

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

Board of Directors Regular Meeting
Wednesday, November 2, 2011
9:45 a.m.

APPROVED MINUTES

CALL TO ORDER: Vice Chairperson John Gioia called the Regular Meeting to order at 9:55 a.m.

Pledge of Allegiance: Chairperson Tom Bates led the Pledge of Allegiance.

Roll Call:

Present: Chairperson Tom Bates; Vice Chair John Gioia; Secretary Ash Kalra and Directors Carole Groom, Scott Haggerty, Jennifer Hosterman, David Hudson, Carol Klatt, Eric Mar, Nate Miley, Johanna Partin, Mark Ross, James Spering, Gayle B. Uilkema, and Brad Wagenknecht. Directors John Avalos, Susan Gorin, Liz Kniss, and Shirlee Zane arrived after the roll call was taken.

Absent: Directors Susan Garner and Ken Yeager.

PUBLIC COMMENT ON NON-AGENDA MATTERS: Chairperson Bates opened the public comment period and there were none.

CONSENT CALENDAR (Items 1-5):

1. Minutes of the October 5, 2011 Regular Meeting.
2. Board Communications Received from October 5, 2011 through November 1, 2011.
3. Air District Personnel on Out-of-State Business Travel.
4. Quarterly Report of California Air Resources Board Representative - Honorable Ken Yeager
5. Authorize Expenditures from Approved Fiscal Year Ending 2012 Budget

Board Action: Director Wagenknecht made a motion to approve Consent Calendar Items 1 through 5; Director Spering seconded the motion; which carried unanimously without objection.

COMMITTEE REPORTS AND RECOMMENDATIONS

6. Report of the Executive Committee Meeting of October 19, 2011

Chair: Tom Bates

Director Bates reported that the Executive Committee met on October 19, 2011 and deferred the minutes of July 6, 2011.

The Committee received an update on the Production System and an update on Particulate Matter Planning.

The Committee also received a status report on the Joint Regional Governance Headquarters.

The Committee then met in Closed Session. There were no reportable items.

The next meeting of the Executive Committee is scheduled for Monday, December 19, 2011.

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

8. Report of the Mobile Source Committee Meeting of October 27, 2011

Chair: Scott Haggerty

Director Haggerty reported that the Mobile Source Committee met on October 27, 2011 and approved the minutes of September 22, 2011.

The Committee received an update on Proposed Revisions to Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies for Fiscal Year Ending 2013 and recommended approval.

The Committee also received an update on the Regional Electric Vehicle Deployment Planning Grants and recommended the following:

Adopt a resolution that authorizes the Executive Officer/APCO to enter into contracts with the South Coast Air Quality Management District and the California Energy Commission to receive and expend plug-in electric vehicle planning funding; and authorize the allocation of \$200,000 in match funding for both grants from the TFCA Regional Fund.

The Committee also received an update on the TFCA Regional Funds for Shuttle, Ridesharing and Vanpool Projects and recommended the following:

Approve recommended TFCA Shuttle, Ridesharing and Vanpool projects; authorize the Executive Officer/APCO to enter into agreements for the recommended TFCA projects; and approve project revisions to Project #10R15-Estuary Crossing Bicycle/College Shuttle-Pilot Shuttle project.

The Committee requested staff provide 1) an update on Spare the Air funding, 2) a comprehensive review of TFCA funding, and 3) correspondence with the Air Resources Board and Port of Oakland regarding compliance assistance for the ARB Drayage Truck rule.

The next meeting of the Mobile Source Committee is scheduled for Monday, November 28, 2011 at 9:30 a.m.

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

7. Report of the Budget and Finance Committee Meeting of October 19, 2011

Chair: Carole Groom

Director Groom reported that the Budget and Finance Committee met on October 19, 2011 and approved the minutes of May 25, 2011.

The Committee received an update on the Air District Security Contracts and recommended the following:

Approve contracts with Security Management Group International (SMGI) for Front Lobby Building Security and Admiral Security for armed security services in the back of the building on Willow Street. The combined contract amount is not to exceed \$457,000,00.

The Committee received a financial overview of the Air District.

The next meeting of the Budget and Finance Committee is scheduled for Wednesday, December 14, 2011 at 9:30 a.m.

Board Action: Director Groom made a motion to approve the report and recommendations of the Budget and Finance Committee; Director Spring seconded the motion; which carried unanimously without objection.

9. Report of the Climate Protection Committee Meeting of October 31, 2011

Chair: Jennifer Hosterman

Director Hosterman reported that the Climate Protection Committee met on October 31, 2011 and approved the minutes of May 16, 2011.

The Committee received an update on the Greenhouse Gas Reduction Grant Program (GGRGP).

The Committee received an update on the Sustainable Communities Strategy from staff of the Association of Bay Area Governments, the Metropolitan Transportation Commission, and the Air District. An update on AB32 Cap-and-Trade Regulation and other Stationary Source Greenhouse Gas Regulations was postponed to the next Committee meeting.

The next meeting of 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 Haggerty seconded the motion; which carried unanimously without objection.

10. Report of the Public Outreach Committee Meeting of October 31, 2011
Chair: Mark Ross

Director Ross reported that the Public Outreach Committee met on October 31, 2011 and approved the minutes of July 14, 2011.

The Committee received an end of season summary on the 2011 Spare the Air Every Day campaign, and a presentation on the 2011-2012 Winter Spare the Air campaign.

The Committee received an update on development of a Public Engagement Policy and Guidance Plan.

The next meeting of Public Outreach Committee is at the call of the Chair.

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

PRESENTATION

11. Status Update on Regional Headquarters Acquisition.

Jack Broadbent, Executive Officer/APCO, provided the Board with a brief overview of the Regional Headquarters acquisition. Mr. Broadbent said on October 12, 2011 the Bay Area Toll Authority (BATA) and the Metropolitan Transportation Commission (MTC) voted to purchase the facility located at 390 Main Street in San Francisco. Mr. Broadbent stated Mr. Jeffrey McKay, Deputy Air Pollution Control Officer, would provide the presentation.

Mr. McKay said MTC and BATA did vote to purchase 390 Main Street and formed a Joint Powers Authority known as Bay Area Headquarters Authority (BAHA). The acquisition costs include \$93 million for purchase and \$74 million for improvements for a total of \$167 million.

Mr. McKay stated the Air District is estimated to occupy approximately 62,500 square feet, plus a potential 2,500 square feet for a laboratory.

Mr. McKay continued providing a general description:

- 62,500 square feet of space fully built out and furnished
- Occupancy in 2013
- Lease to Purchase with financing through BATA
- Goal of total costs similar to current 939 Ellis total costs
- Condominium structure with MTC

Building acquisition next steps include:

- Complete negotiations of terms and conditions of Lease/Purchase Option Agreement and Condominium Agreement and other necessary documents consistent with Building Acquisition Principles
- Arrange Lease to Purchase financing through BATA

Mr. McKay continued with a preliminary timeline for financing and the timeline for relocation. The timeline for financing: In July 2011, the Air District Board approved participation in the acquisition along with the term sheet. In October 2011, BATA purchased 390 Main Street for \$93 million. Now looking forward in December 2011, the Air District expects to bring to Board of Directors documents authorizing bond and underwriting. In early Spring 2012, the Air District hopes to see private placement of the bond, to be acquired by BATA.

Mr. McKay said relative to relocation, the Air District hopes to finalize space planning and design. In early Spring the Air District hopes to complete the formalization of the condominium agreement with MTC. During the latter part of 2012, the Air District would finalize the disposition plans for the existing headquarters. The estimated target date for the move to 390 Main Street is October 2013.

Mr. Broadbent highlighted key points relative to working with MTC, BATA, and BCDC. For instance, the agencies will share common use areas, such as meeting rooms.

Director Gioia asked about finalized terms, and who is taking the risk. Mr. Broadbent said the Executive Committee requested the entire Board of Directors be briefed on this matter. Answers to questions raised by the Executive Committee are built into Mr. McKay's presentation.

Mr. McKay continued saying that the Air District will acquire space in the building fully built-out and ready to move in, which includes cubicles, furniture and network cabling. The cost of the work is capped. He also said the interest rate will be capped at a rate equal to the Bond Buyer revenue bonds index for Municipal Bonds (as of 10/6/2011 5.04%). Mr. McKay compared the costs of the current building to the costs associated with 390 Main Street. The annual occupancy cost for 939 Ellis Street based on the average of the last five years is \$2.23 million. In comparison, the annual cost for 390 Main Street is estimated to be \$2.17 million.

Board Member Comments:

Director Uilkema asked about the bond purchase and Mr. McKay stated BATA will purchase the bonds. Mr. Broadbent said the Air District would first work with the Budget and Finance Committee and then present the matter to the entire Board of Directors.

Director Zane asked about the costs of utilities and whether 390 Main Street would be an energy efficient building. Mr. McKay said the utility cost is an average of the audited numbers from the last five years for 939 Ellis Street. Director Zane asked about plans to ensure that 390 Main Street is an energy efficient building. Mr. Broadbent said it is his hope that the 390 Main Street building becomes a model in terms of energy efficiency and renewable energy. Mr. Broadbent explained that there will be partnering with the City of San Francisco to ensure that this building becomes a model in terms of energy efficiency. Conversations thus far have yielded positive results.

Mr. Broadbent stated staff will work through the Budget and Finance Committee and provide updates to the entire Board over the next several months.

Secretary Kalra thanked staff for providing the Board of Directors with an update and looks forward to the continual analysis of this item as needed.

Director Partin said 390 Main Street is required to meet LEED Gold Standards, and will have to have a percentage above energy efficiency requirements. In addition, she stated the City of San Francisco is working with both agencies relative to solar panels, other renewable sources, car sharing and electric vehicle charging stations.

Director Uilkema asked about the municipal bond market and if the Air District has accounted for this. Mr. Brian Bunker, Legal Counsel, stated the Air District has not accounted for this as of yet. Mr. Broadbent said it is anticipated there will be a bond discussion late December 2011.

The Boards members requested staff continue providing updates as the process continues to move forward.

Board Action: None; receive and file.

CLOSED SESSION

Chair Bates adjourned the meeting into a closed session at 10:45 a.m.

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):

California Building Industry Association v. Bay Area AQMD, Alameda County Superior Court, Case No. RG-10548693

OPEN SESSION

Chair Bates reconvened the meeting at 11:20 a.m. and stated there were no reportable actions at this time.

PUBLIC COMMENT ON NON-AGENDA MATTERS

No one from the public addressed the Board at this time.

BOARD MEMBERS' COMMENTS

Director Mar thanked Mr. Broadbent for planning to sit down with Bay Area Environmental Health Collaborative (BAEHC) and other stakeholders to discuss a retreat where the Air District will look at existing processes and changes at the State levels and how methodologies and models are used to address cumulative impacts.

Director Partin asked that staff provide a presentation at a Mobile Source Committee meeting regarding CARB and its evaluation of fuels and their eligibility under AB32, specifically biofuels.

Secretary Kalra said the City of San Jose approved its Envision 2040 General Plan, which included a section on healthy communities.

Director Zane stated Sonoma Clean Energy is going into the second phase of a feasibility study for Sonoma Clean Energy. It is a community choice aggregation program, through a JPA that is both economical, as well as environmental.

Director Kniss said she asked the Planning Department to deal with the complexity of dealing with air, land, planning and health issues. She stated that someone from the Air District did attend their meeting and stated it was helpful having a staff member there to discuss the complications of SB375, CEQA and health elements. She encouraged Board members to meet with their respective Planning Departments.

OTHER BUSINESS

13. Report of the Executive Officer/APCO – Mr. Broadbent stated the Winter Spare the Air Program started on November 1, 2011 and that the Board of Directors would receive a presentation about the program at its next Board meeting.

Mr. Broadbent stated the Air District has recently has some discussions with Alameda County Congestion Management Agency and they are positively disposed towards providing some resources to assist the truckers that service the Port of Oakland.

Mr. Broadbent also stated the Governor's Pension Reform Proposal will impact the Air District, and the Air District will continue to follow this matter as it moves forward and as Legislative proposals are discussed. This item will be brought to the Budget and Finance Committee.

Lastly, Mr. Broadbent stated the Board meetings will now be webcast on a permanent basis and that the cameras are portable and can be transferred to the new facility.

Director Hosterman asked for further clarification regarding the Port Trucks and TFCA funding. Mr. Broadbent said the population of the truckers is 700, but an estimated 200+ are registered in the Bay Area. The TFCA monies that are currently being identified would not impact other TFCA projects.

14. Chairperson's Report – Chairperson Bates announced the Air District sponsored the Plug-In Electric Vehicle conference. The conference dealt with electric vehicles, their challenges and problems surrounding implementing the plan. He stated the meeting was successful.
15. Time and Place of Next Meeting – At 9:45 a.m., Wednesday, November 16, 2011; at 939 Ellis Street, San Francisco, CA 94109.
16. Adjournment – Chair Bates adjourned the meeting at 11:30 a.m.

15/ Vanessa Johnson

Vanessa Johnson
Executive Secretary II