

Bay Area Air Quality Management District
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APPROVED MINUTES

Summary of Board of Directors
Executive Committee Meeting
Monday, December 19, 2011
9:30 a.m.

1) Call to Order - Roll Call: Chairperson Tom Bates called the meeting to order at 9:30 a.m.

Present: Chairperson Tom Bates; Committee Members Carole Groom, Scott Haggerty, Ash Kalra, Mark Ross, and Brad Wagenknecht.

Absent: Vice Chairperson John Gioia, Committee Members Susan Garner, and Jennifer Hosterman.

2) Public Comment Period: None.

3) Approval of Minutes: Approval of minutes of July 6, 2011 and October 19, 2011. Committee Action: Director Haggerty moved to approve minutes of July 6, 2011 and October 19, 2011; seconded by Director Wagenknecht; unanimously approved without objection.

4) Joint Policy Committee (JPC) Update

Jean Roggenkamp, Deputy Air Pollution Control Officer, provided an update on the Joint Policy Committee (JPC), stating JPC met on December 2, 2011 and covered numerous items, including the work plan which included:

- Electric Vehicles (Jean Roggenkamp)
- Energy Efficiency (Bruce Riordan, JPC Climate Consultant)
- Local Renewable Power (Bruce Riordan)
- Bay Area Climate/Energy Resilience Strategy (Bruce Riordan)
- Bay Area Economic Development Strategy (Sean Randolph, Bay Area Economic Institute)
- Regional Governance (upcoming SB 878 Hearing, several studies underway)

Ms. Roggenkamp stated JPC also discuss two additional items which were selecting a new staff coordinator for JPC, to replace Ted Droettboom who retired, and the other was the handoff of the proposal from Bay Conservation and Development Commission (BCDC) to JPC for facilitating stakeholders in discussing the development of the sea level rise adaptation strategy.

She also said the last two items were referred to back to each agency for discussion before JPC's next meeting on January 20, 2012. Regarding the Staff Advisor Coordinator for JPC, the Executive Directors have recommended Will Travis be selected serve as the new coordinator.

In addition, BCDC suggested JPC serve as facilitator with all stakeholders to develop a regional sea level rise adaptation strategy, for those areas beyond BCDC's jurisdiction. She said there were discussions regarding this matter and whether this should also be discussed by each of the agencies before JPC assumes the role or whether JPC should assume the role and then refer the items back to their agencies for all policy questions.

Committee Member Comments:

Jack Broadbent, Executive Officer/APCO, stated the Air District is seeking direction from the Committee with regard to the appointment of Mr. Travis as well as BCDC plan amendment process.

Chair Bates said the appointment of Mr. Travis was controversial and to have a discussion regarding this matter is important. Chair Bates stated that JPC on two separate occasions had voted unanimously to assume the role of sea rise level, as it was part of the work plan.

Director Haggerty stated he did not agree with the process regarding Mr. Travis and was concerned about his questions not being answered by Steve Heminger of the Metropolitan Transportation Commission (MTC) and expressed concern regarding compensation for Mr. Travis.

Director Groom asked who would be responsible for paying Mr. Travis' salary and whether MTC would be responsible. Mr. Broadbent stated the cost of the salary is split evenly between the Air District and MTC.

Director Wagenknecht asked about the job description. Mr. Broadbent said the role includes serving as the lead staff person for JPC, which includes a core lead effort which includes the sea level adaptation strategy, as JPC does not have authority to undertake this strategy.

Director Ross said the Committee should move forward in the selection of Mr. Travis as there is a lot of work to do and not much time to complete it all.

Director Groom said she has served on BCDC's Board for the past three months and that sea level rise is something that needs to be visited. She said the policy has been changed by the staff of BCDC and that this is a policy that needs to be reviewed. She also stated that Mr. Travis would be the right person to get the work plan established.

Director Kalra said at the JPC's last meeting there seemed to be concern about the JPC's role regarding the regional sea level rise adaptation strategy and associated policies. He said the JPC could be an appropriate forum for all agencies to address the strategy.

Mr. Broadbent said the employment contract for Will Travis would be for twelve to eighteen months. Given Will Travis' involvement with BCDC and the regional sea level rise adaptation strategy, it is believed that his leadership would be valuable to the JPC.

Chairperson Bates state the sense of the Committee is in favor of moving forward with Mr. Travis serving in the role as staff advisor.

Public Comments: None.

Committee Member Action: None, informational only.

5) Quarterly Report of the Hearing Board: April-June 2011 and July-September 2011

Thomas Dailey, M.D., Chairperson of the Hearing Board, provided an update of the Hearing Board Quarterly Report for the period of April – June 2011 and July – September 2011.

During the second quarter of 2011:

The Hearing Board had a number of applications, and three (3) Accusations, Appeals, Variances. Most notable is the completion of the new Hearing Board Rules. He said the prior Hearing Board Rules were updated in December 2002, and it was time for a more recent version. Dr. Dailey said Hearing Board Subcommittee member Christian Colline was responsible for his efforts with revisions to the Hearing Board Rules.

- During the second quarter of 2011 (April to June), the Hearing Board held 1 hearing and processed a total of 11 applications; 3 of which were Accusations, 2 were Appeals, 3 Variances, and 3 Requests for Withdrawals or Dismissals. The Clerk processed a total of 2 Final Orders.
- The Hearing Board officially approved its New Hearing Board Rules on June 2, 2011, which had been outdated since December 2002.
- The Hearing Board collected a total of \$2,817.00 during the second quarter of 2011.

During the third quarter of 2011:

- During the third quarter of 2011 (July to September), the Hearing Board held 5 hearings and processed a total of 19 applications, 3 of which were Accusations, 2 Appeals, 4 Variances, and 10 Requests for Withdrawals or Dismissals and Status/Compliance Reports. The Clerk processed a total of 7 Final Orders.
- The Hearing Board collected a total of \$2,593.84 during the third quarter of 2011.

Dr. Dailey concluded his presentation.

Committee Member Comments:

Chair Bates asked if it were common for individuals to come to hearings after a rule has been implemented. Brian Bungler, Legal Counsel, said most it has been related to the gas stations and a couple of dry cleaners.

Chair Bates thanked Dr. Dailey for the report.

Public Comments: None.

Committee Member Action: None, informational only.

6) Financial Review of the Production System

Jack Broadbent, Executive Officer/APCO, provided the Committee with brief background of the financial review of the Production System. He said he initiated an effort to have an outside agency conduct a financial review of the monies that were set aside as communicated to the Board of Directors, and over time, spent and drawn down to be able to develop the Production System.

Mr. Broadbent said the review was completed by the IntelliBridge Partners, and the purpose of conducting the review is that part of the project is scheduled to be up and running in the beginning of 2012. Mr. Broadbent introduced Greg Matayoshi of IntelliBridge Partners and Mr. Matayoshi provided the presentation with the results of his review.

Chair Bates asked Mr. Matayoshi to provide some background.

Mr. Matayoshi introduced Steven Anderson of IntelliBridge Partners, which is a consulting group with offices throughout California, including the Bay Area, Sacramento, San Diego and Los Angeles. He stated IntelliBridge Partners specializes in the government sector, and 95% of their clientele consist of cities, counties and special districts within the state of California.

Mr. Matayoshi said Mr. Broadbent requested a financial review be conducted of the Production System. Mr. Matayoshi said a couple of questions that arose were relative to the cost and funding of the project and as a result it was requested the IntelliBridge address questions which included:

- How much was projected to be spent and were projections properly communicated to the Board and Executive staff?
- How much was actually spent and was the actual financial status properly communicated to the Board and Executive staff?

Mr. Matayoshi said when looking at project costs, no dedicated project account codes were being used within the financial system to easily extract out all costs associated with the Production System. However, the Production System Project Managers were tracking the costs and assigning all incoming invoices to categories including Production System.

He said the information in the original scope of work for the Production System included:

System Development Expenditures	Amount	Funding Source
Original Project Scope	\$5.6 M	District Reserves
Project Scope Creep	<u>1.0 M</u>	Yearly Operating Budget
Total	\$6.6 M	
Additional Functionality	<u>3.8 M</u>	Yearly Operating Budget
Total System Software Development Costs	\$10.4 M	

Mr. Matayoshi continued that the project budget reported to the Board of Directors was always focused on the additional scope of \$5.6 million be taken from district reserves. He said this project scope/project budget did not include the costs of the scope for additional functionality that was to be included throughout this period. He also said that best practices of project management requires that a project plan or project work plan be developed and clearly define all the aspects of what should be included in the original project scope.

Mr. Matayoshi stated that project reporting was not consistent, although project reporting had been conducted periodically to the Board of Directors with focus on the original scope. He also said in April and October of 2011, additional information was presented to both the Board of

Directors and Committees relative to the additional costs for the additional functionality of these projects.

As a result of the work conducted, Mr. Matayoshi recommended the following:

- Project plan should be updated, to include all the work required to implement the system fully to include not only what is expected within the original scope to replace DataBank and IRIS but all the aspects of the project.
- Formal project cost report format should be established.
- Dedicated project account codes should be used.

Mr. Matayoshi concluded his presentation.

Mr. Broadbent provided the Committee with additional information as a result of those findings which included:

- Implement IntelliBridge Recommendations:
 - Revise Project Plan
 - Establish Formal Project Cost Reporting Format & Regularly Communicate it
 - Identify Specific Accounting Codes
- Re-Organize the Production System Core Team
- Focus on Launching a Part of the Production System:
 - Gasoline Storage and Dispensing Facilities

Mr. Broadbent said the Air District has decided to take a different approach and that the Production System has been a multi-year process, several million dollars. He said he still feels very strongly and optimistic about the Production System, as it has lots of promise and more efficiency than the Air District currently has in place, as this is expected to link both the inspection and permitting activities in using the latest available tools.

However, the issue has been that the Air District has been trying to develop the Production System with all the different elements, all at the same time. He stated it was determined that this project would continue to exceed the timeframe that was initially established. He also said the Air District will begin focusing on a specific part of the Production System, to develop all of the necessary parts for a specific element and then begin expanding the Production System.

Mr. Broadbent stated staff is concentrating its efforts on the Gasoline Dispensing Facilities (GDF) portion of the Production System. Mr. Broadbent said the Executive Committee will be provided with an update and review of the entire Production System at a future meeting, which will include all developments as of date, timeframes and provide a demonstration of the GDF's.

Committee Member Comments:

Director Wagenknecht said he liked the recommendations from IntelliBridge and would like to know more about the Production System team. Mr. Broadbent said the Air District has relied upon a large core team.

Director Wagenknecht asked that the Production System be included as a recurring agenda item.

Director Haggerty asked the cost of the entire project since the 1990s. Mr. Broadbent said the budget information is from the period of beginning the 2006/2007 when the project began.

Chair Bates asked we be able to see the success once the recommendations are implemented. Mr. Broadbent replied that he asked IntelliBridge to provide a financial review, and over time staff has determined additional functionality than originally noted. He also said this will help better track the costs, and will implement the tools that IntelliBridge recommended in terms of accounting and communicating to the Committee and Board of Directors.

Director Groom asked if a cost benefit analysis was conducted with regard to long term savings for the Air District. Mr. Broadbent said the information would be made available at a future meeting.

Public Comments: None.

Committee Member Action: None, informational only.

7) Workplan and Preparation for Board Retreat

Jack Broadbent, Executive Officer/APCO, provided the Committee with an update on the workplan and preparation for the Board Retreat. Mr. Broadbent said he would discuss the initiatives and status of each one.

Mr. Broadbent highlighted the Production System and the Public Engagement Plan that will set forth a protocol for how the Air District operates with the public. He also highlighted the following key rules which included the Metal Melting Rule scheduled for April 2012 and the Vacuum Trucks. Mr. Broadbent stated there are Community Risk Reduction Plans (CRRP) that are ongoing, but the issue is resources.

Committee Member Comments:

Chair Bates asked if fundraising activities have begun for the Air District Conference. Mr. Broadbent said the Air District has not begun its fundraising efforts at this time.

Director Kalra asked whether the Board would be able to discuss items the Air District believes is of most importance at the Board of Directors Retreat. Mr. Broadbent said he would like the Board to focus on community issues relative to Clear Air Communities Initiatives (CACI). Mr. Broadbent said he would like to dedicate resources and concentrate on various communities, and feels it is worth revisiting where the Air District is now, how much monies have been spent, the accomplishments and how to move forward.

He said community groups are urging the Air District move forward toward CACI in terms of regulatory initiatives beyond the CRRP. He stated the Air District currently conducts community monitoring, roadway monitoring that is currently underway. Mr. Broadbent also stated with regard to the Climate Change Program, the State does not appear interested in having the Air District involved in the implementation of Assembly Bill 32. This is not limited to only the Bay Area Air District, but all regional Air Districts.

Director Kalra asked if there would be a presentation at the Board Retreat regarding the Production System. Mr. Broadbent said the Production System is a high priority and would like to provide a demonstration at a future meeting.

Director Groom asked if the Public Engagement Plan is on target for March and would like to hear more about the plan at the Board Retreat and Director Wagenknecht also asked if this was going to roll out sooner than expected.

Director Bates asked if there were any updates on the Building Industry Association (BIA) lawsuit. Mr. Bunger said there were no updates. Director Bates also asked if the Air District has a liaison for the Foundation. Mr. Bunger said yes, the Foundation consists of outside individuals.

Director Bates also asked about settlement funding. Ms. Roggenkamp said for some of the grants the Air District have applied for those funds will be forwarded to a non-profit company. In addition, the California Energy Commission (CEC) has worked with the Air District for the Calpine Facility for the purpose of Carl Moyer Mitigation Projects.

Public Comments: None.

Committee Member Action: None, informational only.

Time and Place of Next Meeting: At the call of the Chair.

Adjournment: Chair Bates adjourned the meeting at 10:35 a.m.

IS/ Vanessa Johnson

Vanessa Johnson
Executive Secretary II