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
<p>35. The agency has developed Specific, Measureable, Achievable, Time-bound and Realistic (SMART) performance metrics for the processing of permits.</p>	<p>The District reports out on a number of metrics, which are primarily workload based vs. performance based. Some key outcome measures tracked and published by the District include compliance rates for source tests (i.e., refineries, Title V facilities, gasoline tanks, gasoline-dispensing facilities, etc.).</p>	<p>The District should establish outcome and performance-based metrics regarding permit processing and timeliness, and publish to the public, as well as for internal performance management to monitor staff workload and activity.</p> <p>Some permit metrics include:</p> <ul style="list-style-type: none"> • Total number of days to develop a permit (from receipt of the permit application to permit issuance). • Number of days the permit clocked is stopped (when the District is waiting for re-submittals on an incomplete application). • Percentage of permit applications received that are incomplete. • Number of iterations of information requests.
<p>36. The agency utilizes information system to manage the length of calendar time required for permit application review.</p>		<p>The District does not utilize a automated permit information system to proactively manage caseload assignment, review, and the monitoring of case status, including:</p> <ul style="list-style-type: none"> • Cycle time objectives set for the length of time for completion of permit applications. • Collection of actual processing time using the automated permitting system to enable comparisons to these targets.

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PERMIT PROCESSING MANAGEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
37. The agency uses a “case manager” in the permit operation for the processing of permit applications. The case manager is the single point of contact for the permit applicant and responsible for the coordination of the processing of the permit by all of the agency’s Divisions. The case manager is responsible for the processing of the permit from “cradle to grave.”	The District utilizes an assigned staff (typically an engineer or technician) for the major facilities, who serves as the liaison for that facility throughout the permitting and review process.	
38. The permit applicant is informed of the name of their case manager within five workdays of submittal of their permit application.	The District sends a notification letter to the applicant when an application is assigned.	The District should formalize a “five-day” policy and track it within the permit information management system to ensure permit applicants are being informed in a timely manner.
39. The permit applicant is informed of the cycle time objectives for action on an application when the application is submitted.	The District permit timelines are identified in Regulation 1, Rule 1, which is available on the web-site.	At time of submittal, each permit applicant should be informed (via writing or email, etc.) of the expected permit review timelines.
40. The case manager contacts the permit applicant at the beginning of the processing of the permit to expedite further communication during the permit development process.	The engineers will contact the applicant regarding application fees or other information needed.	The District should formalize the policy of contacting the permit applicant (for proactive communication beyond calling for missing information), and updating the permit case management system to reflect this activity was completed.
41. A monthly report is generated for the General Manager reporting actual vs. planned performance against these cycle time objectives.		The District should track performance statistics more regularly (e.g., bi-weekly) by unit managers / supervisors to track activity and performance. The District should publish these performance reports to the website.

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Best Management Practice	Strengths	Opportunities For Improvement
<p>42. Permit checklists have been developed for the various types of permit application submittals to enable the agency staff to focus their attention on the relevant aspects of permit application review and assure uniformity among staff.</p>	<p>The District publishes a Permit Handbook which documents the key elements for evaluating many types of device categories.</p>	<p>The institution of templates would streamline permit processing. There are templates for smaller facilities, such as gas stations; however, most other facilities / sources do not have templates. The District should work to re-evaluate and develop templates for all possible high volume source categories.</p>
<p>43. Permit applications are checked at the counter upon submittal for initial completeness and rejected if missing basic application item based upon rigorous criteria/checklist for accepting and rejecting applications.</p>	<p>The District has developed a "Completeness Determination Checklist;" however, it is not utilized for acceptance / rejection during initial permit application submittal.</p>	<p>Currently, all permit applications are accepted, assigned, and routed – and are deemed complete (or incomplete) by the assigned engineer. Additionally, Data Bank / IRIS defaults the application to "complete" after a certain number of working days (which could happen either if the Engineer reviews and determines it is complete, or if the Engineer does not do anything at all). Essentially, the District should implement a policy that all engineers must physically update the case if deemed complete or not.</p> <p>Based on permit data, up to 60% of applications are incomplete, requiring additional time for processing and staff review.</p> <p>The District should establish a policy and process to review applications at time of submittal, and reject if incomplete. As such, the new Production System should be designed / implemented to reject permit applications that are not submitted with minimum requirements. Additionally, the data forms and wizards should be implemented so that pertinent data is received in the initial submittal.</p>

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Best Management Practice	Strengths	Opportunities For Improvement
44. If modeling is required for a complete permit application, a copy of the permit application is given to the agency's modeling section as soon as the permit application is received so that the modeler and permit engineer are working under similar cycle timelines.		<p>The new Production System should be designed / implemented to identify those applications which may require risk screening analyses, and route as necessary to the modeler for simultaneous review.</p> <p>The electronic permit application should allow multiple staff the ability to review an application at the same time.</p>
45. Each case manager has desktop PC access to GIS and to the automated permit information system.	Staff has access to Data Bank / IRIS, as well as to the new Production System for permit information.	
46. Permit staff have written procedures or procedures manual for permit application acceptance, processing, report writing, conditions, etc.	The District has developed the Permit Handbook, providing general permitting guidelines, including determination of completeness and descriptions of permit requirements for sources of air pollution.	<p>The Permit Handbook (dated 2006) should be comprehensively updated (to also reflect the new and best practice business processes supported by the Production System).</p> <p>Additionally, the District should develop comprehensive "how to" procedures for key business processes (renewals, emissions data usage, etc.) in order to better standardize processes among staff.</p>

PERMIT PROCESSING MANAGEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
47. The agency uses a pre-permit application process to provide guidance to the applicant <u>for all large applications.</u> (i.e., Title V permit applications).	The District provides opportunities for pre-application meetings.	The District should formalize the process of each engineer having pre-permit application meetings for large applications, and should include discussions regarding: <ul style="list-style-type: none"> • Appropriate air quality permit application materials for the proposed construction or operating permit. • Appropriate emissions control measures. • Possible permit conditions of approval. • Answering questions staff may have regarding the source's emission calculations. • Anticipated timeline for permit application processing.
48. The permit applicant is required to submit electronic versions of their emissions calculations spreadsheet (if available) at the same time the permit application is submitted, to enable permit engineer review of the calculations.		The District should expand opportunities that allow electronic submission of data from facilities.
49. A standing inter-division joint review committee is utilized to review permit applications and determine conditions of approval.		The District should implement regular meetings among the divisions to review template conditions and rule applicability. This will improve consistency and standardization among staff when dealing with the permit applicants.

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Best Management Practice	Strengths	Opportunities For Improvement
50. Permit applicants, or their representatives, are invited to meet with the case manager and other necessary staff to discuss their application if it will be deemed incomplete at the deadline established in the corresponding regulation. The case manager informs the applicant face-to-face about basic problems, if any, with the application, preliminary findings, basic conditions that might be imposed, and timing for processing of the application.	The District utilizes “incomplete” letters to the applicant, and meets with the permit applicant at the respective applicant’s request.	
51. The agency has developed standard conditions of approval for the issuance of permits.		The District does not have readily available a checklist of standards to determine whether a source can receive a permit. The District should integrate standard and template conditions into the Production System.
52. The standard conditions of approval utilized by all of the divisions in the review of permit applications are documented in an on-line library of conditions integrated into the automated permit information system.		The District should integrate the conditions of approval within the Production System based on business rules and application types in order to expedite the review process.
53. The permit holder should be informed of the applicable rules and regulations of their permitted device(s).		The new Production System should be designed / implemented to inform the permit holder of the applicable rules and regulations.

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PERMIT PROCESSING MANAGEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
54. The agency has developed written policies on prioritization of permits; i.e., first-in, first-out, how to manage backlogs, and when and how to use consultants to supplement agency staff.	The District assigns permit applications to staff based on availability, expertise, and workload.	The District should develop policies and procedures regarding the prioritization and “triaging” of permit applications.
55. The permit operation has developed a formal written routing matrix that identifies what types of air permit applications will be routed to what divisions under what circumstances.		To support the consistent routing of permit applications, the District should develop a routing matrix which identifies the divisions or units that will be required to review the permit application.
56. The District has streamlined the number of sections that are routed air permit applications. The number of hand-offs have been minimized by reducing the number of staff that are routed the permit for evaluation, typing, data entry, etc.	The District has implemented a tracking system for applications that are reviewed by different divisions.	The District currently utilizes various functional units during permit application processing, including resources from the Toxics Evaluation Section, Permit Evaluation Section, Permit Systems Section, and Engineering Projects Sections. With the implementation of the new Production System, the District will achieve greater efficiencies during the review process (e.g., less data entry, less manual review and routing, etc.).
57. The agency uses a standard template to describe the specific information that is missing in the initial permit application submittal that prevents the permit application from being deemed complete.	The District has published a “Completeness Determination Checklist,” which outlines the required items in order for the permit application to be deemed complete.	

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Best Management Practice	Strengths	Opportunities For Improvement
58. The agency has facility permitting process for permitting the entire facility. The agency issues a single permit for an entire facility, generally with conditions and emissions limitations for specific pieces of equipment.	The District utilizes a single federal operating permit for each major facility.	
59. Staff is organized by industry type that they serve. Permit applications for complex facilities are handled within the industry group, therefore reducing problems with multiple contacts.	District permitting staff has specialized groups for some industry types. A technical contact list is posted on the District web-site for the public to contact the Engineering Division for specific topics and source categories.	
60. The agency issues a decision to approve or deny a permit for an authority to construct specifications within 7 calendar days, medium sources within 30 calendar days, and large sources within 60 calendar days of the permit application being deemed complete	The target for the District is 35 calendar days for most application types from the date of complete application determination, and 60 days for larger applications that trigger public comment.	The new Production System should be designed / implemented that allows online application submission and receipt of the respective permit for the smaller, routine applications.
61. The agency has implemented a training and certification program for the private sector personnel, in order to establish a pool of professionals who can certify businesses as being in compliance with agency rules and regulations. If these certified professionals conduct permit evaluations for some sources, staff only needs to check the work, rather than perform the evaluation. Inspections by certified professionals would need to be periodically checked.		The District should explore a program to utilize certified private sector personnel to certify businesses, especially in relation to the more complex projects.

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Best Management Practice	Strengths	Opportunities For Improvement
<p>62. The agency has established a program to certify private environmental professionals to prepare permit applications. The agency provides expedited review of permit applications prepared by certified professionals. The agency also conducts an audit program to determine whether requirements for the preparation of applications have been followed, and will perform decertification of certified professionals under specified conditions.</p>		<p>The District should explore a program of certified environmental professionals to prepare permit applications for businesses, and in turn the review process may be expedited by receiving complete applications initially.</p>
<p>63. The agency has established formal BACT guidelines that provide standard procedures for conducting determinations. Source categories have been predefined, and procedures of evaluation and cost effectiveness calculations are presented in a district guideline document. The procedures not only require consideration of controls deemed to be achieved in practice, but also the consideration of alternative basic equipment and alternative fuels. In addition, consideration must also be given to identify potentially feasible controls that are more stringent than controls currently achieved in practice.</p>	<p>The District has published comprehensive BACT / TBACT guidelines which are available on the website related to combustion sources, petroleum industry, organic liquid storage tanks, coating sources, solvent cleaning sources, electronic / semiconductor industry, waste processing industry, soil / water remediation sources, toxic sources, etc.</p>	

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PERMIT PROCESSING MANAGEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
64. The agency has streamlined toxics screening by developing a method to screen projects that do not pose unacceptable risks and do not need a comprehensive health risk assessment.	The District has defined various emissions triggers that result in the need for toxics screening.	
65. If applicable, the California Environmental Quality Act (CEQA) review for permit applications is conducted / coordinated by the case manager within the permit operation, the same case manager responsible for the engineering analysis of the permit application.	The assigned engineer is responsible for conducting / facilitating the CEQA review for permit applications.	
66. The agency has identified permit-related decisions for certain types of facilities to be ministerial, and therefore exempt from CEQA. This includes projects that: 1) have no significant environmental impacts for all environmental media; 2) comply with local, State, and federal air quality rules, regulations, and laws; and 3) are not unique so permit operation and other agency staff can evaluate them through the agency's manual of procedures.	The District has defined criteria for CEQA exemption.	The District should evaluate and expand additional permit types that could be deemed ministerial, and should continue to focus resources on activities that are adding value.
67. The agency requires a CEQA applicability checklist form as part of the permit application package. Every applicant is required to complete and submit this form regardless of equipment type.	The District utilizes a CEQA checklist.	

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Best Management Practice	Strengths	Opportunities For Improvement
68. CEQA air quality guidelines are current and include thresholds of significance.	The District's CEQA Guidelines include recommended air quality significant thresholds.	
69. The agency provides an online fee calculator to determine and calculate the permit applicants' permit fees.		The District should provide an online tool for permit applicants to determine the applicable fees. This will improve the standardization and consistency of fee calculations and reduce errors. The new Production System should be designed / implemented to calculate preliminary fees at time of submittal.
70. The agency has consolidated permit processing for Title V and non-Title V permits.	The District has consolidated some of the staff and review process for both Title V and non-Title V permits.	All permits are regardless of their complexity have the same level of review. The District should evaluate the appropriate level of review for all permit types. For large permits (e.g. Title V), review assignments should be established so that staff can focus on specific parts of the permit.
71. The agency's permit staff evaluate applications for BACT, offset, toxics, source test and public notification issues immediately to get the applicant working on long lead time problems up front rather than thirty days or more into the process.		The new Production System should be designed / implemented with various features (or capabilities) to identify the applicable triggers for review (based on the application type or source category).
72. The agency has established consolidated facility permits. These permits replace the previous practice of issuing an individual permit for each "emissions unit."	The District utilizes a single permit for the facilities that have multiple pieces of stationary sources.	The new Production System should be designed and / or implemented to include all Authorities to Construct, Permits to Operate and registered equipment in a single document.

PERMIT PROCESSING MANAGEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
73. The accounts receivable functions are appropriately organized.	Fees for a permit application are calculated by the assigned permit engineer. Annual update/permit renewal fees are generated automatically by Data Bank.	<p>Permit engineers are currently required to collect permit application and renewal fees that have not been submitted on time.</p> <p>Permit engineers should be responsible for determining the amount of fees due for a permit application, however, fee collection should be the responsibility of accounts receivable staff.</p>

(4) Minor Permit Processing

MINOR PERMIT PROCESSING		
Best Management Practice	Strengths	Opportunities For Improvement
74. The agency has triaged its permitting system and process so that it focuses more regulatory permitting and compliance / enforcement staff hours on those facilities with higher tons of emissions per year.		<p>There is limited performance management data to track the staff time allocated to various types / sizes of facilities (i.e., by amount of emissions).</p> <p>The District should implement protocols to allow for time-tracking of workload by staff related to major initiatives (e.g., permit processing, application review, etc.), as well as to the relative amount of emissions.</p>

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MINOR PERMIT PROCESSING		
Best Management Practice	Strengths	Opportunities For Improvement
75. The agency has developed “permit exemptions” that allows low emitting sources to be exempt from the air permit process if they meet defined criteria / performance standards. The exemption allows the facilities to operate and construct as long as compliance with the defined criteria / performance standards is achieved. The exempt facilities are subject to compliance / enforcement inspection to assure compliance with the defined criteria / performance standards.	The District has developed various policies for equipment exemption (e.g., Powder and Radiation Cured Coating Operations, etc.).	The district should review and update the permit exemptions in regulation 2, rule 1. Over the years the permit exemption levels do not reflect the guiding principles. Smaller emitting sources have had to obtain permits.
76. The agency has identified source categories that are exempt from agency permitting requirements based upon low emissions, and the CAPCOA NSR Task Force recommendations, and published this list of source categories on their web site.	The District allows for applicants to register certain types of equipment (which meet specific criteria) and operate without a Permit to Operate. The types of equipment exempt from the permit process includes agricultural diesel engines, portable equipment, char broilers, etc.	The district should review and update rules, regulations and policies regarding exempt, registered and permitted devices.
77. The agency does not require air modeling for issuance of minor source permits.	The District does not require air modeling for issuance of minor source permits.	
78. The agency has a pre-certification program that is used when the equipment meets all permitting requirements.	The District has the Accelerated Permit Program	

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MINOR PERMIT PROCESSING		
Best Management Practice	Strengths	Opportunities For Improvement
79. The agency has established an Equipment Certification program that allows equipment manufacturers to have their equipment certified voluntarily by the district to assure compliance with agency rules and regulations.	Per District Regulation 2-1-415, the District allows for the opportunity for permit applicants to pre-certify sources.	
80. Once the Equipment Certification evaluation is completed and if the results are satisfactory, the agency transfers the equipment information to the permit information system and a "certified equipment permit" is issued for that make and model of equipment.		The District should integrate the list of per-certified and / or exempt types of equipment with the permit information management system.
81. The agency offers expedited permitting for commonly used equipment.	The District provides for a limited exemption Accelerated Permitting Program under its Regulation 2-1-106.	
82. The agency has consolidated the authority to construct and operate into a single permit process of certain small sources.	The District allows for online registration of certain types of equipment.	
83. The agency participates in the State-wide registration of portable equipment. Businesses are able to register portable internal combustion engines with the California Air Resources Board and operate them in any California air district without having to obtain local permits.	The District participates in the state-wide program.	

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MINOR PERMIT PROCESSING		
Best Management Practice	Strengths	Opportunities For Improvement
84. The agency does not require annual renewal of permits for low emission industries. The permits must, instead, be renewed every five years. The agency still performs annual inspections and, if necessary, modifies the permit, and fees are still charged annually.	The District requires permits to be renewed annually, with back-up generator permits on a 2-year cycle (if no other equipment types are at that facility). For low emissions facilities and equipment, the District should utilize 5-year permit renewal cycles to limit staff time.	For low emissions facilities and equipment, the District should implement multi-year permits for additional categories. This process should be phased-in to allow for any adjustments as necessary.

(5) Tools and Resources Available to Applicants

TOOLS AND RESOURCES AVAILABLE TO APPLICANTS		
Best Management Practice	Strengths	Opportunities For Improvement
85. The agency's website includes information on how to apply for an air permit, and include targeted information for specific industry sectors.	The District has an extensive amount of information on its website, including general information on organization and operations, as well as tools to assist applicants on the permitting process (e.g., forms, rules and regulations, permit handbook and guidelines, etc.).	The District should review and update all documentation periodically.
86. The agency has developed permit application guides for specific source categories which document all forms and information that must be submitted with a permit application and posts this information online.	The District has published its Permit Handbook online, and includes such items as checklists for application completion.	The District should review and update all documentation periodically.
87. The agency has developed template spreadsheets for emissions calculations and made the templates available online.	The District has emission calculation spreadsheets built into the Permit Handbook for many sources categories.	

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TOOLS AND RESOURCES AVAILABLE TO APPLICANTS		
Best Management Practice	Strengths	Opportunities For Improvement
88. The agency publishes the names of staff members online, including phone numbers and email addresses.	The District has the names, contact information, section within the organization, for all its employees available online.	
89. The agency has clearly identified online the most common types of permit processing issues.	The District posts Frequently Asked Questions to guide applicants through the process and minimize the possibility of errors or emissions.	
90. The agency has provided a clear description online of the most common reasons for it to deem permits incomplete after submittal.		The District should post examples on its website of reasons why applicants are deemed incomplete.
91. The agency has developed computer-based tutorials regarding how to complete permit applications.		The District should implement computer-based tutorials for how to complete applications.
92. The agency actively performs outreach to the regulated community on the air permitting process through targeted newsletters or electronic bulletins.	District operating divisions perform outreach to the regulated community, as well as to the public on a regular basis.	
93. The agency actively performs outreach to the regulated community for any air quality rule changes.	The District publishes memos and other communications regarding changes in rules and regulations.	
94. The agency has established a small business assistance program for small business stationary sources.	The District has established various small business programs and initiatives, including for compliance assistance.	

(6) Air Quality Rules and Regulations

AIR QUALITY RULES AND REGULATIONS		
Best Management Practice	Strengths	Opportunities For Improvement
95. Up-to-date air quality rules and regulations are available that are easy for staff to interpret and understand that includes an index to make sections of the ordinance easy to locate.	The District has published its Rules and Regulations on its website, showing both the adopted and amended dates.	The Rules and Regulations should be comprehensively integrated and indexed to allow for easier navigation (i.e., PDF).
96. The air quality rules and regulations regulate from the "general" to the "specific".	The regulations begin with the provisions and definitions that related to all District regulations, followed by regulations governing authorities to construct and permits to operate, then by how fees are established.	
97. Regulations applying to all regulated industries are in one place in the air quality rules and regulations.	Regulation 1: General Provisions and Definitions are included within one section, which apply to all District regulations.	
98. Administrative provisions in the air quality rules and regulations are grouped in one section.	Regulation 1: General Provisions and Definitions are included within one section, which apply to all District regulations. Additionally, the respective sections have a "General" introduction and "Definitions" section.	
99. Terms, definitions and measurements are clearly articulated and grouped/illustrated in one location.		All of the terms, definitions, and measurements are not located and illustrated in one section, but throughout the rules and regulations as appropriate. The District should standardize definitions among the different rules (e.g. VOC is different among the different Regulation 8 rules).

AIR QUALITY RULES AND REGULATIONS		
Best Management Practice	Strengths	Opportunities For Improvement
100. The air quality regulations are prescriptive (specifying what is expected), rather than proscriptive (specifying what is prohibited), as much as possible.	Although there is language which specifies applicant expectations, there is also language which identifies what the applicant “cannot” do.	
101. Tables and lists are effectively used (are preferred over text), and appear on the same or a following page as the accompanying text.		The District should place the rules and regulations in tabular (or matrix) format for ease of organization or navigation.
102. The air quality regulations provide purpose statements for each section as needed.	After clicking on the PDF section of the regulation / rule, there is a “General” and “Definition” section.	
103. The air quality regulations chapter and section titles are descriptive.	The District provides a general explanation of each regulation / rule as on-line text.	
104. The air quality regulations provide references in a consistent manner (e.g., italics) to: <ul style="list-style-type: none"> • Any defined word in the air quality regulations; • Other related provisions in the air quality regulations; • Relevant adopted policies or interpretations outside the air quality regulations; and • Provides references to dates of revisions within each chapter or section, as appropriate. 	The Rules and Regulations language does not include any specialized or unique font when making references to particular sections. Additionally, the District should utilize hyperlinks to any reference documents or rules.	
105. All of the air quality regulations sections, titles and paragraphs are numbered or lettered.	Each regulation and rule includes a bold number reference and bold title.	

AIR QUALITY RULES AND REGULATIONS		
Best Management Practice	Strengths	Opportunities For Improvement
106. The format of the air quality regulations permits the addition of new Articles within Sections in a logical manner.		The District should revisit the numbering sequence to eliminate any gaps, and to facilitate the ease of adding regulations or amending existing regulations.
107. There is a clearly identified method to memorialize and subsequently codify air quality Interpretations.		The rules and regulations should include a section which has codified the interpretations made and approved by the Board, that is easy to understand and identify.
108. Air quality interpretations are fully integrated into the air quality regulations not less than once a year.		Based on amended dates, many of the rules and regulations have not been updated for many years. The District should implement the policy to integrate interpretations of the air quality regulations every 12 months.

(7) Compliance and Enforcement

COMPLIANCE AND ENFORCEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
109. The permit information system enables users to enter the results of compliance and enforcement inspections including the name of the inspector, the data of inspection, the results of the inspection, inspection notes, etc.		Data Bank / IRIS are not fully integrated with the inspections information management system. The new Production System should be designed and / or implemented for full integration with the inspector management system (which also provides inspectors insights regarding permit history, conditions of approval, etc.).

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COMPLIANCE AND ENFORCEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
<p>110. The new information system will include an integrated wireless product; users can access the system via a wireless interface. Users can enter data into a PDA/Tablet or laptop while in the field and upload data to the automated enforcement information system wirelessly.</p>		<p>The new Production System should be designed and / or implemented with online capabilities for field inspectors. This will decrease the amount of manual data entry and enhance efficiency.</p>
<p>111. The information system has robust GIS integration – the system allows for display of all data via a GIS data browser. The system will have bi-directional capabilities that will allow the user to manage data on the GIS which in turn updates the enforcement system without duplicate data entry. GPS enabled PDA/Tablet will provide automated data entry and locations of permitted equipment.</p>		<p>The Production System should be designed and /or implemented to support automated GPS capabilities. Highly accurate facility and/or equipment locations will allow improved health risk modeling. Current notebook computers with wireless cards do not have GPS capability.</p>
<p>112. The information system contains the ability to QA/QC of data input for the permit application. This includes the capacity to minimize staff inputting inaccurate information into various activity fields, through such tools as data input “masks”, or templates that force the user to adhere to a prescribed character format or pull-down list. Field collection of throughput data based on results of compliance inspections.</p>		<p>The new Production System should be designed and / or implemented with automated features that minimize data input errors (i.e., utilizing smart forms,).</p>

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COMPLIANCE AND ENFORCEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
<p>113. Incentive programs help industry reduce emissions. Field staff conducting grant required inspections prior to funding approval provides efficiencies versus office staff traveling to field locations for inspections.</p>	<p>The Air District implements a variety of incentive programs that help fleet operators offset the cost of purchasing low-emission vehicles, re-powering old polluting heavy duty diesel engines with cleaner, lower-emission engines, and installing emission control devices that reduce particulates and NOx. These incentives are available for a wide variety of on-road and off-road equipment. In addition, one program focuses specifically on school buses. The District also operates a vehicle buy-back program to provide financial incentives to remove the oldest, most polluting light-duty vehicles from our roadways.</p>	
<p>114. Compliance assistance programs include a full range of educational and technical assistance programs which provide a basis for self-inspection programs and help companies ensure compliance.</p>	<p>The District's compliance assistance activities include a full range of educational and technical assistance programs such as a Compliance Hotline, Courtesy Facility Reviews, a Speakers Bureau, Industry Compliance Schools, and the publication of Policy and Procedure Guidelines which provide a basis for self-inspection programs. The Division works with individual companies, industry groups, trade associations, small business assistance programs, and green business programs to promote self-compliance with air regulations.</p>	

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COMPLIANCE AND ENFORCEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
115. The agency routinely conducts inspections and audits to ensure compliance with applicable federal, state and agency regulations.	The Inspection Program routinely conducts inspections and audits to ensure compliance with applicable federal, state and District regulations. Source categories include refineries, chemical plants, semiconductor manufacturing facilities, dry cleaners, ink and coating operations, gasoline dispensing facilities, as well as asbestos demolition and renovation. The District also regulates any other activities which result in the emission of an air contaminant which interfere with attainment and maintenance of health-based air quality standards, or which may cause a public nuisance.	
116. Interagency coordination allows for multi-media inspection and actions to best utilize facility and agency resources.	The District participates in interagency environmental task force programs to coordinate District compliance activities with other County/State governmental agencies.	
117. Major air pollution/accidental releases are high priority for response.	The Air District responds to major air pollution incidents on a high priority within minutes of notification, provide technical assistance and support to first response agencies during and after incidents. Incident reports are posted on the web for public/media agencies information within 24 hours.	The District should make an independent assessment of the emissions impact of the event.

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COMPLIANCE AND ENFORCEMENT		
Best Management Practice	Strengths	Opportunities For Improvement
118. Air pollution complaints from the public are received 24/7 and investigated promptly.	The District receives over 6,000 air pollution complaints every year from members of the public. Members of the public are keenly aware of air pollution events in their communities and often act as the first observers of air quality problems to the Air District. Satisfactory resolution of complaints is one of the most important and challenging objectives of Air District staff. Air pollution complaints are received 24/7 and investigated promptly.	
119. Refinery inspection programs have specially-trained group of refinery inspectors that conduct compliance inspections, investigate air pollution violations check air pollution monitoring equipment and respond to air pollution incidents.	Refinery inspection programs have designated refinery inspectors.	
120. Public exposure to toxic asbestos fibers is minimized by regulating asbestos demolition and renovations companies and construction/grading of naturally occurring asbestos.	The District's asbestos regulation addresses companies performing demolition/renovations in single family houses and construction grading using Best Available Control Technology for toxic air contaminants. The District has a dedicated inspection staff to administer and enforce the rule.	

**APPENDIX A: SUMMARY OF EXTERNAL
STAKEHOLDER COMMENTS**

SUMMARY OF EXTERNAL STAKEHOLDER COMMENTS

As part of the Cost Recovery and Containment Study, the Matrix Consulting Group conducted focus groups / interviews with external stakeholders on December 13, 2010 and December 14, 2010, including members from the California Council for Environmental and Economic Balance and the Western States Petroleum Association. The purpose of the meetings was to obtain insights regarding the quality of interactions with the Bay Area Air Quality Management District, relating to personnel, operations and processes, and technology.

The following table highlights the key themes and paraphrased comments regarding strengths, challenges, and / or opportunities for improvement regarding their respective interactions and experiences.

Category	Key Issues	Key Opportunities for Improvement
People Feedback regarding overall quality of interaction with District personnel	<ul style="list-style-type: none">• Personnel sometimes go “overboard” with their analyses, and spend a lot of time on issues which may have little emissions impact.• There is a lack of consistency among engineers, and they each have different approaches and interpretations on standards and permit conditions.• There is a lack of consistency among inspectors.• Personnel have gone away from judgment, and seem go above and beyond the stated regulations.	<ul style="list-style-type: none">• Personnel should be more consistent with analytical approaches, interpretations, etc.• Personnel should not be spending a lot of time on small issues.• The inspectors need to have a better understanding of the scope of what they need to be collecting (they seem to be asking for much more information than necessary)

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Category	Key Issues	Key Opportunities for Improvement
<p>Process</p> <p>Feedback regarding overall operations and business processes</p>	<ul style="list-style-type: none"> • The timeliness for smaller permit applications is good, however, for the larger ones there are “mixed results” • It does not appear that communication / integration occurs between Inspections and Engineering, the “internal departments don’t talk” • It is not clear how the District calculates emissions – there is a lack of connection between data being sent in and the invoice being received. • The District seems to have the same level of scrutiny whether they are large emitters or small emitters. • It appears that we have to permit every project twice (new sources review permit and Title V permit), so we have 2 permit applications and 2 permit fees we are paying. • Old information and files seem to get lost, and will have to re-submit the same information. • There seems to be a tendency to place a lot of permit conditions that are duplicative of regulations. 	<ul style="list-style-type: none"> • The District should obtain external stakeholder input and feedback during the rule making and development process. • They need to enhance their internal efficiencies, including improving their ability to triage and streamlining workflow. • There needs to be more internal consistency and more standardization. • The data and reports needed by the District should be consolidated, as we currently send in different types of data in various different days. • The District needs to minimize the amount of hard-copies handled. • There should not be additional monitoring or extra reporting requirements that are not providing value.
<p>Technology</p> <p>Feedback regarding information technology tools and resources</p>	<ul style="list-style-type: none"> • It is difficult to find information on the website • There does not seem to be a lot of automation with the current system. 	<ul style="list-style-type: none"> • The District should communicate to the external stakeholders of any changes of information on its website (e.g., for documents, etc.). • The District needs the capacity and ability to receive electronic data transfers and reports from the facilities. • A big advantage would be the ability to file permit applications online so it is not processed or tracked manually. • There should be a way of modeling emissions that does not follow the standard approach.

APPENDIX B: SCHEDULE A AND E

Bay Area Air Quality Management District

Allocated Costs by Department

Central Service Departments

	<u>122 Hearing Board</u>	<u>303 Intermittent Control Programs</u>	<u>305 Spare the Air (CMAQ)</u>	<u>401 Enforcement</u>	<u>402 Compliance Assistance & Operations</u>	<u>403 Compliance Assurance</u>	<u>501 Permit Evaluation</u>	<u>502 Permit Renewals</u>
104 Executive Office	\$2,883	\$8,218	\$7,425	\$209,554	\$150,299	\$314,584	\$201,337	\$25,591
121 Board of Directors	\$367	\$1,039	\$940	\$26,505	\$19,011	\$39,790	\$25,466	\$3,237
123 Advisory Council	\$93	\$272	\$246	\$6,932	\$4,972	\$10,407	\$6,660	\$846
201 Legal counsel								\$1,099,981
202 Hearing Board Proceedings								\$410,996
203 Penalties Enforcement & Settlement	\$343	\$968	\$874	\$24,663	\$17,689	\$37,024	\$23,696	\$767,447
205 Litigation	\$384	\$1,105	\$998	\$28,182	\$20,213	\$42,307	\$27,077	\$126,265
301 Public Information	\$1,037	\$28,697	\$2,683	\$75,717	\$54,307	\$113,666	\$72,747	\$16,648
302 Community Outreach	\$881	\$24,355	\$2,266	\$63,972	\$45,883	\$96,034	\$61,463	\$14,097
106 Payroll	\$355	\$1,010	\$914	\$25,776	\$18,488	\$38,696	\$24,766	\$3,148
107 Benefit Administration	\$2,287	\$6,526	\$5,896	\$166,400	\$119,348	\$249,800	\$159,874	\$20,321
109 Organizational Development					\$160,017			
111 Employment Relations	\$760	\$2,169	\$1,960	\$55,311	\$39,671	\$83,033	\$53,142	\$6,754
114 Recruitment & Testing				\$15,045	\$75,228			
701 Accounting	\$2,602	\$7,399	\$6,685	\$188,674	\$135,324	\$283,240	\$181,276	\$23,041
702 Strategic Facilities	\$4,980	\$13,865	\$6,656	\$80,855	\$52,506	\$105,650	\$163,261	\$28,943
703 Communications	\$860	\$2,450	\$2,213	\$62,471	\$44,807	\$93,782	\$60,022	\$7,629
708 Purchasing	\$4,294	\$4,865	\$7,727	\$35,485	\$30,048	\$16,312	\$3,147	
710 Vehicle Maintenance				\$238,868	\$150,398	\$309,644		
801 Technical Library	\$113	\$317	\$287	\$8,094	\$5,805	\$12,150	\$7,777	\$988
712 Information Management Records & Content	\$13,242			\$74,158	\$74,158	\$77,690	\$87,400	\$88,283
725 Information Systems Software Development	\$59,138			\$331,173	\$331,173	\$346,943	\$390,311	\$394,253
726 Information Technology Engineering & Operations	\$3,751	\$10,703	\$9,671	\$272,925	\$195,750	\$409,716	\$262,222	\$33,329
Subtotal	<u>\$98,370</u>	<u>\$113,958</u>	<u>\$57,441</u>	<u>\$1,990,760</u>	<u>\$1,745,095</u>	<u>\$2,680,468</u>	<u>\$1,811,644</u>	<u>\$3,071,797</u>
Proposed Costs	\$98,370	\$113,958	\$57,441	\$1,990,760	\$1,745,095	\$2,680,468	\$1,811,644	\$3,071,797

Bay Area Air Quality Management District

Allocated Costs by Department

Central Service Departments	<u>503 Air Toxics</u>	<u>504 Permit Operations</u>	<u>506 Title V</u>	<u>507 Engineering Special Projects</u>	<u>601 Source Inventories</u>	<u>602 Air Quality Plans</u>	<u>603 Air Quality Modeling Support</u>	<u>604 Air Quality Modeling & Research</u>
104 Executive Office	\$66,968	\$66,607	\$48,009	\$60,480	\$37,053	\$32,872	\$20,112	\$39,647
121 Board of Directors	\$8,470	\$8,425	\$6,073	\$7,650	\$4,686	\$4,157	\$2,544	\$5,015
123 Advisory Council	\$2,215	\$2,204	\$1,588	\$2,000	\$1,226	\$1,087	\$665	\$1,312
201 Legal counsel	\$37,800	\$267,210	\$234,647					
202 Hearing Board Proceedings								
203 Penalties Enforcement & Settlement	\$12,723	\$40,527	\$229,977	\$7,118	\$4,360	\$3,869	\$2,367	\$4,666
205 Litigation	\$9,948	\$15,316	\$15,529	\$8,134	\$4,983	\$4,421	\$2,705	\$5,332
301 Public Information	\$24,560	\$25,813	\$19,009	\$21,853	\$13,388	\$12,086	\$7,267	\$14,326
302 Community Outreach	\$20,751	\$21,817	\$16,068	\$18,463	\$11,311	\$10,212	\$6,140	\$12,103
106 Payroll	\$8,238	\$8,193	\$5,906	\$7,439	\$4,558	\$4,043	\$2,474	\$4,877
107 Benefit Administration	\$53,177	\$52,891	\$38,123	\$48,025	\$29,422	\$26,102	\$15,970	\$31,483
109 Organizational Development		\$80,009		\$40,004	\$40,004			
111 Employment Relations	\$17,676	\$17,581	\$12,672	\$15,963	\$9,780	\$8,677	\$5,308	\$10,464
114 Recruitment & Testing	\$30,091					\$30,091		
701 Accounting	\$60,295	\$59,971	\$43,226	\$54,454	\$33,360	\$29,596	\$18,108	\$35,697
702 Strategic Facilities	\$58,822	\$53,931	\$46,807	\$36,642	\$25,179	\$17,459	\$18,013	\$21,372
703 Communications	\$19,964	\$19,857	\$14,312	\$18,030	\$11,046	\$9,799	\$5,996	\$11,819
708 Purchasing	\$7,440	\$6,010	\$7,727	\$2,861	\$1,145	\$286	\$5,438	\$5,724
710 Vehicle Maintenance							\$8,847	
801 Technical Library	\$2,586	\$2,573	\$1,855	\$2,336	\$1,431	\$1,270	\$777	\$1,531
712 Information Management Records & Content	\$88,283	\$88,283	\$88,283	\$88,283	\$27,368		\$13,242	\$16,773
725 Information Systems Software Development	\$394,253	\$394,253	\$394,253	\$394,253	\$122,218		\$59,138	\$74,908
726 Information Technology Engineering & Operations	\$87,219	\$86,750	\$62,528	\$78,769	\$48,257	\$42,812	\$26,194	\$51,637
Subtotal	<u>\$1,011,479</u>	<u>\$1,318,221</u>	<u>\$1,286,592</u>	<u>\$912,757</u>	<u>\$430,775</u>	<u>\$238,839</u>	<u>\$221,305</u>	<u>\$348,686</u>
Proposed Costs	\$1,011,479	\$1,318,221	\$1,286,592	\$912,757	\$430,775	\$238,839	\$221,305	\$348,686

Bay Area Air Quality Management District

Allocated Costs by Department

Central Service Departments	<u>605 Mobile Source Measures</u>	<u>608 Climate Protection</u>	<u>609 Community Air Risk Evaluation (CARE)</u>	<u>611 Rule Development</u>	<u>802 Ambient Air Monitoring</u>	<u>803 Laboratory</u>	<u>804 Source Test</u>	<u>805 Meteorology</u>
104 Executive Office	\$26,167	\$27,969	\$22,707	\$40,873	\$117,573	\$41,882	\$94,577	\$46,279
121 Board of Directors	\$3,310	\$3,537	\$2,873	\$5,170	\$14,871	\$5,297	\$11,963	\$5,854
123 Advisory Council	\$866	\$926	\$751	\$1,353	\$3,889	\$1,385	\$3,129	\$1,531
201 Legal counsel								
202 Hearing Board Proceedings								
203 Penalties Enforcement & Settlement	\$3,079	\$3,292	\$2,673	\$4,811	\$13,837	\$4,930	\$11,131	\$5,447
205 Litigation	\$3,519	\$3,762	\$3,053	\$5,497	\$15,812	\$5,632	\$12,719	\$6,224
301 Public Information	\$9,455	\$10,106	\$8,204	\$14,768	\$42,482	\$15,133	\$34,173	\$16,722
302 Community Outreach	\$7,988	\$8,538	\$6,932	\$12,478	\$35,892	\$12,786	\$28,872	\$14,128
106 Payroll	\$3,219	\$3,440	\$2,793	\$5,027	\$14,463	\$5,152	\$11,634	\$5,693
107 Benefit Administration	\$20,779	\$22,209	\$18,031	\$32,456	\$93,361	\$33,257	\$75,101	\$36,749
109 Organizational Development		\$40,004					\$40,004	
111 Employment Relations	\$6,906	\$7,382	\$5,993	\$10,788	\$31,033	\$11,055	\$24,963	\$12,216
114 Recruitment & Testing					\$15,045	\$15,045		
701 Accounting	\$23,560	\$25,182	\$20,445	\$36,801	\$105,858	\$37,709	\$85,153	\$41,668
702 Strategic Facilities	\$22,393	\$24,733	\$22,542	\$42,533	\$79,493	\$28,943	\$56,441	\$22,053
703 Communications	\$7,800	\$8,338	\$6,770	\$12,185	\$35,050	\$12,486	\$28,195	\$13,797
708 Purchasing	\$4,293	\$4,006	\$11,160	\$4,006	\$205,182	\$61,812	\$167,409	\$30,620
710 Vehicle Maintenance					\$141,551		\$132,705	\$88,470
801 Technical Library	\$1,011	\$1,081	\$877	\$1,578	\$4,541	\$1,618	\$3,653	\$1,787
712 Information Management Records & Content	\$3,531	\$31,782	\$26,485	\$67,096	\$5,297	\$39,728	\$83,869	\$24,720
725 Information Systems Software Development	\$15,771	\$141,931	\$118,276	\$299,633	\$23,655	\$177,414	\$374,541	\$110,391
726 Information Technology Engineering & Operations	\$34,080	\$36,427	\$29,574	\$53,233	\$153,127	\$54,548	\$123,178	\$60,275
Subtotal	<u>\$197,727</u>	<u>\$404,645</u>	<u>\$310,139</u>	<u>\$650,286</u>	<u>\$1,152,012</u>	<u>\$565,812</u>	<u>\$1,403,410</u>	<u>\$544,624</u>
Proposed Costs	\$197,727	\$404,645	\$310,139	\$650,286	\$1,152,012	\$565,812	\$1,403,410	\$544,624

Bay Area Air Quality Management District

Allocated Costs by Department

Central Service Departments

	<u>807 Air Monitoring Instrument Performance Evaluation</u>	<u>809 BioWatch Monitoring</u>	<u>307 Carl Moyer Program Administration</u>	<u>310 Mobile Source Incentive Fund Admin.</u>	<u>312 Vehicle Buy-Back Program</u>	<u>311 Carbon Offset Fund</u>	<u>313 Grant Program Development</u>	<u>322 California Goods Movement Bond-School Bus Admin.</u>
104 Executive Office	\$31,285	\$648	\$28,186	\$35,250	\$1,226	\$2,090		
121 Board of Directors	\$3,957	\$82	\$3,565	\$4,458	\$155	\$264		
123 Advisory Council	\$1,035	\$21	\$932	\$1,166	\$41	\$69		
201 Legal counsel			\$761					
202 Hearing Board Proceedings								
203 Penalties Enforcement & Settlement	\$3,682	\$76	\$3,317	\$4,149	\$144	\$246		
205 Litigation	\$4,207	\$87	\$3,791	\$4,741	\$165	\$281		
301 Public Information	\$11,304	\$234	\$10,185	\$12,736	\$443	\$756		
302 Community Outreach	\$9,550	\$198	\$8,604	\$10,761	\$374	\$638		
106 Payroll	\$3,849	\$80	\$3,467	\$4,336	\$151	\$257		
107 Benefit Administration	\$24,843	\$515	\$22,381	\$27,991	\$973	\$1,660		
109 Organizational Development			\$40,007					
111 Employment Relations	\$8,258	\$171	\$7,440	\$9,304	\$324	\$552		
114 Recruitment & Testing	\$30,091		\$15,050					
701 Accounting	\$28,168	\$584	\$25,377	\$31,738	\$1,103	\$1,882		
702 Strategic Facilities	\$20,820	\$1,361	\$6,912	\$3,934	\$1,085	\$595	\$2,233	\$1,424
703 Communications	\$9,327	\$193	\$8,403	\$10,508	\$366	\$624		
708 Purchasing	\$31,193	\$286	\$22,321	\$9,443	\$3,720			\$572
710 Vehicle Maintenance							\$8,847	
801 Technical Library	\$1,208	\$25	\$1,089	\$1,361	\$48	\$81		
712 Information Management Records & Content	\$2,650							
725 Information Systems Software Development	\$11,828							
726 Information Technology Engineering & Operations	\$40,747	\$845	\$36,710	\$45,910	\$1,596	\$2,723		
Subtotal	<u>\$278,002</u>	<u>\$5,406</u>	<u>\$248,498</u>	<u>\$217,786</u>	<u>\$11,914</u>	<u>\$12,718</u>	<u>\$11,080</u>	<u>\$1,996</u>
Proposed Costs	\$278,002	\$5,406	\$248,498	\$217,786	\$11,914	\$12,718	\$11,080	\$1,996

Bay Area Air Quality Management District

Allocated Costs by Department

Central Service Departments	<u>323 California Goods Movement Bond-Grants Admin.</u>	<u>304 Smoking Vehicle Program</u>	<u>306 Intermittent Control Programs</u>	<u>308 Transportation Fund for Clean Air Admin.</u>	<u>Subtotal</u>	<u>Direct Billed</u>	<u>Unallocated</u>	<u>Total</u>
104 Executive Office	\$60,696	\$27,249	\$37,917	\$41,666	\$1,975,879			\$1,975,879
121 Board of Directors	\$7,677	\$3,447	\$4,796	\$5,270	\$249,921			\$249,921
123 Advisory Council	\$2,008	\$901	\$1,255	\$1,379	\$65,362			\$65,362
201 Legal counsel					\$1,640,399		\$16,569	\$1,656,968
202 Hearing Board Proceedings					\$410,996			\$410,996
203 Penalties Enforcement & Settlement	\$7,143	\$3,207	\$4,462	\$4,904	\$1,258,841			\$1,258,841
205 Litigation	\$8,163	\$3,665	\$5,100	\$5,604	\$404,921		\$9,600	\$414,521
301 Public Information	\$21,931	\$36,303	\$108,385	\$15,055	\$872,179			\$872,179
302 Community Outreach	\$18,529	\$30,784	\$91,971	\$12,719	\$737,558			\$737,558
106 Payroll	\$7,466	\$3,352	\$4,665	\$5,125	\$243,050			\$243,050
107 Benefit Administration	\$48,197	\$21,637	\$30,109	\$33,085	\$1,568,979			\$1,568,979
109 Organizational Development	\$40,004			\$40,004	\$520,057			\$520,057
111 Employment Relations	\$16,020	\$7,192	\$10,008	\$10,997	\$521,523			\$521,523
114 Recruitment & Testing				\$30,091	\$255,777			\$255,777
701 Accounting	\$54,649	\$24,533	\$34,139	\$37,514	\$1,779,011			\$1,779,011
702 Strategic Facilities	\$2,828	\$6,167	\$8,336	\$11,314	\$1,101,081			\$1,101,081
703 Communications	\$18,094	\$8,123	\$11,304	\$12,421	\$589,041			\$589,041
708 Purchasing	\$343,402	\$858	\$572	\$19,459	\$1,058,823			\$1,058,823
710 Vehicle Maintenance					\$1,079,330			\$1,079,330
801 Technical Library	\$2,344	\$1,052	\$1,465	\$1,609	\$76,318			\$76,318
712 Information Management Records & Content					\$1,110,604			\$1,110,604
725 Information Systems Software Development					\$4,959,707			\$4,959,707
726 Information Technology Engineering & Operations	\$79,052	\$35,489	\$49,384	\$54,266	\$2,573,397			\$2,573,397
Subtotal	<u>\$738,203</u>	<u>\$213,959</u>	<u>\$403,868</u>	<u>\$342,482</u>	<u>\$25,052,754</u>		<u>\$26,169</u>	<u>\$25,078,923</u>
Proposed Costs	\$738,203	\$213,959	\$403,868	\$342,482	\$25,052,754		\$26,169	\$25,078,923

Summary of allocation basis

<u>Department</u>	<u>Basis of allocation</u>
104 - 104 Executive Office	
1.003 District Wide Support	Number of Staff per Program / Section
121 - 121 Board of Directors	
2.003 District Wide Support	Number of Staff per Program / Section
123 - 123 Advisory Council	
3.003 District Wide Support	Number of Staff per Program / Section
201 - 201 Legal counsel	
4.003 Permitted Sources	FY 10 Permitted Sources Revenue per Program
4.004 Direct Support	Percentage of Time Spent in Support of Programs / Sections
202 - 202 Hearing Board Proceedings	
5.003 Direct Support	Direct Allocation to Permit Renewals
203 - 203 Penalties Enforcement & Settlement	
6.003 District Wide Support	Number of Staff per Program
6.004 Permitted Sources	FY 10 Permitted Sources Revenue per Program
6.005 Direct Support	Percentage of Time Spent in Support of Permit Renewals and Title V
205 - 205 Litigation	
7.003 District Wide Support	Number of Staff per Program / Section
7.004 Permitted Sources	FY 10 Permitted Sources Revenue per Program
7.005 Direct Support	Percentage of Time Spent in Support of Permit Renewals and Title V
301 - 301 Public Information	
8.003 District Wide Support	Number of Staff per Program / Section
8.004 Permitted Sources	FY 10 Permitted Sources Revenue per Program
8.005 Direct Support	Percentage of Time Spent in Support of Programs / Sections
302 - 302 Community Outreach	
9.003 District Wide Support	Number of Staff per Program / Section
9.004 Permitted Sources	FY 10 Permitted Sources Revenue per Program
9.005 Direct Support	Percentage of Time Spent in Support of Programs / Sections
106 - 106 Payroll	
10.003 District Wide Support	Number of Staff per Program / Section
107 - 107 Benefit Administration	
11.003 District Wide Support	Number of Staff per Program / Section

Summary of allocation basis

<u>Department</u>	<u>Basis of allocation</u>
109 - 109 Organizational Development	
12.003 District Wide Support	Number of Classes Provided per Program / Section
111 - 111 Employment Relations	
13.003 District Wide Support	Number of Staff per Program / Section
114 - 114 Recruitment & Testing	
14.003 District Wide Support	Number of Recruitments per Program / Section
701 - 701 Accounting	
15.003 District Wide Support	Number of Staff per Program / Section
702 - 702 Strategic Facilities	
16.003 Maintenance	Square Footage by Program / Section
703 - 703 Communications	
17.003 District Wide Support	Number of Staff per Program / Section
708 - 708 Purchasing	
18.003 District Wide Support	Number of Purchase Orders per Department / Program
710 - 710 Vehicle Maintenance	
19.003 District Wide Support	Number of Vehicles per Program / Section
801 - 801 Technical Library	
20.003 District Wide Support	Number of Staff per Program / Program
712 - 712 Information Management Records & Content	
21.003 District Wide Support	Percent Labor in Fee Schedules
725 - 725 Information Systems Software Development	
22.003 District Wide Support	Percent Labor in Fee Schedules
726 - 726 Information Technology Engineering & Operations	
23.003 District Wide Support	Number of Staff per Program / Section

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 15, 2011

Re: Summary of Draft Fee Amendments for Fiscal Year Ending 2012

RECOMMENDED ACTION

Receive and file.

BACKGROUND

Staff develops amendments to the District's fee regulation as a part of the budget preparation process. Over the five year period Fiscal Year Ending 2006 – 2010, fees were increased by an average of 9 percent. These fee increases were adopted to meet budgetary needs so that the District could continue to effectively implement and enforce its regulatory programs, and to gradually move toward more complete recovery of the costs of these program activities. For the current FYE 2011, the District scaled back its cost recovery efforts, in recognition of the impacts of the economic downturn on fee-payers, and adopted an overall fee increase of 5.5 percent.

In September 2010, the District contracted with Matrix Consulting Group to complete an updated Cost Recovery and Containment Study. This study has recently been completed and indicates that fee revenue remains well below the point of full cost recovery. A copy of this study has been provided to committee members, and it will be discussed at the upcoming committee meeting scheduled for March 23, 2011.

DISCUSSION

Review of fee revenue received in the current fiscal year to date indicates that actual fee revenue is tracking below budgeted projections by approximately 4 percent which, if extrapolated to the end of the fiscal year, would represent a shortfall of \$1.2 million. This decrease in fee revenue is caused primarily by a greater than expected reduction in permit applications submitted, particularly for projects involving large capital outlays, and a reduction in reported business activity and emissions levels, upon which some fees are based. Until the signs of an economic recovery become more certain, staff believes that it is prudent to assume that business activity will continue at current levels through the next fiscal year.

Staff has prepared draft fee amendments that would increase overall fee revenue by approximately 5 percent, or \$1.54 million, from current budgeted levels. Based on the current shortfall between budgeted and actual fee revenue (and the assumption that

business activity will remain at current levels through the next fiscal year) fee rates will need to be increased by an average of 10 percent to reach this revenue target. With these fee increases, and with rigorous cost containment measures included in the budget for the next fiscal year, modest use of reserve accounts is still expected to be needed.

Staff has developed the draft fee amendments based on the results of the recently completed Cost Recovery and Containment Study. Existing fee schedules would be amended as follows:

- (1) no change for fee schedules that are recovering greater than 89% of costs,
- (2) a 2% cost of living increase in registration fees (all of which have been established in recent years based on considerations of cost recovery),
- (3) a 10% increase in
 - (a) fee schedules that are recovering 70 – 89% of costs, and
 - (b) other administrative fees such as permit application filing fees,
- (4) a 12% increase in fee schedules that are recovering 50 – 69% of costs, and
- (5) a 14% increase in fee schedules that are recovering less than 50% of costs.

An additional new fee is proposed for registered diesel engines that elect to comply under an Alternative Compliance Plan (ACP). An ACP provision is being developed into a new District rule covering agricultural diesel engines. The proposed one-time fee for engines covered under an ACP would be \$129.

Staff will provide the committee with additional details regarding the draft fee amendments at the committee meeting on March 23, 2011. A summary of public comments received to date, including those made at a public workshop held on March 14, 2011, will also be provided.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The draft fee amendments are expected to increase fee revenue in FYE 2012 by approximately 5 percent from FYE 2011 budgeted levels, or \$1.54 million. This revenue has been included in the draft FYE 2012 budget. Even with these fee increases, the District will likely need to make modest use of its reserve funds in FYE 2012.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Revised by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 15, 2011

Re: Discussion of Proposed Budget for Fiscal Year 2011/2012

RECOMMENDED ACTION:

The Executive Officer/APCO requests that the Budget and Finance Committee review the proposed Budget for Fiscal Year 2011/2012, and make any recommendations for further discussions to be held during the April 27, 2011 Budget and Finance Committee meeting. This will allow staff the necessary time to make the changes for the second review by the Committee and the first public hearing date set for May 4, 2011.

BACKGROUND

At the March 16, 2011 regular Board of Directors meeting, the Fiscal Year 2011/2012 Proposed Budget document was referred to the Budget and Finance Committee for review at the Committee's March 23, 2011 meeting.

DISCUSSION

Staff will present the proposed budget for Fiscal Year 2011/2012. The proposed budget is balanced, with the General Fund Revenues, Transfers-In from the Designated Reserves for PERS and the Reserve for Economic Uncertainties, along with TFCA Revenues, Indirect Cost Recovery, and Mobile Source Incentive Revenues totaling \$72.4 million. Proposed consolidated expenditures are \$72.4 million, excluding grant program distributions. Proposed capital requests are \$2.1 million. The proposed budget does not include an FTE increase.

Staff will publish, prior to March 30, 2011, a notice to the general public that the first of two public hearings on the budget will be conducted on May 4, 2011 and that the second hearing will be conducted on June 15, 2011. Staff requests that the Budget and Finance Committee complete its review and take action on the proposed budget at the April 27, 2011 Budget and Finance Committee meeting. This will allow staff the necessary time required to amend, if necessary, the budget for the first public hearing to be held on May 4, 2011.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The proposed consolidated budget for FY 2011/2012 is \$72,360,101 and is a balanced budget with the inclusion of \$895,000 from the Reserve for Economic Uncertainties.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Glasser, Finance Manager
Reviewed by: Jack M. Colbourn, Director Administrative Services

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 28, 2011

Re: Report of the Mobile Source Committee Meeting of March 24, 2011

RECOMMENDED ACTIONS:

The Committee recommends Board of Directors:

1. Approve the Carl Moyer Program (CMP) projects with proposed grant awards over \$100,000;
2. Authorize the Executive Officer/APCO to enter into agreements for the recommended CMP projects

BACKGROUND

The Mobile Source Committee met on Thursday, March 24, 2011. The Committee received and considered the following reports and recommendations:

- A) Consideration of Projects with Proposed Grant Awards Over \$100,000;
- B) Vehicle Buyback Program Annual Report;
- C) Status of Funding in Air District Grant Programs

Attached are the staff reports presented in the Mobile Source Committee Meeting packet.

Chairperson Scott Haggerty will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

- A) None. Through the CMP, Mobile Source Incentive Fund (MSIF) and Transportation Fund for Clean Air (TFCA), the Air District distributes pass-through funds to public agencies and private entities on a reimbursement basis. Administrative costs for both programs are provided by each funding source.

B) None. No allocation of funding is recommended at this time.

C) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Lisa Harper
Reviewed by: Rex Sanders

Attachment(s)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 15, 2011

Re: Consideration of Projects with Proposed Grant Awards Over \$100,000

RECOMMENDATIONS:

Recommend Board of Directors:

1. Approve Carl Moyer Program projects with proposed grant awards over \$100,000.
2. Authorize the Executive Officer/APCO to enter into agreements for the recommended Carl Moyer Program projects.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the California Air Resources Board (ARB), since the program began in fiscal year 1998/1999. The CMP provides grants to public and private entities to reduce emissions of oxides of nitrogen (NOx), reactive organic gases (ROG) and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Eligible heavy-duty diesel engine applications include on-road trucks and buses, off-road equipment, marine vessels, locomotives, stationary agricultural pump engines, and forklifts.

Assembly Bill 923 (AB 923 - Firebaugh), enacted in 2004 (codified as Health and Safety Code Section 44225), authorized local air districts to increase their motor vehicle registration surcharge up to an additional \$2 per vehicle. The revenues from the additional \$2 surcharge are deposited in the Air District's Mobile Source Incentive Fund (MSIF). AB 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible for grants under the CMP.

Since 1991, the Transportation Fund for Clean Air (TFCA) program has funded projects that achieve surplus emission reductions from on-road motor vehicles. Sixty percent (60%) of TFCA funds are awarded directly by the Air District through a grant program known as the Regional Fund that is allocated on a competitive basis to eligible projects proposed by project sponsors. Funding for this program is provided by a \$4 surcharge on motor vehicles registered within the San Francisco Bay Area as authorized by the California State Legislature. The statutory authority

for the TFCA and requirements of the program are set forth in California Health and Safety Code Sections 44241 and 44242.

On March 17, 2010, the Board of Directors authorized Air District participation in Year 12 of the CMP, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with CMP funds or MSIF revenues, with individual grant award amounts up to \$100,000. On November 18, 2009, the Air District Board of Directors authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with TFCA funds, with individual grant award amounts up to \$100,000.

CMP and TFCA projects with grant award amounts over \$100,000 are brought to the Committee for consideration at least on a quarterly basis. Staff reviews and evaluates the grant applications based upon the respective governing policies and guidelines established by the ARB and/or the Air District's Board of Directors.

DISCUSSION

Carl Moyer Program:

The Air District started accepting applications for CMP Year 12 projects on May 3, 2010. The Air District has approximately \$19 million available for CMP projects from a combination of MSIF and CMP funds. Project applications are being accepted and evaluated on a first-come, first-served basis.

As of March 8, 2011, the Air District had received 102 project applications. Of the applications that have been evaluated between January 7, 2011, and March 8, 2011, ten eligible projects have proposed individual grant awards over \$100,000. These projects will replace 15 pieces of off-road equipment and 8 marine engines, which will result in the reduction of 15.25 tons of NOx, ROG and PM per year. Staff recommends allocating \$1,569,074 to these projects from a combination of CMP funds and MSIF revenues. Attachment 1 to this staff report provides additional information on these projects.

Attachment 2 lists all of the eligible projects that have been received by the Air District as of March 8, 2011, and summarizes the allocation of funding by equipment category (Figure 1), and county (Figure 2). This list also includes the Voucher Incentive Program (VIP) on-road replacement projects awarded to date. Approximately 33% of the funds have been awarded to projects that reduce surplus emissions in highly impacted Bay Area communities.

TFCA:

No TFCA applications requesting individual grant awards over \$100,000 received between January 7, 2011 and March 8, 2011 are being forwarded for approval at this time.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. Through the CMP, MSIF and TFCA, the Air District distributes “pass-through” funds to public agencies and private entities on a reimbursement basis. Administrative costs for both programs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Anthony Fournier
Reviewed by: Damian Breen

- Attachment 1: BAAQMD Year 12 Carl Moyer Program/MSIF projects with grant awards greater than \$100,000 (evaluated between 1/7/11 and 3/8/11)
- Attachment 2: Summary of all CMP Year 12/MSIF and VIP approved/eligible projects (evaluated between 5/3/10 and 3/8/11)

Attachment 1

BAAQMD Year 12 Carl Moyer Program/ MSIF projects with grant awards greater than \$100k
(Evaluated between 1/7/2011 and 3/8/2011)

Project #	Applicant name	Equipment category	Project description	Proposed contract award	NOx (TPY)	ROG (TPY)	PM (TPY)	County
12MOY34	Robert Giacomini Dairy, Inc	Off-road	The replacement of one (1) off-road diesel powered loader, and one (1) tractor.	\$ 148,861.00	1.419	0.174	0.045	Marin
12MOY67	Hudson Vineyards LLC	Off-road	The replacement of five (5) off-road diesel powered tractors.	\$ 139,428.00	0.618	0.114	0.039	Napa
12MOY72	RANKINS AG INC.	Off-road	The replacement of two (2) off-road diesel powered tractors.	\$ 151,763.00	1.639	0.228	0.065	Contra Costa
12MOY81	Simoni & Massoni Farms	Off-road	The replacement of two (2) off-road diesel powered tractors.	\$ 146,630.00	0.929	0.153	0.042	Sonoma
12MOY84	Spaletta Ranch	Off-road	The replacement of one (1) off-road diesel powered tractor.	\$ 103,678.00	1.207	0.152	0.042	Sonoma
12MOY73	Stan Poncia dba Terrilinda Dairy	Off-road	The replacement of one (1) off-road diesel powered loader.	\$ 108,497.00	0.381	0.066	0.014	Sonoma
12MOY74	Golden Gate Scenic Steamship Corp.	Marine	The replacement of two (2) main engines and two (2) auxiliary engines on the marine vessel: Harbor Queen.	\$ 241,453.00	3.024	-0.024	0.109	San Francisco
12MOY83	Ielmorini Dairy	Off-road	The replacement of one (1) off-road diesel powered loader.	\$ 117,957.00	0.499	0.085	0.025	Sonoma
12MOY75	Golden Gate Scenic Steamship Corp.	Marine	The replacement of two (2) main engines and two (2) auxiliary engines on the marine vessel: Harbor Princess.	\$ 285,247.00	3.352	-0.027	0.122	San Francisco
12MOY89	George Bianchi Inc. (Dairy)	Off-road	The replacement of one (1) off-road diesel powered loader.	\$ 125,560.00	0.658	0.079	0.023	Sonoma
				\$ 1,569,074.00	13.725	1.001	0.527	

Attachment 2

Summary of all CMP Yr 12/MSIF and VIP approved/eligible projects (5/3/10 to 1/7/11)

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	NOx (TPY)	ROG (TPY)	PM (TPY)	Board approval date	County
12MOY2	Agriculture	Engine repower	3	\$ 57,831.00	Nichelini Vineyards, LLC	0.648	0.078	0.021	APCO	Napa
12MOY8	Off-road	Equipment replacement & retrofit	1	\$ 201,620.00	Evergreen Supply	1.556	0.185	0.075	8/4/2010	Santa Clara
12MOY11	Off-road	Equipment replacement	2	\$ 43,833.00	Domenico J. Carinalli, Jr. (farmer)	0.141	0.047	0.015	APCO	Sonoma
12MOY5	Agriculture	Engine repower	1	\$ 35,119.00	Carpenter Ranchs Inc	0.542	0.079	0.022	APCO	Napa
12MOY6	Agriculture	Engine repower	1	\$ 28,163.00	Vimark Inc.	0.218	0.027	0.008	APCO	Sonoma
12MOY18	Off-road	Equipment replacement	1	\$ 115,900.00	Don Moreda JR. (dairy)	0.318	0.087	0.035	10/6/2010	Sonoma
12MOY7	Agriculture	Engine repower	1	\$ 28,798.00	Beard Family Vineyards	0.223	0.030	0.009	APCO	Napa
12MOY4	Off-road	Equipment replacement	1	\$ 115,887.00	Andy Poncia (fertilizer/farm support)	0.790	0.133	0.040	10/6/2010	Sonoma
12MOY10	Off-road	Equipment replacement	1	\$ 39,868.00	Daniel H. Evans (farmer)	0.227	0.041	0.011	APCO	Marin
12MOY19	Agriculture	Engine repower	9	\$ 187,170.00	Skalli Corporation DBA St. Supery	4.396	0.528	0.156	10/6/2010	Napa
12MOY26	Off-road	Equipment replacement	1	\$ 108,517.00	Gerald & Kristy Spaletta (dairy)	0.645	0.110	0.033	10/6/2010	Sonoma
12MOY28	Off-road	Equipment replacement	2	\$ 69,940.00	Terrilinda Dairy	0.468	0.085	0.022	APCO	Sonoma
12MOY22	Off-road	Equipment replacement	4	\$ 122,062.00	ST Francis Winery & Vineyards	0.412	0.086	0.030	10/6/2010	Sonoma
12MOY9	Off-road	Equipment replacement	1	\$ 31,260.00	Deniz Dairy	0.379	0.068	0.018	APCO	Sonoma
12MOY27	Off-road	Equipment replacement	1	\$ 35,386.00	Alfred Corda	0.189	0.034	0.009	APCO	Marin
12MOY30	Agriculture	Engine repower	2	\$ 31,610.00	Beckstoffer Vineyards	0.888	0.112	0.032	APCO	Napa
12MOY21	Marine	Engine repower	2	\$ 149,288.00	James Smith (Commercial fishing)	1.530	0.034	0.051	11/3/2010	Contra Costa
12MOY32	Marine	Engine repower	2	\$ 103,010.00	Monterey Canyon Research Vessels, Inc	0.519	0.014	0.018	11/3/2010	San Francisco
12MOY43	Agriculture	Engine repower	2	\$ 51,834.00	Boisset Family Estates	0.954	0.113	0.031	APCO	Napa
12MOY29	Off-road	Equipment replacement	1	\$ 63,667.00	Daniel Sare (farmer)	0.175	0.036	0.011	APCO	San Mateo
12MOY33	Off-road	Equipment replacement	1	\$ 29,012.00	Eugene Poncia (farmer)	0.093	0.017	0.004	APCO	Marin
12MOY44	Off-road	Equipment replacement	1	\$ 23,032.00	Moretti Family Dairy	0.164	0.027	0.009	APCO	Marin
12MOY17	Agriculture	Engine repower	4	\$ 44,696.00	Korbel Vineyards	0.237	0.029	0.008	APCO	Sonoma
12MOY36	Off-road	Equipment replacement	2	\$ 382,265.00	Marin Sanitary Service	2.612	0.419	0.156	11/3/2010	Marin
12MOY31	Off-road	Equipment replacement	2	\$ 138,276.00	Hillside Drilling Inc	1.419	0.202	0.065	11/3/2010	Contra Costa
12MOY34	Off-road	Equipment replacement	2	\$ 148,861.00	Robert Giacomini Dairy, Inc	1.419	0.174	0.045	12/2/2010; BOARD	Marin
12MOY42	Off-road	Equipment replacement	1	\$ 194,615.00	DJNI Engineering	1.558	0.173	0.070	12/2/2010	Santa Clara
12MOY45	Off-road	Equipment replacement	1	\$ 130,955.00	South Valley Mushroom Farm, Inc	0.603	0.100	0.023	12/2/2010	Santa Clara
12MOY41	Off-road	Equipment replacement	2	\$ 46,321.00	DeBernardi Dairy Inc.	0.495	0.158	0.041	APCO	Sonoma
12MOY35	Off-road	Equipment replacement	1	\$ 23,350.00	Spaletta Dairy	0.301	0.051	0.017	APCO	Sonoma
12MOY46	Off-road	Equipment replacement	2	\$ 167,096.00	Sonoma Compost	1.496	0.204	0.049	12/2/2010	Sonoma
12MOY52	Off-road	Equipment replacement	1	\$ 52,114.00	MCE Amos Inc (dairy)	0.334	0.057	0.017	APCO	Sonoma
12MOY38	Off-road	Equipment replacement	1	\$ 87,870.00	American Soil Products, Inc.	0.772	0.095	0.027	APCO	Alameda
12MOY54	Off-road	Equipment replacement	1	\$ 43,248.00	Peter Marchi & Son Farm, Inc.	0.142	0.040	0.015	APCO	San Mateo
12MOY50	Off-road	Equipment replacement	1	\$ 166,992.00	George Chiala Farms, Inc.	0.993	0.073	0.003	Board	Santa Clara

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	NOx (TPY)	ROG (TPY)	PM (TPY)	Board approval date	County
12MOY23	Off-road	Equipment replacement	1	\$ 100,201.00	Bodega Farms	0.643	0.112	0.031	Board	Sonoma
12MOY62	Agriculture	Engine repower	1	\$ 40,017.00	Herrick Grand III (farmer)	0.871	0.104	0.034	APCO	Napa
12MOY39	Marine	Engine repower	2	\$ 77,592.00	Sundance Charters, LLC. (charter fishing)	0.393	0.013	0.013	APCO	Alameda
12MOY59	Off-road	Equipment replacement	1	\$ 34,256.00	Henri Vandendriessche dba White Rock Vineyards	0.164	0.028	0.010	APCO	Napa
12MOY56	Marine	Engine repower	2	\$ 185,322.00	Bass Tub Fishing (charter fishing)	3.166	0.084	0.105	Board	San Francisco
12MOY49	Marine	Engine repower	2	\$ 212,256.00	C-Gull Sportfishing, Inc. (charter fishing)	2.037	-0.045	0.073	Board	Alameda
12MOY68	Off-road	Equipment replacement	1	\$ 117,956.00	MC CALL DAIRY	0.492	0.084	0.025	Board	Sonoma
12MOY55	Off-road	Equipment replacement	1	\$ 36,770.00	Alan Hynes Construction	0.314	0.067	0.020	APCO	Marin
12MOY65	Off-road	Equipment replacement	2	\$ 79,953.00	Clos Du Val Wine Company, Ltd.	0.234	0.067	0.024	APCO	Napa
12MOY67	Off-road	Equipment replacement	5	\$ 139,428.00	Hudson Vineyards LLC	0.618	0.114	0.039	Board	Napa
12MOY25	Off-road	Equipment replacement	1	\$ 28,659.00	Bodega Farms	0.208	0.042	0.017	APCO	Napa
12MOY47	Off-road	Equipment replacement	1	\$ 24,262.00	Albert Jr. and Victoria Mello dba Mello Dairy	0.224	0.040	0.011	APCO	Sonoma
12MOY71	Off-road	Equipment Replacement	1	\$ 34,794.00	Dutton Ranch corp.	0.134	0.040	0.014	APCO	Sonoma
12MOY64	Off-road	Equipment Replacement	1	\$ 31,495.00	Pery Kozlowski Ranch	0.150	0.029	0.012	APCO	Sonoma
12MOY72	Off-road	Equipment Replacement	2	\$ 151,763.00	RANKINS AG INC.	1.639	0.228	0.065	Board	Contra Costa
12MOY81	Off-road	Equipment Replacement	2	\$ 146,630.00	Simoni & Massoni Farms	0.929	0.153	0.042	Board	Sonoma
12MOY84	Off-road	Equipment Replacement	1	\$ 103,678.00	Spaletta Ranch	1.207	0.152	0.042	Board	Sonoma
12MOY86	Off-road	Equipment Replacement	1	\$ 31,687.00	Point Reyes Vineyards	0.078	0.016	0.006	APCO	Marin
12MOY76	Off-road	Equipment Replacement	1	\$ 28,736.00	Dutton Ranch corp.	0.156	0.028	0.007	APCO	Sonoma
12MOY73	Off-road	Equipment Replacement	1	\$ 108,497.00	Stan Poncia dba Terrilinda Dairy	0.381	0.066	0.014	Board	Sonoma
12MOY74	Marine	Engine repower	4	\$ 241,453.00	Golden Gate Scenic Steamship Corp.	3.024	-0.024	0.109	Board	San Francisco
12MOY83	Off-road	Equipment Replacement	1	\$ 117,957.00	Ielmorini Dairy	0.499	0.085	0.025	Board	Sonoma
12MOY75	Marine	Engine repower	4	\$ 285,247.00	Golden Gate Scenic Steamship Corp.	3.352	-0.027	0.122	Board	San Francisco
12MOY89	Off-road	Equipment Replacement	1	\$ 125,560.00	George Bianchi Inc.	0.658	0.079	0.023	Board	Sonoma
VIP2	VIP	Truck replacement	1	\$ 35,000.00	C. Hill Trucking	0.366	0.014	0.658	APCO	Alameda
VIP7	VIP	Truck replacement	1	\$ 35,000.00	David Bianchi Inc.	0.366	0.014	0.658	APCO	Sonoma
VIP10	VIP	Truck replacement	1	\$ 35,000.00	Donald Lopez	0.366	0.014	0.658	APCO	Alameda
VIP11	VIP	Truck replacement	1	\$ 35,000.00	Leyvas Transport	0.366	0.014	0.658	APCO	Monterey
VIP15	VIP	Truck replacement	1	\$ 35,000.00	Maddocks Construction Inc.	0.366	0.014	0.658	APCO	Sonoma
VIP16	VIP	Truck replacement	1	\$ 35,000.00	Northern Truck & Equipment	0.366	0.014	0.658	APCO	Alameda
VIP17	VIP	Truck replacement	1	\$ 30,000.00	Chahal Trucking	0.294	0.008	0.265	APCO	Alameda
VIP18	VIP	Truck replacement	1	\$ 30,000.00	Mann Transp	0.294	0.008	0.265	APCO	Alameda
VIP19	VIP	Truck replacement	1	\$ 40,000.00	Farlain Trucking	0.354	0.014	0.032	APCO	Sonoma
VIP20	VIP	Truck replacement	1	\$ 30,000.00	C & G Trucking	0.383	0.010	0.017	APCO	Stanislaus
VIP21	VIP	Truck replacement	1	\$ 35,000.00	Arrow Trucking	0.442	0.012	0.020	APCO	Alameda
VIP22	VIP	Truck replacement	1	\$ 35,000.00	VJ Trucking	0.305	0.012	0.027	APCO	Contra Costa
VIP23	VIP	Truck replacement	1	\$ 35,000.00	Dhindsa Trucking	0.305	0.012	0.027	APCO	Alameda
VIP24	VIP	Truck replacement	1	\$ 35,000.00	Trent McGrew Trucking	0.305	0.012	0.027	APCO	Shasta
VIP25	VIP	Truck replacement	1	\$ 30,000.00	Berkeley Warehouse	0.466	0.005	0.013	APCO	Alameda

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	NOx (TPY)	ROG (TPY)	PM (TPY)	Board approval date	County
VIP27	VIP	Truck replacement	1	\$ 30,000.00	GS Trucking	0.436	0.011	0.015	APCO	Alameda
VIP28	VIP	Truck replacement	1	\$ 35,000.00	Mark Maxwell	0.305	0.012	0.027	APCO	Alameda
VIP29	VIP	Truck replacement	1	\$ 45,000.00	JBV Trucking	0.649	0.016	0.022	APCO	Ventura
VIP31	VIP	Truck replacement	1	\$ 45,000.00	Raymond A. Hobbs	0.570	0.020	0.052	APCO	Santa Clara
VIP32	VIP	Truck replacement	1	\$ 45,000.00	Harjot Singh	0.649	0.016	0.022	APCO	Alameda
VIP33	VIP	Truck replacement	1	\$ 45,000.00	John Whitney	0.390	0.015	0.035	APCO	Alameda
VIP34	VIP	Truck replacement	1	\$ 45,000.00	James A. King	0.579	0.015	0.026	APCO	Merced
VIP36	VIP	Truck replacement	1	\$ 45,000.00	Fourway Trucking, Inc.	0.510	0.013	0.017	APCO	Alameda
VIP37	VIP	Truck replacement	1	\$ 45,000.00	Jasmer Singh/Surjit Kaur	0.649	0.016	0.022	APCO	Santa Cruz
VIP38	VIP	Truck replacement	1	\$ 35,000.00	Rupinderjit Singh Basra	0.640	0.020	0.029	APCO	Santa Clara
VIP39	VIP	Truck replacement	1	\$ 45,000.00	Melanio G. Maningas	0.740	0.020	0.025	APCO	Contra Costa
85 Projects			128	\$ 6,753,635.00		60.889	5.634	7.010		

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 3/8/11

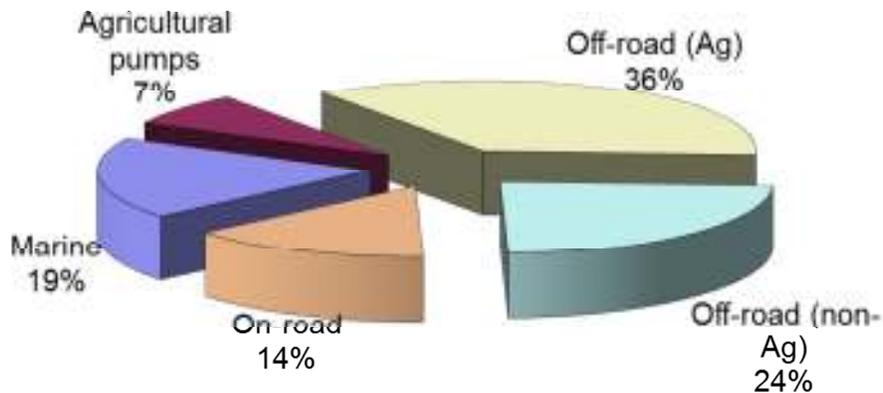
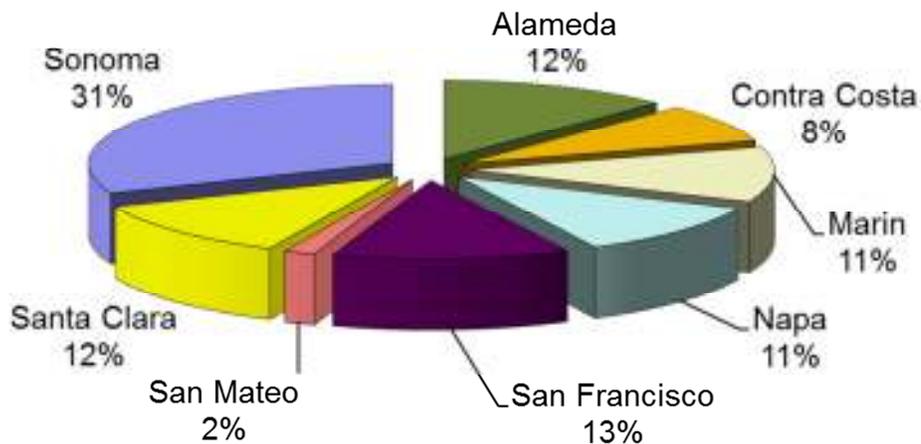


Figure 2: CMP/ MSIF Funding Distribution by County as of 3/8/11



BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 15, 2011

Re: Vehicle Buy Back Program Annual Report

RECOMMENDED ACTION:

None. Informational report, receive and file.

BACKGROUND

The Air District's Vehicle Buy Back (VBB) Program began in June 1996, with the purpose of providing a financial incentive to Bay Area residents to retire older, higher-polluting vehicles. As planned, the Program was suspended on December 31, 2010, in light of the expansion of the State Bureau of Automotive Repair (BAR) retirement program which now covers the same vehicles.

The VBB Program purchased and scrapped model year 1989 and older light-duty vehicles, paying \$1,000 to qualifying vehicle owners. The Program was required to adhere to the Voluntary Accelerated Light-Duty Vehicle Retirement (VAVR) regulation and the Carl Moyer Program Guidelines adopted by the California Air Resources Board. It was funded by a combination of Mobile Source Incentive Funds (MSIF), Carl Moyer Program Funds, and Transportation Fund for Clean Air (TFCA). As part of this report, staff will present the results of this program for calendar year 2010.

DISCUSSION

2010 Vehicle Buy Back Program Annual Report

The following is a summary of Program results from January 1, 2010 through December 31, 2010 (calendar year 2010):

- *Emissions Reductions and Program Cost-Effectiveness:* During this time period, the Program reduced 636.6 tons of emissions (372 tons of ROG, 261 tons of NOx and 3.6 tons of PM), and achieved an estimated cost-effectiveness of \$9,976 per weighted ton.

- Contracts: During this reporting period, the Air District expended \$7,073,675 to implement the program. Using two contract dismantlers, Environmental Engineering Studies, Inc., and Pick-N-Pull, the Air District purchased and scrapped 5,862 eligible vehicles. The Air District used a direct mail contractor, Direct Mail Center, along with data from the Department of Motor Vehicles (DMV), to inform potential participants about the program.
- Program Suspension: As planned, the Program was suspended on December 31, 2010. This suspension was based on the fact that BAR expanded its Consumer Assistance Program and began to cover many of the same vehicles covered by the VBB Program in August 2010. Air District staff worked with BAR and DMV to ensure a smooth transition, and will continue to monitor the results in funding available for the BAR program. In the event that this funding runs out, staff would propose to the Committee that the VBB program be reactivated.
- Cumulative Results: Since beginning operation in 1996, the program has retired over 55,000 vehicles and reduced over 4,600 tons of ROG, over 2,500 tons of NOx, and over 32 tons of PM.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. No allocation of funding is recommended at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Wiley
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 15, 2011

Re: Status of Funding in Air District Grant Programs

RECOMMENDATION:

None. Informational item, receive and file.

BACKGROUND

As part of its efforts to reduce emissions from mobile sources, the Bay Area Air Quality Management District (Air District) allocated approximately \$92 million in funding in the last calendar year (2010). Approximately \$82 million of that funding was directly allocated by the Air District. The remaining \$10 million is distributed via the Transportation Fund for Clean Air (TFCA) County Program Manager program. Additionally, 2 one-time distributions: \$4.4 million via a settlement from ConocoPhillips for greenhouse gas (GHG) reductions and \$7 million from the Port of Oakland and United States Environmental Protection Agency for the port truck program were provided to the Air District in calendar year 2010.

The remaining approximately \$71 million of the \$92 million total came from 4 renewable funding sources: the California Goods Movement Bond (I-Bond), TFCA Regional Fund, Mobile Source Incentive Fund (MSIF) and Carl Moyer Program (CMP) funds, all of which accumulate annually via fees and bond sales that are distributed to the Air District. These programs constitute the Air District's primary grant programs. In order to inform the Committee of the anticipated needs for available funding and anticipated challenges for each of these programs, staff will review the anticipated funding amounts for each of these programs in calendar year 2011.

DISCUSSION

As part of its deliberations in calendar year 2010, the Committee received a report from staff on expenditures in various grant programs for the previous calendar year (2009). That report was based on actual expenditures of funding and emissions achieved.

At the March Committee meeting staff will present information on the Air Districts primary grants programs based on total dollar allocations and emissions reductions for calendar year 2010. This will provide the Committee a better overall indication of the total flow of funding in

and out of the primary grants programs. This methodology also allows staff to align the grant funding with future compliance dates set in airborne toxic control measures (ATCM) adopted by the California Air Resources Board and to present to the Committee anticipated needs for grant funding for this calendar year. Staff will also discuss with the Committee possible shortfalls in commitments by the State that may affect the I-Bond program.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Damian Breen
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 28, 2011

Re: Report of the Personnel Committee Meeting of March 28, 2011

RECOMMENDED ACTION:

The consensus of those Committee members present is as follows:

- A) Re-appoint Mr. Peter Chiu, as an Alternate Hearing Board Member, under the Public Member category, for a 3-year term expiring on April 2, 2014.
- B) Appoint Mr. Michael McGowan, as an Alternate Hearing Board Member, under the Public Member category, for a 3-year term expiring on April 2, 2014.

BACKGROUND:

The Personnel Committee met on March 28, 2011 to consider:

- A) Conduct interviews and consider recommending Board of Directors' approval of appointment of candidates to fill (2) Alternate Hearing Board Member vacancies; and
- B) In Closed Session, Public Employee Performance Evaluation, Pursuant to government Code Section 54957 and 54957.6, conduct a performance evaluation of the Executive Officer/APCO.

There was not an established quorum of the Committee.

Attached are the staff reports submitted to the Personnel Committee for the March 28, 2011 meeting. There is no staff report for the Closed Session item.

Chair Wagenknecht will provide an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Kris Perez Krow
Reviewed by: Rex Sanders

Attachment(s)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Brad Wagenknecht and
Members of the Personnel Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 15, 2011

Re: Conduct Interviews and Consider Recommending Board of Director Approval
of Candidates for Appointment to the Air District's Hearing Board

RECOMMENDED ACTION:

Conduct interviews and consider recommending Board of Directors' approval of appointment of candidates to fill two (2) Alternate Hearing Board Member vacancies.

BACKGROUND

Pursuant to Section 40800 of the California Health and Safety Code the District is required to maintain one or more hearing boards consisting of five members each, appointed by the district board. The district board may also appoint one alternate for each member. Further, Section 40801 requires that the board member categories consist of one member admitted to the practice of law in this state, one member who is a professional engineer registered as such, one member from the medical profession whose specialized skills, training, or interests are in the fields of environmental medicine, community medicine, or occupational/toxicologic medicine, and two public members. The new terms would expire on April 2, 2014.

DISCUSSION:

The terms of office for the following categories will expire on April 2, 2011: alternate public members. Of the two positions with terms expiring, both incumbents have applied for re-appointment. After recruitment and outreach efforts, a total of twenty-four non-incumbents applied. The Human Resources Office, Executive Office, and two members of the Hearing Board have screened the candidate's experience and education relative to the position for which the candidates applied.

Interviews of the two incumbents and top four candidates will take place on Monday, March 28, 2011 and will begin at 1:00 pm. The length of each interview will be approximately fifteen minutes. The application materials of the candidates are included for your review.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Judy Yu
Reviewed by: Jack Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson, Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 29, 2011

Re: Report of the Public Outreach Committee Meeting of April 4, 2011

RECOMMENDED ACTIONS

None; receive and file.

BACKGROUND

The Public Outreach Committee will meet on Monday, April 4, 2011. The Committee will receive the following reports and recommendations:

- A) Spare the Air 20th Anniversary
- B) Smoking Vehicle Campaign Update
- C) Climate Leadership Award Program Update

Attached are the staff reports presented in the Public Outreach Committee packet.

Chairperson Ross will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) Funding for the campaign is included in the current FYE 2011 budget. The campaign is funded primarily through the Congestion Mitigation Air Quality (CMAQ) program, supplemented by the Transportation Fund for Clean Air (TFCA).
- B) Funding for the campaign is included in the current FYE 2011 budget. The campaign is funded through the TFCA.
- C) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Kris Perez Krow
Reviewed by: Rex Sanders

Attachment(s)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Ross and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 21, 2011

Re: Spare the Air 20th Anniversary

RECOMMENDED ACTION:

For information only.

BACKGROUND

Since 1991, the *Spare the Air* campaign has encouraged the public to adopt long-term behaviors to reduce air pollution and protect air quality. *Spare the Air* campaigns have targeted the general population, household decision-makers, solo drivers and, most recently, young adults. This year marks the 20th anniversary of the *Spare the Air* program. This summer's campaign will focus on telling the 20 years *Spare the Air* story and looking at where we started, where we've come and what more we need to do to improve air quality in the Bay Area.

The 2011 summertime smog season runs from Monday, May 2, 2011 through September 30, 2011.

DISCUSSION

Air District staff is working with advertising, media relations and community resource team contractors to develop and roll out a 20th *Spare the Air* anniversary campaign. Staff will present an update on the 2011 campaign at the April 4, 2011 committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Funding for the campaign is included in the current FYE 2011 budget. The campaign is funded primarily through the Congestion Mitigation Air Quality (CMAQ) program, supplemented by the Transportation Fund for Clean Air.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Kristine Roselius
Reviewed by: Lisa Fasano

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Ross and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 21, 2011

Re: Smoking Vehicle Campaign Update

RECOMMENDED ACTION:

For information only.

BACKGROUND

The Air District's voluntary program for reporting smoking vehicles began in December 1992.

The program educates the public regarding the pollution and health impact of vehicles that emit excessive exhaust. Smoking vehicles generate 10 to 15 times more pollution than well-tuned vehicles. Some of a vehicle's exhaust is circulated back into the vehicle, affecting the health of the passengers and driver. The program informs vehicle owners that smoking vehicles can be prevented by keeping vehicles in good repair. Last year 10,464 calls were received on the 1-800-EXHAUST phone line.

DISCUSSION

Staff will provide an update on the Smoking Vehicle Program campaign.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Funding for the campaign is included in the current FYE 2011 budget. The campaign is funded through the Transportation Fund for Clean Air.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ralph Borrmann
Reviewed by: Lisa Fasano

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Ross and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 21, 2011

Re: Climate Leadership Award Program Update

RECOMMENDED ACTION:

For information only.

BACKGROUND

In January 2011, the Air District announced the creation of the Stephen Schneider Climate Leadership Award in honor of the work accomplished by the late Dr. Stephen Schneider, Stanford climatologist and member of the Intergovernmental Panel on Climate Change and a partner of the Air District's climate protection efforts.

The first award was presented to Dr. Terry Root, Dr. Schneider's widow, in memoriam.

DISCUSSION

At the April 4, 2011 Committee Meeting, staff will provide an update on the award program.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Kristina Chu
Reviewed by: Lisa Fasano

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Tom Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 29, 2011

Re: Report of the Legislative Committee Meeting of April 4, 2011

RECOMMENDED ACTION:

The Committee may recommend Board of Directors' approval of recommended positions on new, significant air quality bills.

BACKGROUND

The Legislative Committee will meet on April 4, 2011 and will receive the following reports and recommendations:

- A) Consideration of New Bills
- B) Budget Discussion

Attached are the staff reports presented in the Legislative Committee Meeting packet.

Chairperson Susan Garner will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

- A) None.
- B) None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Kris Perez Krow
Reviewed by: Rex Sanders

Attachment(s)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Memorandum

To: Chairperson Garner and
 Members of the Legislative Committee

From: Jack P. Broadbent
 Executive Officer/APCO

Date: March 25, 2011

Re: Consideration of New Bills

RECOMMENDED ACTION:

The Committee will discuss new, significant air quality bills and recommend Board of Directors' positions on them.

DISCUSSION

Staff are recommending positions for the Committee's consideration on different bills, as listed in the table below. Copies of the actual bill language on these measures are attached to this memorandum, as is a longer list of bills of air quality significance. Unfortunately, at the time this memorandum is being drafted, many measures have yet to be fleshed out, and information on others is still non-existent. Thus, staff may bring to the Committee, for consideration at its April 4th meeting, bills in addition to those listed in the table below. Copies of any such additional bills will be provided at the meeting.

BILL AND AUTHOR	SUBJECT	STAFF RECOMMENDATION
AB 470 Halderman	Allows AB 923 funds to retrofit existing schoolbuses	Support
AB 937 Mendoza	Allows bonnet technology to be used at ports, although this is already allowed under ARB's shore power regulation	Oppose
AB 1064 Furutani	Would weaken ARB's shore power regulation	Oppose
AB 1256 B.Berryhill	Would require BAAQMD payment for emissions transported to the Central Valley	Oppose
SB 758 Fuller	Would reduce tire fee funding to the Carl Moyer program	Oppose

ANALYSES:

AB 470 is authored by Assemblymember Linda Halderman (R-Fresno). It involves the fifth and sixth dollar on annual vehicle registrations that goes to air districts to cut mobile source emissions. This addition to districts' vehicle registration fee surcharges for clean air was established in 2004 by AB 923, and the BAAQMD has used these funds to cut emissions from a wide variety of mobile sources in our region. Under current law, these funds can be given as grants for the purchase of new, cleaner schoolbuses. AB 470 would expand this to also allow air districts, at their discretion, to also fund the retrofit of existing schoolbuses with particulate traps. Because school children are particularly vulnerable to air pollution, and school districts continue to have serious funding challenges, staff recommend a “**Support**” position.

AB 937 is authored by Assemblymember Tony Mendoza (D-Artesia), and is sponsored by Advanced Cleanup Technologies Incorporated (ACTI). It would authorize ships to use exhaust filtration technology approved by the ARB as an alternative to shore power.

Because of the number and magnitude of the emissions sources associated with ports, goods movement is a very significant source of emissions. In the Bay Area, goods movement through the Port of Oakland exposes adjacent residents and those downwind to high levels of air pollution, particularly diesel particulate emissions. The BAAQMD and the Port have partnered on a number of efforts to reduce these emissions and protect the public health. A critical piece of the efforts to cut emissions is ARB's cold ironing regulation, which requires emission reductions from ships at port that traditionally have used their large, dirty engines to generate electricity while at berth. Essentially, over time this regulation requires an increasing number of ships to use power from the grid.

However, the regulation specifically includes a section (the Equivalent Emissions Reduction Option, or EERO) that allows the use of non-grid alternatives, such as exhaust filtration. To date, only Maersk has elected to use this path; all others have chosen the shore power path. The EERO specifically allows ACTI-type technology (“a bonnet emissions capture and treatment system”). Given that this path is specifically allowed in regulation, staff believe this bill is not necessary and recommend an “**Oppose**” position.

Staff note that the EERO option required emissions reductions well in advance of the 1/1/14 deadline for the shore power option. Specifically, the EERO required 10% reductions starting in 2010. Staff will learn more about this bill after a meeting on March 29th, but our understanding currently is that the bill is intended to force regulatory changes that would reduce the total emission reductions that would need to be generated by the EERO.

AB 1064 is authored by Assemblymember Warren Furutani (D-Long Beach), and is sponsored by the California Association of Port Authorities (CAPA). Staff have met with both CAPA, who acknowledges the bill is still a work in progress, and ARB staff. The bill would weaken the rules on shore power set forth in Proposition 1B, and in ARB's implementing regulation.

CAPA have requested a number of changes to ARB's shore power regulation. These include delays in the regulation's effective dates and percentages of ships using grid power, a restructuring of the regulation's responsibilities between ports, terminals, and shipping lines, payment of Proposition 1B funds 'up front' rather than on a reimbursement basis, changes in the averaging of required cleaner visits across all grant-funded berths at a terminal, and allowing averaging of required percentages over three-year windows instead of year-by-year. ARB has made, in March of 2011, a number of changes to address many but not all of these concerns. These changes were made in consultation with interested parties, including the BAAQMD. Changes made include new relaxed averaging procedures (over three years versus yearly, and over 1B-funded berths within a terminal). Also, extension of the 12/31/13 deadline for shore power to be operational would be allowed, subject to air district and ARB determination that the delay could not reasonably have been avoided. Also, banking of ship visits using shore power prior to deadlines would be allowed.

BAAQMD and ARB staff believe that additional weakening of the regulation would be unacceptable, but that the purpose of this bill is to force further weakening, either by statute or using the threat of statutory change as a club to get additional regulatory changes. Finally, the bill in print today would significantly weaken the entire shore power program. It would end the basic requirement that each berth receiving grant funding need to achieve surplus emission reductions, since it would provide funding for anything in a port-approved terminal plan. Staff recommend an "**Oppose**" position

AB 1256 is authored by Assemblymember Bill Berryhill (R-Stockton). As of the date of this memorandum's drafting, the bill is still a spot bill. However, Mr. Berryhill has stated in the Modesto Bee that he will amend the bill to require the BAAQMD to reimburse the San Joaquin Valley Unified Air Quality Management District for pollution that migrates to the Central Valley from the Bay Area.

Perhaps the only good thing about this bill is that staff at the San Joaquin Valley Unified Air Quality Management District indicate that they are not behind this proposal, and that its introduction came as a surprise to them. Historically, different Central Valley politicians over the years have claimed that air pollution originating in the Bay Area is the reason behind the Valley's air quality problems. However, after spending millions of dollars examining the issue of transported emissions in multiple studies, air quality modeling shows a very different picture. Generally, transported emissions between the basins go both ways, depending on the meteorology and the season. There is certainly some transport of ozone precursors from west to east in the hot summer ozone season, although this transport is generally to the northern portion of the San Joaquin air basin, where the ozone problem is significantly less problematic than in Bakersfield and Fresno further south. Furthermore, even if the Bay Area were eliminated, the Central Valley would unfortunately exceed federal ozone standards all on its own. Additionally, on the cold still winter nights when the Bay Area's particulate problem is at its worst, there is significant transport of particulate into the region from our neighbors to the east. The Bay Area historically has been a world leader in adopting and enforcing programs to reduce emissions from the region's stationary sources, and we continue to implement all feasible and cost-effective measure. Staff recommend an "**Oppose**" position.

SB 758 is authored by Senator Jean Fuller (R-Bakersfield). Like AB 470 discussed earlier, it also involves changes to a 2004 measure (AB 923) that provides funding for clean air programs. Unlike AB 470, however, staff are recommending an “**Oppose**” position on SB 758. AB 923 increased an existing fee on tires sold in the state, which had previously been used in its entirety to fund tire recycling. The tire fee increased from \$1 per tire to \$1.75 per tire, through the end of 2014. The increase of \$0.75 per tire goes to fund the Carl Moyer program, which is an air quality grant program administered by local air districts, including the BAAQMD, and overseen by the ARB. This bill would cut the tire fee by \$0.60 per tire, reducing the funding to the Carl Moyer program. The bill is silent on how the reduced funds would be newly apportioned between tire recycling and clean air, so presumably the reduction is proportional. This would mean a significant decrease in grant funds available through the Moyer program, and a corresponding decrease in the amount of emissions reductions that would otherwise occur, both in the Bay Area and statewide. This is the reason staff recommend opposing the bill.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Thomas Addison

BAAQMD BILL DISCUSSION LIST

March 26, 2011

BILL NO.	AUTHOR	SUBJECT	POSITION (Positions in italics are staff recommendations)
AB 34	Williams	Would establish a pilot project for an objective standard for composting odors	
AB 49	Gatto	Development project permit streamlining	
AB 128	Logue	Would allow ARB to, instead of imposing an air penalty, spend an equivalent amount on actions to comply with the violated regulation or on a supplemental project	Oppose
AB 135	Hagman	Requires at least one ARB Board member to be a small-business owner	
AB 146	Dickinson	Adds a 12 th ARB Board member, from Sacramento air basin	
AB 296	Skinner	States legislative intent to regulate pavement reflectivity to reduce urban heat island	
AB 333	Grove	Exempts counties with unemployment over 7% from AB 32	Oppose
AB 343	Atkins	Requires redevelopment plans to identify how redevelopment projects will help regions attain their SB 375 (GHG emission reduction) goals	
AB 382	Nestande	Requires all written district communications alleging violations to contain new detailed information, and imposes new requirements on inspectors	Oppose
AB 462	B. Lowenthal	Allows air districts to use AB 923 funds to replace older CNG tanks on schoolbuses	Support
AB 470	Halderman	Allows AB 923 funds to be used to retrofit existing schoolbuses	<i>Support</i>
AB 475	Butler	Expands current off-street parking rules & opportunities for ZEV's to plug-in hybrids	
AB 523	Valadao	States Legislative intent to eliminate all subsidies for ethanol in CA	
AB 605	Dickinson	Requires OPR to develop project mitigation guidelines to reduce VMT, and for projects meeting the guidelines to omit transportation-related CEQA analysis	
AB 638	Skinner	Requires ARB and CEC to adopt measures to reduce 2020 convention fuel use to 2003 levels, and increase alternative fuel use by 26% by 2022	
AB 650	Blumenfield	Creates Blue Ribbon Task Force on public transportation, whose charges include making funding recommendations to the Legislature	
AB 698	Hagman	Intent bill requiring ARB to report on 1992 Air Permit Streamlining Act	
AB 710	Skinner	Infill Development and Sustainable Community Act; eliminates excessive minimum parking requirements in infill and transit-oriented development areas	

AB 768	Gatto	Requires ARB to allow biomethane produced outside CA but used in CA to count towards Low Carbon Fuel Standard compliance	
AB 796	Blumenfield	Establishes program to provide loan guarantees to CA clean-tech companies	
AB 921	Allen	Agricultural Water Efficiency with Compost Use and GHG Reduction Act	
AB 937	Mendoza	Allows ships to use exhaust filtration approved by ARB instead of cold ironing	<i>Oppose</i>
AB 942	Huber & B.Berryhill	Directs all penalties and fines collected by ARB into the General Fund, rather than air pollution remediation accounts	<i>Oppose</i>
AB 950	J. Perez	Deems drayage truck operators employees of those who engage their services	
AB 1054	Skinner	Expands PACE loan program to EV charging, energy efficiency, & renewables	
AB 1064	Furutani	Makes changes to Prop 1B requirements on ARB for shorepower projects	<i>Oppose</i>
AB 1095	B.Berryhill	Spot bill on air district hearing boards	
AB 1150	V.M.Perez	Extends self-generation incentive program through 2018, and makes changes	
AB 1160	Hill	States legislative intent to incentivize CA solar companies	
AB 1169	Halderman	Spot bill on toxic air contaminants	
AB 1256	B.Berryhill	Requires BAAQMD to pay a fee for alleged transport to Central Valley	<i>Oppose</i>
AB 1285	Fuentes	States Legislative intent to create a community GHG reduction program, which would provide state oversight of local govt. and nonprofit GHG reduction investment, and facilitate the awarding of emission allowances to local entities	
AB 1332	Donnelly	Abolishes ARB and transfers duties and obligations to CalEPA	<i>Oppose</i>
AB 1339	Gorell	Would provide a 50% tax credit for purchase and installation of emergency standby generators at gas stations	
ABx1 2	Logue	Would allow ARB to instead of imposing an air penalty spend an equivalent amount on actions to comply with the violated regulation or on a supplemental project	<i>Oppose</i>
ABx1 7	Logue	Directs all penalties and fines collected by ARB into the General Fund, rather than air pollution remediation accounts	<i>Oppose</i>
ABx1 14	Skinner	Expands PACE loan program to EV charging, energy efficiency, & renewables	
SB 23	Simitian et al.	Requires 33% of electricity sales to be renewable by 2010 (up from 20% by 2010)	
SB 170	Pavley	Allows South Coast Air District to receive intellectual property benefits or revenues from projects funded with grant funds controlled by the South Coast	Support if amended
SB 209	Corbett	Prevents homeowners associations from blocking EV residential charging	Support
SB 211	Emmerson	Limits the amount and severity of penalties for violations of ARB's tire inflation rule	

SB 237	Wolk	Requires an unspecified percentage of funds from state sale of GHG allowances to go to agriculture for GHG projects or grants or incentives	
SB 358	Cannella	Excludes from gross income ARB-provided funds for air pollution reduction	
SB 519	La Malfa	Spot bill on vehicle emissions	
SB 533	Wright and Correa	Requires ARB to post implementation schedule for AB 32 regulations in advance, as well as all forms, compliance tools or training	
SB 535	De Leon	Establishes the California Climate Change Community Benefits Fund	
SB 570	Rubio	Extends by two years existing San Joaquin Valley Air District program to replace high polluter vehicles with donated vehicles	
SB 582	Emmerson	Allows MPO's and air districts to jointly adopt regional commute benefit policies, with requirements on employers	Co-Sponsor
SB 669	Rubio	States Legislative intent to establish a regulatory framework for carbon geologic storage and capture projects	
SB 724	Dutton	Expands ARB's requirements and considerations when assessing penalties, and imposes new deadlines and requirements on ARB when certifying engines	Oppose
SB 730	Kehoe	Requires local governments to create an online building permit form for EV charging	
SB 739	A.Lowenthal	Requires ports to assess infrastructure and air quality needs, in consultation with the local MPO and air district, specifying needed projects, funding, and timelines	Support
SB 758	Fuller	Would cut tire fees that supply Carl Moyer program	<i>Oppose</i>
SB 763	Steinberg	Establishes California Performance Plus Program and Awards under CalEPA	
SB 800	Hancock	Establishes Voluntary Greenhouse Gas Emission Offset Fund	
SB 832	Strickland	AB 32 spot bill	
SB 862	A.Lowenthal	Establishes Southern CA Goods Movement Authority	
SB 898	Steinberg	Requires at least annual reporting of Moyer fund distribution (possible spot bill)	
SB 901	Steinberg	Limits the BAR-administered vehicle retirement program to the highest polluting vehicles, with priority to vehicles in areas not meeting federal air quality standards	
SBx1 2	Simitian	Requires 33% of electricity sales to be renewable by 2010 (up from 20% by 2010)	

AMENDED IN ASSEMBLY MARCH 21, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 470

Introduced by Assembly Member Halderman

February 15, 2011

An act to amend ~~Section 40322.5~~ *Sections 41081 and 44229* of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 470, as amended, Halderman. ~~Regional air~~ *Air pollution control districts: governing board membership. districts: fees: schoolbus retrofits.*

Existing law authorizes specified air pollution control and air quality management districts to adopt a fee applicable to motor vehicles registered in counties within that district, and requires the fee to be collected by the Department of Motor Vehicles. Existing law, until January 1, 2015, authorizes the amount of the fee to be up to \$6. Existing law requires the revenues from the first \$4 of the fee to be used for specified purposes. Existing law requires that the revenues from the last \$2 of the fee to be used for specified programs that the district determines remediate air pollution harms created by motor vehicles, including purchases of new schoolbuses pursuant to the State Air Resources Board's Lower-Emission School Bus Program.

This bill would additionally authorize a district based on that determination to use the last \$2 of the fee to retrofit existing schoolbuses pursuant to the State Air Resources Board's Lower-Emission School Bus Program.

~~Existing law requires the governing board of each regional air pollution control district, as defined, to include both county supervisors and mayors or city council members, as specified.~~

~~This bill would make technical, nonsubstantive changes to this requirement.~~

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 41081 of the Health and Safety Code, as
2 amended by Section 2 of Chapter 707 of the Statutes of 2004, is
3 amended to read:

4 41081. (a) Subject to Article 3.7 (commencing with Section
5 53720) of Chapter 4 of Part 1 of Division 2 of Title 5 of the
6 Government Code, or with the approval of the board of supervisors
7 of each county included, in whole or in part, within the Sacramento
8 district, the Sacramento district board may adopt a surcharge on
9 the motor vehicle registration fees applicable to all motor vehicles
10 registered in those counties within the Sacramento district whose
11 boards of supervisors have adopted a resolution approving the
12 surcharge. The surcharge shall be collected by the Department of
13 Motor Vehicles and, after deducting the department's
14 administrative costs, the remaining funds shall be transferred to
15 the Sacramento district. Prior to the adoption of any surcharge
16 pursuant to this subdivision, the district board shall make a finding
17 that any funds allocated to the district as a result of the adoption
18 of a county transportation sales and use tax are insufficient to carry
19 out the purposes of this chapter.

20 (b) The surcharge shall not exceed six dollars (\$6).

21 (c) After consulting with the Department of Motor Vehicles on
22 the feasibility thereof, the Sacramento district board may provide,
23 in the surcharge adopted pursuant to subdivision (a), to exempt
24 from all or part of the surcharge any category of low-emission
25 motor vehicle.

26 (d) Funds received by the Sacramento district pursuant to this
27 section shall be used by that district as follows:

28 (1) The revenues resulting from the first four dollars (\$4) of
29 each surcharge shall be used to implement reductions in emissions

1 from vehicular sources, including, but not limited to, a clean fuels
2 program and motor vehicle use reduction measures.

3 (2) The revenues resulting from the next two dollars (\$2) of
4 each surcharge shall be used to implement the following programs
5 that achieve emission reductions from vehicular sources and
6 off-road engines, to the extent that the district determines the
7 program remediates air pollution harms created by motor vehicles
8 on which the surcharge is imposed:

9 (i) Projects eligible for grants under the Carl Moyer Memorial
10 Air Quality Standards Attainment Program (Chapter 9
11 (commencing with Section 44275) of Part 5).

12 (ii) The new purchase, retrofit, repower, or add-on of equipment
13 for previously unregulated agricultural sources of air pollution, as
14 defined in Section 39011.5, within the Sacramento district, for a
15 minimum of three years from the date of adoption of an applicable
16 rule or standard, or until the compliance date of that rule or
17 standard, whichever is later, if the state board has determined that
18 the rule or standard complies with Sections 40913, 40914, and
19 41503.1, after which period of time, a new purchase, retrofit,
20 repower, or add-on of equipment shall not be funded pursuant to
21 this chapter. The district shall follow any guidelines developed
22 under subdivision (a) of Section 44287 for awarding grants under
23 this program.

24 (iii) The ~~new~~ purchase of *new, or retrofit of existing*, schoolbuses
25 pursuant to the Lower-Emission School Bus Program adopted by
26 the state board.

27 (iv) An accelerated vehicle retirement or repair program that is
28 adopted by the state board pursuant to authority granted hereafter
29 by the Legislature by statute.

30 (e) Not more than 5 percent of the funds collected pursuant to
31 this section shall be used by the district for administrative expenses.

32 (f) ~~No~~ A project funded by the program shall *not* be used for
33 credit under any state or federal emissions averaging, banking, or
34 trading program. ~~No~~ An emission reduction generated by the
35 program shall *not* be used as marketable emission reduction credits
36 or to offset any emission reduction obligation of any person or
37 entity. Projects involving new engines that would otherwise
38 generate marketable credits under state or federal averaging,
39 banking, and trading programs shall include transfer of credits to
40 the engine end user and retirement of those credits toward reducing

1 air emissions in order to qualify for funding under the program.
2 A purchase of a low-emission vehicle or of equipment pursuant
3 to a corporate or a controlling board's policy, but not otherwise
4 required by law, shall generate surplus emissions reductions and
5 may be funded by the program.

6 (g) This section shall remain in effect only until January 1, 2015,
7 and as of that date is repealed, unless a later enacted statute, that
8 is enacted before January 1, 2015, deletes or extends that date.

9 *SEC. 2. Section 44229 of the Health and Safety Code, as*
10 *amended by Section 4 of Chapter 707 of the Statutes of 2004, is*
11 *amended to read:*

12 44229. (a) After deducting all administrative costs it incurs
13 through collection of fees pursuant to Section 44227, the
14 Department of Motor Vehicles shall distribute the revenues to
15 districts, which shall use the revenues resulting from the first four
16 dollars (\$4) of each fee imposed to reduce air pollution from motor
17 vehicles and to carry out related planning, monitoring, enforcement,
18 and technical studies necessary for implementation of the California
19 Clean Air Act of 1988. Fees collected by the Department of Motor
20 Vehicles pursuant to this chapter shall be distributed to districts
21 based upon the amount of fees collected from motor vehicles
22 registered within each district.

23 (b) Notwithstanding the provisions of Section 44241 and Section
24 44243, a district shall use the revenues resulting from the next two
25 dollars (\$2) of each fee imposed pursuant to Section 44227 to
26 implement the following programs that the district determines
27 remediate air pollution harms created by motor vehicles on which
28 the surcharge is imposed:

29 (1) Projects eligible for grants under the Carl Moyer Memorial
30 Air Quality Standards Attainment Program (Chapter 9
31 (commencing with Section 44275) of Part 5).

32 (2) The new purchase, retrofit, repower, or add-on equipment
33 for previously unregulated agricultural sources of air pollution, as
34 defined in Section 39011.5, for a minimum of three years from
35 the date of adoption of an applicable rule or standard, or until the
36 compliance date of that rule or standard, whichever is later, if the
37 state board has determined that the rule or standard complies with
38 Sections 40913, 40914, and 41503.1, after which period of time,
39 a new purchase, retrofit, repower, or add-on of equipment shall
40 not be funded pursuant to this chapter. The districts shall follow

1 any guidelines developed under subdivision (a) of Section 44287
2 for awarding grants under this program.

3 (3) ~~The new purchase of new, or retrofit of existing,~~ schoolbuses
4 pursuant to the Lower-Emission School Bus Program adopted by
5 the state board.

6 (4) An accelerated vehicle retirement or repair program that is
7 adopted by the state board pursuant to authority granted hereafter
8 by the Legislature by statute.

9 (c) The Department of Motor Vehicles may annually expend
10 not more than ~~the following percentages~~ 1 percent of the fees
11 collected pursuant to Section 44227 on administrative costs:

12 ~~(1) During the first year after the operative date of this chapter,~~
13 ~~not more than 5 percent of the fees collected may be used for~~
14 ~~administrative costs:~~

15 ~~(2) During the second year after the operative date of this~~
16 ~~chapter, not more than 3 percent of the fees collected may be used~~
17 ~~for administrative costs:~~

18 ~~(3) During any year subsequent to the second year after the~~
19 ~~operative date of this chapter, not more than 1 percent of the fees~~
20 ~~collected may be used for administrative costs:~~

21 (d) ~~No~~ A project funded by the program shall *not* be used for
22 credit under any state or federal emissions averaging, banking, or
23 trading program. ~~No~~ An emission reduction generated by the
24 program shall *not* be used as marketable emission reduction credits
25 or to offset any emission reduction obligation of any person or
26 entity. Projects involving new engines that would otherwise
27 generate marketable credits under state or federal averaging,
28 banking, and trading programs shall include transfer of credits to
29 the engine end user and retirement of those credits toward reducing
30 air emissions in order to qualify for funding under the program. A
31 purchase of a ~~low-emission~~ *low-emission* vehicle or of equipment
32 pursuant to a corporate or a controlling board's policy, but not
33 otherwise required by law, shall generate surplus emissions
34 reductions and may be funded by the program.

35 (e) This section shall remain in effect only until January 1, 2015,
36 and as of that date is repealed, unless a later enacted statute, that
37 is enacted before January 1, 2015, deletes or extends that date.

38 ~~SECTION 1. Section 40322.5 of the Health and Safety Code~~
39 ~~is amended to read:~~

1 ~~40322.5.—(a) Notwithstanding any other provision of this~~
2 ~~chapter, on and after July 1, 1994, the membership of the governing~~
3 ~~board of each regional district, including any district formed on~~
4 ~~or after that date, shall include (1) one or more members who are~~
5 ~~mayors, city council members, or both, and (2) one or more~~
6 ~~members who are county supervisors.~~

7 ~~(b) The number of those members and their composition shall~~
8 ~~be determined jointly by the counties and cities within the district,~~
9 ~~and shall be approved by a majority of the counties, and by a~~
10 ~~majority of the cities that contain a majority of the population in~~
11 ~~the incorporated area of the district.~~

12 ~~(c) The governing board shall reflect, to the extent feasible and~~
13 ~~practicable, the geographic diversity of the district and the variation~~
14 ~~of population between the cities in the district.~~

15 ~~(d) The members of the governing board who are mayors or~~
16 ~~city council members shall be selected by a majority of the cities~~
17 ~~in the district. The members of the governing board who are county~~
18 ~~supervisors shall be selected by a majority of the counties in the~~
19 ~~district.~~

20 ~~(e) If a district fails to comply with subdivisions (a) and (b), the~~
21 ~~membership of the governing board shall be determined as follows:~~

22 ~~(1) In districts in which the population in the incorporated areas~~
23 ~~represents 35 percent or less of the total county population,~~
24 ~~one-fourth of the members of the governing board shall be mayors~~
25 ~~or city council members, and three-fourths shall be county~~
26 ~~supervisors.~~

27 ~~(2) In districts in which the population of the incorporated areas~~
28 ~~represents between 36 and 50 percent of the total county~~
29 ~~population, one-third of the members of the governing board shall~~
30 ~~be mayors or city council members, and two-thirds shall be county~~
31 ~~supervisors.~~

32 ~~(3) In districts in which the population of the incorporated areas~~
33 ~~represents more than 50 percent of the total county population,~~
34 ~~one-half of the members of the governing board shall be mayors~~
35 ~~or city council members, and one-half shall be county supervisors.~~

36 ~~(4) The number of those members shall be determined as~~
37 ~~provided in subdivision (b) and the members shall be selected~~
38 ~~pursuant to subdivision (d).~~

39 ~~(5) For purposes of paragraphs (1) to (3), inclusive, if any~~
40 ~~number that is not a whole number results from the application of~~

1 the term “one-fourth,” “one-third,” “one-half,” “two-thirds,” or
2 “three-fourths,” the number of county supervisors shall be increased
3 to the nearest integer, and the number of mayors or city council
4 members decreased to the nearest integer.

5 (f) ~~This section does not apply to a district if the membership~~
6 ~~of the governing board of the district includes both county~~
7 ~~supervisors and mayors or city council members on June 30, 1994.~~

O

ASSEMBLY BILL

No. 937

Introduced by Assembly Member Mendoza

February 18, 2011

An act to add Section 39633 to the Health and Safety Code, relating to vessels.

LEGISLATIVE COUNSEL'S DIGEST

AB 937, as introduced, Mendoza. Vessels: emission reduction control. Existing law regulates emissions from cruise ship engines and oceangoing ship engines. Existing law prohibits a cruise ship, as defined, and an oceangoing ship, as defined, from conducting onboard incineration while operating within 3 miles of the California coast.

This bill would authorize cruise ships and oceangoing ships, while in California ports, to use exhaust filtration technology approved by the State Air Resources Board, as an alternative to shore power.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 39633 is added to the Health and Safety
- 2 Code, to read:
- 3 39633. While in California ports, cruise ships and oceangoing
- 4 ships may use exhaust filtration technology that has been approved
- 5 by the state board as an alternative to shore power.

O

ASSEMBLY BILL

No. 1064

Introduced by Assembly Member Furutani

February 18, 2011

An act to amend Sections 39625 and 39625.02 of the Health and Safety Code, relating to air quality.

LEGISLATIVE COUNSEL'S DIGEST

AB 1064, as introduced, Furutani. Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006: shoreside electrical power infrastructure.

(1) Existing law, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006, approved by the voters as Proposition 1B at the November 7, 2006, general election, authorizes the issuance of general obligation bonds for various transportation-related purposes, including emission reductions, not otherwise required by law or regulation, from activities related to the movement of freight along California's trade corridors. The State Air Resources Board is required to allocate the funds to be used for air quality purposes pursuant to specified requirements. The state board is prohibited from approving funding for usable project segments if the benefits associated with each individual segment are insufficient to meet the objectives of the program from which the individual segment is funded.

This bill would make this prohibition inapplicable for a shoreside electrical power infrastructure project that is administered by a California port, and instead would require the individual segments of these projects be a part of an adopted terminal plan submitted to the state board.

(2) Existing law, if it is anticipated that project costs will exceed the approved project budget, requires an agency receiving the funds described in paragraph (1) to provide a plan to the state board for achieving the benefits of the project by either downscoping the project to remain within budget or by identifying an alternative funding source to meet the cost increase.

This bill would make this requirement inapplicable for a shoreside electrical power infrastructure project that is administered by a California port.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 39625 of the Health and Safety Code is
2 amended to read:

3 39625. The Legislature finds and declares as follows:

4 (a) In November 2006, the voters approved the Highway Safety,
5 Traffic Reduction, Air Quality and Port Security Bond Act of 2006,
6 also known as Proposition 1B, that, among other things, provided
7 one billion dollars (\$1,000,000,000) to reduce emissions associated
8 with the movement of freight along California’s trade corridors.

9 (b) Proposition 1B requires these funds to be made available,
10 upon appropriation by the Legislature and subject to the conditions
11 and criteria provided by the Legislature, to the State Air Resources
12 Board in order to reduce the emissions associated with goods
13 movement.

14 (c) Proposition 1B further required these funds to be made
15 available for emission reductions not otherwise required by law
16 or regulation. These funds are intended to supplement existing
17 funds used to finance strategies that reduce emissions and public
18 health risk associated with the movement of freight commencing
19 at the state’s seaports and land ports of entry and transported
20 through California’s trade corridors.

21 (d) Tremendous growth in goods movement activity has created
22 a public health crisis in communities located adjacent to ports and
23 along trade corridors. It is the intent of the Legislature that these
24 funds be expended in a manner that reduces the health risk
25 associated with the movement of freight along California’s trade
26 corridors.

1 (e) (1) *The building and completion of shoreside electrical*
2 *power infrastructure at California’s public ports is an important*
3 *component of reducing air pollution emissions caused by important*
4 *maritime activities.*

5 (2) *The building and completion of shoreside electrical power*
6 *infrastructure at California’s public ports will create new*
7 *construction jobs and other employment opportunities for the*
8 *California workforce.*

9 (3) *Using public funds for the building and completion of*
10 *shoreside electrical power infrastructure represents a responsible*
11 *use of publicly financed bond funds because the investment will*
12 *be made in property owned by a public entity, with long-term*
13 *emission benefits that will last for the duration of the anticipated*
14 *payback period for the bonds.*

15 (4) *California leads the world in the use of shoreside electrical*
16 *power infrastructure and will continue to do so once regulations*
17 *adopted by the State Air Resources Board take full effect in 2014.*
18 *These regulations are the most comprehensive set of shorepower*
19 *regulations in the world and mandate that all regulated oceangoing*
20 *vessels that are equipped and able to use shoreside power do so,*
21 *and that, at a minimum, at least 50 percent of all vessels in a*
22 *regulated fleet use shoreside power beginning in 2014, 70 percent*
23 *in 2017, and 80 percent in 2020.*

24 (5) *The total costs of shoreside electrical power operation to*
25 *the operators of the regulated fleets of container vessels, cruise*
26 *liners, and refrigerated vessels, that must retrofit their vessels and*
27 *equipment in order to use the shorepower systems at berth and*
28 *comply with the California regulations, were estimated by the*
29 *State Air Resources Board to be approximately \$1.8 billion. This*
30 *expense is a substantial investment and must be made by those*
31 *oceangoing vessel owners and their customers.*

32 (6) *Because of the unique nature of shorepower, where emissions*
33 *will be reduced only when a privately owned vessel operates with*
34 *public infrastructure, the private investment in the vessel is a direct*
35 *matching source for public dollars invested in electrification of*
36 *the public property.*

37 (7) *California’s public seaports and the international trade that*
38 *they facilitate are critical components of the state economy, directly*
39 *or indirectly employing millions of Californians, contributing*
40 *billions of dollars in economic activity, and generating local and*

1 *state tax revenues. Therefore, California’s ports should be given*
2 *the ability to successfully compete for cargo volume, attract new*
3 *trade, and continue to grow.*

4 ~~(e)~~

5 (f) It is the intent of the Legislature that the state board maximize
6 the emission reduction benefits, achieve the earliest possible health
7 risk reduction in heavily impacted communities, and provide
8 incentives for the control of emission sources that contribute to
9 increased health risk in the future.

10 ~~(f)~~

11 (g) It is the intent of the Legislature that the state board develop
12 partnerships between federal, state, and private entities involved
13 in goods movement to reduce emissions.

14 (h) *It is the intent of the Legislature to streamline government*
15 *operations and overhead, spur new employment opportunities,*
16 *and improve port competitiveness while also reducing port-related*
17 *emissions, and therefore, it is imperative that all incentive*
18 *programs and investment opportunities available to the state be*
19 *implemented in the most aggressive, responsible, and effective*
20 *manner.*

21 ~~(g)~~

22 (i) The purpose of this chapter is to establish standards and
23 procedures for the expenditure of these funds.

24 SEC. 2. Section 39625.02 of the Health and Safety Code is
25 amended to read:

26 39625.02. (a) As used in this chapter and in Chapter 12.49
27 (commencing with Section 8879.20) of Division 1 of Title 2 of
28 the Government Code, the following terms have the following
29 meanings:

30 (1) “Administrative agency” means the state agency responsible
31 for programming bond funds made available by Chapter 12.49
32 (commencing with Section 8879.20) of Division 1 of Title 2 of
33 the Government Code, as specified in subdivision (c).

34 (2) Unless otherwise specified in this chapter, “project” includes
35 equipment purchase, right-of-way acquisition, and project delivery
36 costs.

37 (3) “Recipient agency” means the recipient of bond funds made
38 available by Chapter 12.49 (commencing with Section 8879.20)
39 of Division 1 of Title 2 of the Government Code that is responsible
40 for implementation of an approved project.

1 (4) “Fund” ~~shall have~~ *has* the meaning as defined in subdivision
2 (c) of Section 8879.22 of the Government Code.

3 (b) Administrative costs, including audit and program oversight
4 costs for the agency administering the program funded pursuant
5 to this chapter, recoverable by bond funds shall not exceed 5
6 percent of the program’s costs.

7 (c) ~~The State Air Resources Board~~ *state board* is the
8 administrative agency for the goods movement emission reduction
9 program pursuant to paragraph (2) of subdivision (c) of Section
10 8879.23 of the Government Code.

11 (d) The administrative agency shall not approve project fund
12 allocations for a project until the recipient agency provides a project
13 funding plan that demonstrates that the funds are expected to be
14 reasonably available and sufficient to complete the project. The
15 administrative agency may approve funding for usable project
16 segments only if the benefits associated with each individual
17 segment are sufficient to meet the objectives of the program from
18 which the individual segment is funded, *or, if the project is a*
19 *shoreside electrical power infrastructure project that is*
20 *administered by a California port, the individual segment funded*
21 *is part of an adopted terminal plan submitted to the state board*
22 *pursuant to Section 93118.3 of Title 17 of the California Code of*
23 *Regulations.*

24 (e) Guidelines adopted by the administrative agency pursuant
25 to this chapter and Chapter 12.49 (commencing with Section
26 8879.20) of Division 1 of Title 2 of the Government Code are
27 intended to provide internal guidance for the agency and shall be
28 exempt from the Administrative Procedure Act (Chapter 3.5
29 (commencing with Section 11340) of Part 1 of Division 3 of Title
30 2 of the Government Code), and shall do all of the following:

31 (1) Provide for audit of project expenditures and outcomes.

32 (2) Require that the useful life of the project be identified as
33 part of the project nomination process.

34 (3) Require that project nominations have project delivery
35 milestones, including, but not limited to, start and completion dates
36 for environmental clearance, land acquisition, design, construction
37 bid award, construction completion, and project closeout, as
38 applicable.

39 (f) (1) (A) As a condition for allocation of funds to a specific
40 project under Chapter 12.49 (commencing with Section 8879.20)

1 of Division 1 of Title 2 of the Government Code, the administrative
2 agency shall require the recipient agency to report, on a semiannual
3 basis, on the activities and progress made toward implementation
4 of the project. The administrative agency shall forward the report
5 to the Department of Finance by means approved by the
6 Department of Finance. The purpose of the report is to ensure that
7 the project is being executed in a timely fashion, and is within the
8 scope and budget identified when the decision was made to fund
9 the project. ~~¶~~

10 (B) *If it is anticipated that project costs will exceed the approved*
11 *project budget, the recipient agency shall provide a plan to the*
12 *administrative agency for achieving the benefits of the project by*
13 *either downscoping the project to remain within budget or by*
14 *identifying an alternative funding source to meet the cost increase.*
15 *The administrative agency may either approve the corrective plan*
16 *or direct the recipient agency to modify its plan. This subparagraph*
17 *does not apply to a shoreside electrical power infrastructure*
18 *project that is administered by a California port.*

19 (2) Within six months of the project becoming operable, the
20 recipient agency shall provide a report to the administrative agency
21 on the final costs of the project as compared to the approved project
22 budget, the project duration as compared to the original project
23 schedule as of the date of allocation, and performance outcomes
24 derived from the project compared to those described in the original
25 application for funding. The administrative agency shall forward
26 the report to the Department of Finance by means approved by the
27 Department of Finance.

ASSEMBLY BILL

No. 1256

Introduced by Assembly Member Bill Berryhill

February 18, 2011

An act to amend Section 39602 of the Health and Safety Code, relating to air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 1256, as introduced, Bill Berryhill. State Air Resources Board: state implementation plan.

Existing law designates the State Air Resources Board as the state agency responsible for the preparation of the state implementation plan required by the federal Clean Air Act.

This bill would make technical, nonsubstantive changes to that provision.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 39602 of the Health and Safety Code is
- 2 amended to read:
- 3 39602. (a) The state board is designated the air pollution
- 4 control agency for all purposes set forth in federal law.
- 5 ~~The~~
- 6 (b) *The* state board is designated as the state agency responsible
- 7 for the preparation of the state implementation plan required by
- 8 the *federal* Clean Air Act (42 U.S.C.; Sec. 7401; et seq.) and, to

1 this end, shall coordinate the activities of all districts necessary to
2 comply with that act.
3 ~~Notwithstanding~~
4 (c) *Notwithstanding* any other provision of this division, the
5 state implementation plan shall only include those provisions
6 necessary to meet the requirements of the *federal* Clean Air Act.

O

Introduced by Senator Fuller

February 18, 2011

~~An act to amend Section 800 of the Public Resources Code, relating to powerplants.~~ *An act to amend Section 42885 of the Public Resources Code, relating to recycling.*

LEGISLATIVE COUNSEL'S DIGEST

SB 758, as amended, Fuller. ~~Powerplants: siting.~~ *Recycling: tires.*

The California Tire Recycling Act requires a person who purchases a new tire to pay a California tire fee in the amount of \$1.75, of which \$0.75 of the fee is designated for programs and projects that mitigate or remediate air pollution caused by waste tires and the remainder is deposited in the California Tire Recycling Management Fund, for expenditure by the Department of Resources Recycling and Recovery, upon appropriation by the Legislature, for programs related to the disposal of waste tires. After January 1, 2015, existing law decreases the amount of the fee to \$0.75 and provides for the deposit of all of that amount in that fund.

This bill would decrease the amount of the California tire fee that is imposed until January 1, 2015, to \$1.15.

~~Existing law declares, among other things, that it is the policy of the state to encourage the use of nuclear energy, geothermal resources, and such other energy sources as are currently under development, wherever feasible, recognizing that such use has the potential of providing direct economic benefit to the public, while helping to conserve limited fossil fuel resources and promoting air cleanliness.~~

~~This bill would make technical, nonsubstantive changes to these provisions:~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 42885 of the Public Resources Code, as
2 amended by Section 55 of Chapter 77 of the Statutes of 2006, is
3 amended to read:

4 42885. (a) For purposes of this section, “California tire fee”
5 means the fee imposed pursuant to this section.

6 (b) (1) A person who purchases a new tire, as defined in
7 subdivision (g), shall pay a California tire fee of ~~one dollar and~~
8 ~~seventy-five cents (\$1.75)~~ *one dollar and fifteen cents (\$1.15)* per
9 tire.

10 (2) The retail seller shall charge the retail purchaser the amount
11 of the California tire fee as a charge that is separate from, and not
12 included in, any other fee, charge, or other amount paid by the
13 retail purchaser.

14 (3) The retail seller shall collect the California tire fee from the
15 retail purchaser at the time of sale and may retain 1 ½ percent of
16 the fee as reimbursement for any costs associated with the
17 collection of the fee. The retail seller shall remit the remainder to
18 the state on a quarterly schedule for deposit in the California Tire
19 Recycling Management Fund, which is hereby created in the State
20 Treasury.

21 (c) ~~The board~~ *department*, or its agent authorized pursuant to
22 Section 42882, shall be reimbursed for its costs of collection,
23 auditing, and making refunds associated with the California Tire
24 Recycling Management Fund, but not to exceed 3 percent of the
25 total annual revenue deposited in the fund.

26 (d) The California tire fee imposed pursuant to subdivision (b)
27 shall be separately stated by the retail seller on the invoice given
28 to the customer at the time of sale. Any other disposal or
29 transaction fee charged by the retail seller related to the tire
30 purchase shall be identified separately from the California tire fee.

31 (e) A person or business who knowingly, or with reckless
32 disregard, makes a false statement or representation in a document
33 used to comply with this section is liable for a civil penalty for

1 each violation or, for continuing violations, for each day that the
2 violation continues. Liability under this section may be imposed
3 in a civil action and shall not exceed twenty-five thousand dollars
4 (\$25,000) for each violation.

5 (f) In addition to the civil penalty that may be imposed pursuant
6 to subdivision (e), the ~~board~~ *department* may impose an
7 administrative penalty in an amount not to exceed five thousand
8 dollars (\$5,000) for each violation of a separate provision or, for
9 continuing violations, for each day that the violation continues,
10 on a person who intentionally or negligently violates a permit,
11 rule, regulation, standard, or requirement issued or adopted
12 pursuant to this chapter. The ~~board~~ *department* shall adopt
13 regulations that specify the amount of the administrative penalty
14 and the procedure for imposing an administrative penalty pursuant
15 to this subdivision.

16 (g) For purposes of this section, “new tire” means a pneumatic
17 or solid tire intended for use with on-road or off-road motor
18 vehicles, motorized equipment, construction equipment, or farm
19 equipment that is sold separately from the motorized equipment,
20 or a new tire sold with a new or used motor vehicle, as defined in
21 Section 42803.5, including the spare tire, construction equipment,
22 or farm equipment. “New tire” does not include retreaded, reused,
23 or recycled tires.

24 (h) The California tire fee shall not be imposed on a tire sold
25 with, or sold separately for use on, any of the following:

26 (1) A self-propelled wheelchair.

27 (2) A motorized tricycle or motorized quadricycle, as defined
28 in Section 407 of the Vehicle Code.

29 (3) A vehicle that is similar to a motorized tricycle or motorized
30 quadricycle and is designed to be operated by a person who, by
31 reason of the person’s physical disability, is otherwise unable to
32 move about as a pedestrian.

33 (i) This section shall remain in effect only until January 1, 2015,
34 and as of that date is repealed, unless a later enacted statute, that
35 is enacted before January 1, 2015, deletes or extends that date.

36 ~~SECTION 1. Section 800 of the Public Resources Code is~~
37 ~~amended to read:~~

38 ~~800. It is the policy of the State of California that the location~~
39 ~~and operation of thermal electric powerplants shall enhance public~~
40 ~~benefits and protect against or minimize adverse effects on the~~

1 public, the ecology of the land and its wildlife, and the ecology of
 2 state waters and their aquatic life, and that the public's opportunity
 3 to enjoy the material, physical, and aesthetic benefits of its
 4 resources shall be preserved to the greatest extent feasible.

5 The Legislature declares that it is also the policy of the state to
 6 encourage the use of nuclear energy, geothermal resources, and
 7 those other energy sources as are currently under development,
 8 wherever feasible, recognizing that their use has the potential of
 9 providing direct economic benefit to the public, while helping to
 10 conserve limited fossil fuel resources and promoting air cleanliness.

11 The Legislature further declares that it is the policy of the state
 12 to encourage planning by the state's electric utilities toward the
 13 above-stated objectives and to assist the utilities in their evaluations
 14 of the effects on the environment of proposed thermal powerplant
 15 sites and to that end the State Energy Resources Conservation and
 16 Development Commission has been established to effect such
 17 coordination with the utilities and to carry out specific
 18 responsibilities as may be defined in the Public Utilities Code and
 19 the Public Resources Code.

20 The Legislature finds that the state should conduct research
 21 relating to the conservation, enhancement and prudent use of its
 22 resources, including those associated with the siting of thermal
 23 powerplants.

24 The Legislature finds that the state should also stimulate, sponsor
 25 and conduct appropriate research and study on new methods of
 26 powerplant siting which offer potential for enhanced public benefits
 27 in location, operation, and protection of the environment with such
 28 investigations including underground and underocean sites,
 29 manmade islands, powerplant parks, the desirability of locations
 30 on or near tidal lagoons, and other concepts which may appear
 31 attractive in minimizing the impact on the environment of the large
 32 projected increase in California electric generating capacity.

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BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Garner and
Members of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 25, 2011

Re: Budget Discussion

RECOMMENDED ACTION:

None; informational item.

DISCUSSION

At the time staff are preparing this memorandum, neither house of the Legislature has passed a budget. While the Governor continues to engage members of the Legislature in discussions on the budget, no agreement has been reached. If this changes by the Committee's April 4th meeting, staff will report on developments and any potential impacts to the District or air quality programs more generally.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Thomas Addison

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Bates and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 29, 2011

Re: Overview of the 2010/2011 Particulate Matter (PM) Season

RECOMMENDED ACTION:

None; receive and file.

BACKGROUND

Particulate Matter (PM) is the most significant air pollutant during the winter months in the Bay Area according to the Air District's 2010 Clean Air Plan. The Air District records the highest levels of PM_{2.5} November through February. In the winter, more than 30% of PM_{2.5} air pollution is attributed to wood burning from the 1.4 million fireplaces in the Bay Area.

On July 9, 2008 the Board of Directors adopted Regulation 6-3: Wood-burning Devices to protect Bay Area residents from the public health impacts of wood smoke pollution. The rule bans wood burning during *Winter Spare the Air Alerts*, limits excess visible smoke, prohibits burning garbage, restricts the sale and installation of non-EPA certified wood burning devices, and requires labeling on firewood and solid fuels sold within the Air District. The *Winter Spare the Air* season ran November 1, 2010 through February 28, 2011.

DISCUSSION

At the April 6, 2011 Board of Directors meeting, staff will provide an overview of the 2010/2011 winter PM season, including: Wintertime air quality, Regulation 6-3 implementation and the *Winter Spare the Air* outreach campaign.

Staff will also address next steps to prepare for the winter 2011/2012 PM season.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Lisa Fasano
Reviewed by: Kelly Wee//Eric Stevenson/Barbara Coler