

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109
(415) 749-5073

Board of Directors Regular Meeting
Wednesday, May 6, 2015

APPROVED MINUTES

Note: Audio and video recordings of the meeting are available on the website of the Bay Area Air Quality Management District at <http://www.baaqmd.gov/The-Air-District/Board-of-Directors/Agendas-and-Minutes.aspx>.

1. CALL TO ORDER

Chairperson Carole Groom called the meeting to order at 9:54 a.m.

Opening Comments: None.

Roll Call:

Present: Chairperson Carole Groom; Vice-Chairperson Eric Mar; Secretary Liz Kniss; and Directors John Avalos, Tom Bates, David J. Canepa, Cindy Chavez, Margaret Fujioka, John Gioia, Scott Haggerty, David Hudson, Roger Kim (on behalf of Edwin Lee), Nate Miley, Karen Mitchoff, Jan Pepper, Katie Rice, Mark Ross, Rod Sinks, Jim Spering, Brad Wagenknecht and Shirlee Zane.

Absent: Director Teresa Barrett.

Pledge of Allegiance: Chairperson Groom led the Pledge of Allegiance.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS:

Dr. Raymond Tompkins, Clean Air Health Alliance, submitted written material and addressed the Board of Directors (Board) regarding the air quality standards for construction at Candlestick Park, to request copies of inspection reports, staff review of the air monitor placement relative to the same project, Air District review of what it means to be designated a Community Air Risk Evaluation community and the viability of tripling fines for violations within them.

The Board and staff discussed adding this topic to the agenda for the Stationary Source Committee (SSC).

Barbara A. Johnson, addressed the Board to request increased fines for violations related to construction at Candlestick Park.

NOTED PRESENT: Director Pepper was noted present at 9:59 a.m.

CONSENT CALENDAR (ITEMS 3 – 7)

- 3. Minutes of the Board Regular Meeting of April 15, 2015;**
- 4. Board Communications Received from April 15, 2015 through May 5, 2015;**
- 5. Quarterly Report of the Executive Office and Division Activities;**
- 6. Authorization of Design Contract for Information Technology (IT) Infrastructure; and**
- 7. Increase Website Editor Contract by \$15,000 for the My Air Online Program.**

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Haggerty made a motion, seconded by Director Hudson, to approve Consent Calendar Items 3 through 7, inclusive; and the motion carried by the following vote of the Board:

AYES: Avalos, Canepa, Chavez, Fujioka, Gioia, Groom, Haggerty, Hudson, Kim, Kniss, Mitchoff, Pepper, Rice, Ross, Sinks, Spering and Zane.
NOES: None.
ABSTAIN: None.
ABSENT: Barrett, Bates, Mar, Miley and Wagenknecht.

NOTED PRESENT: Director Wagenknecht was noted present at 10:01 a.m.

COMMITTEE REPORTS

- 8. Report of the Personnel Committee (PC) Meeting of April 20, 2015**
Committee Chairperson Wagenknecht

The PC met on Monday, April 20, 2015, and approved the minutes of January 26, 2015 and February 18, 2015.

The PC met in closed session to conduct performance evaluations of the Executive Officer and District Counsel with no reportable action. The PC Chair will brief the Board on the evaluation during today's closed session.

The PC postponed the staff presentation *Strategic Staffing Plan Update – Management Restructuring Plan* to a future meeting.

The next meeting of the PC is on Monday, May 18, 2015, at 10:30 a.m.

Board Comments: None.

Public Comments: No requests received.

Board Action: None; receive and file.

NOTED PRESENT: Director Bates was noted present at 10:03 a.m.

9. Report of the SSC Meeting of April 20, 2015
Committee Chairperson Gioia

The SSC met on Monday, April 20, 2015, and approved the minutes of March 16, 2015.

The SSC received and discussed the staff presentation *Lehigh Southwest Cement Compliance Status, Regulation 9, Rule 13: Nitrogen Oxides, Particulate Matter, and Toxic Air Contaminants from Portland Cement Manufacturing*, including background; facility location; a summary of operations; an overview of the manufacturing process; emission points; elements of and emission limits and monitoring under regulation 9-13; emissions control; new kiln and cooler stacks photograph and locations; control technologies utilized; kiln and clinker cooler stacks monitoring; compliance status; compliance and enforcement activities; health risk assessment update; and the impact of new Office of Environmental Health Hazard Assessment risk factors.

The next meeting of the SSC is on Wednesday, May 27, 2015, at 9:30 a.m.

Public Comments:

Bill Almon, Quarry No, submitted written material and addressed the Board regarding the characterization of the compliance and exceedance history of Lehigh Southwest Cement facility in Cupertino and requested a withdrawal and correction of the Air District report.

NOTED PRESENT: Director Mar was noted present at 10:07 a.m.

Board Comments:

The Board and staff discussed a written follow up on Mr. Almon's comments and subsequently adding the topic as an agenda item for a SSC meeting after May 2015.

Board Action: None; receive and file.

10. Report of the Budget and Finance Committee (BFC) Meeting of April 22, 2015
Committee Chairperson Hudson

The BFC met on Wednesday, April 22, 2015, and, upon establishing a quorum, approved the minutes of March 25, 2015.

The BFC received the staff presentation *Third Quarter Financial Report Fiscal Year Ending (FYE) 2015*, including an overview of general fund revenues and expenses; revenue and expense year-over-year comparisons; investments; general fund balance; purchasing reporting requirements; and cumulative vendor payments in excess of \$70,000 for Board review.

The BFC then received and discussed the staff presentation *Proposed FYE 2016 Budget*, including revenue projections for FYE 2015; overviews of the reserve funds and transfers, proposed budget, general fund revenue sources, and general fund expenditures for FYE 2016; year-over-year analysis of

services and supplies and capital; proposed fees; climate program staffing; overall staffing level; FYE 2016 fund balance summary; use of reserves recommendations; fund balance policy; unfunded liabilities; rationale to pre-fund California Public Employee Retirement System obligations; office building obligations; recommendations; and next steps, including next year's wood smoke program. The BFC recommends the Board:

1. Adopt the FYE 2016 Proposed Budget;
2. Change Reserve Policy to a minimum of 20% of the General Fund Budget; and
3. Establish a 90% minimum funding level policy for Other Post-Employment Benefits.

The BFC then received and discussed the staff presentation *Renewal of IT Infrastructure*, including background; current IT infrastructure; new IT procurement; projected timeline; and current action.

The next meeting of the BFC is on Wednesday, June 24, 2015, at 9:30 a.m.

Board Action:

Director Hudson made a motion, seconded by Director Kniss, to approve the recommendations of the BFC.

Public Comments:

Jed Holtzman, 350 Bay Area, addressed the Board to request that the additional funding consideration for wood smoke reduction incentives be designated for heating alternatives that do not use wood or gas.

Patti Weisselberg, Families for Clean Air, addressed the Board to request that the additional funding consideration for wood smoke reduction incentives and a climate change program be designated for electrical heating systems and enhanced wood smoke enforcement.

Jack Broadbent, Executive Officer/Air Pollution Control Officer (APCO), provided additional explanation of the budget proposal cited by the public speakers.

Board Comments:

The Board and staff discussed a proposal to post draft versions of proposed budgets on the Air District website; support for the proposed incentive component of the wood smoke program; and support for implementation of means testing to enable prioritization of incentives to low-income residents.

11. Report of the Mobile Source Committee (MSC) Meeting of April 23, 2015
Committee Chairperson Haggerty

The MSC met on Thursday, April 23, 2015, and approved the minutes of February 26, 2015.

The MSC reviewed and discussed *Projects and Contracts with Proposed Grant Awards Over \$100,000*, and recommends the Board:

1. Approve Carl Moyer Program and Transportation Fund for Clean Air (TFCA) projects with proposed grant awards over \$100,000 listed in Table 1 of the MSC staff report;
2. Authorize \$790,500 in additional TFCA revenues to be allocated to alternative fuel infrastructure projects; and
3. Authorize the Executive Officer/APCO to enter into agreements for the recommended projects.

The MSC then reviewed and discussed the staff presentation *FYE 2016 TFCA Funding Allocations*, including the proposed allocation of new TFCA revenue; a description of the proposed TFCA-funded incentive programs; proposed cost-effectiveness limits for Air District-sponsored programs; and recommendations. The MSC recommends the Board:

1. Allocate \$13.77 million in new TFCA and Metropolitan Transportation Commission (MTC) revenue to the programs listed in Table 1 of the MSC staff report;
2. Authorize the proposed cost-effectiveness limits for the Air District sponsored programs listed in Table 2 of the MSC staff report;
3. Authorize the Executive Officer/APCO to enter into funding agreements and contracts up to \$100,000 for projects and programs listed in Table 1 of the MSC staff report; and
4. Authorize the Executive Officer/APCO to execute all contracts necessary to accept, appropriate, and expend Congestion Mitigation Air Quality funding awarded by the MTC.

The MSC then reviewed the staff presentation *FYE 2016 TFCA County Program Manager (CPM) Expenditure Plans*, including information covering the program's background; the expenditure plans submitted by each of the nine congestion management agencies; one request for a policy waiver; and recommendations. The MSC recommends the Board:

1. Approve the allocation of FYE 2016 TFCA CPM Funds listed in Table 1 of the MSC staff report;
2. Authorize the Executive Officer/APCO to enter into funding agreements with the CPM for the total funds to be programmed, as listed in Table 1 of the MSC staff report; and
3. Approve a policy waiver to allow Sonoma County Transportation Authority to use FYE 2015 TFCA funds for an arterial management project.

The MSC then reviewed and discussed the joint staff and MTC presentation *Bay Area Bike Share Update*, including background information about the Air District-led pilot project; preliminary pilot project system results; the status of the MTC-led system expansion effort, information about a proposal from Motivate International, Inc. (Motivate) to privately fund bike share in the cities of San Francisco, San Jose, Oakland, Berkeley, and Emeryville, MTC's approval process; and

recommendations. The MSC then approved a motion to amend staff's recommendation such that the action that is being requested of the Board is to: "Authorize the Executive Officer/APCO to execute agreements and take the necessary actions to close out the Regional Bay Area Bike share pilot project and to transition project assets in accordance with Caltrans' requirements; and, to request that the MTC allocate \$4.5 million to supplement public funding contributions for system buy-in that would be available to emerging agencies that are not included in the system expansion proposed by Motivate." The MSC also requested that a presentation on the Motivate proposal be made to the full Board as part of this agenda item.

The next meeting of the MSC is on Thursday, May 28, 2015, at 9:30 a.m.

Board Action:

Director Haggerty made a motion, seconded by Director Hudson, to approve the recommendations of the MSC.

Presentation:

Mr. Broadbent introduced Patrick Wenzinger, Administrative Analyst in the Strategic Incentives Division, who gave the staff/MTC presentation *Bay Area Bike Share Update* through slide 3, *System Results Trips by Community Area 8/29/13 – 3/31/15*, including pilot project overview and system results. Mr. Wenzinger introduced Alix Bockelman, Deputy Executive Director, MTC, who gave the remainder of the presentation, including system properties, considerations of pilot and emerging cities, performance requirements and sponsorship / revenue relative to the Motivate Proposal; low income communities; and sole source justification.

Board Comments:

The Board, staff and Ms. Bockelman discussed a suggestion that staff conduct an analysis of the long-term success of systems launched by private industry; what tools will be used for qualifying low-income participants who are not PG&E utility customers; the lack of expansion to the north counties and City of Santa Rosa; the commendable system expansion rate and ridership levels in San Francisco; desires to minimize the commercialization of the program and for expansion of participation options for low-income communities; appreciation for the Air District's and MTC's staffs efforts on this item and support for the additional funding requested of MTC; a request to see the inclusion of the capital corridor; possible improvements for rebalancing bike loads at docking stations; concerns relative to the significant change in terms since project launch combined with a lack of request for proposals; concerns relative to a sole-source bid without a request for proposals and the ability of the system to adapt its model to successfully serve the varying needs of different locales within the Bay Area; the status of pilot cities as the program transitions; the importance of not ignoring the common struggles relative to launching similar systems in other regions and to instead view this proposal as the start of a system that will expand as its successes continue; the unique nature of the program as a region-wide system; clarification of staff comments today and the MSC recommendation; the likelihood that the program transition to a private operator will result in freeing public funds that can be used to bolster system expansion in less densely populated locales where the model will require support and alteration to succeed; concerns about a potential doubling in the cost of

membership; the hope that a good process is developed for identifying and brainstorming varied station locations; the identity of the pilot project cities and emerging agencies; outreach plans for nonparticipating cities; additional support for the concept of directing public funds freed up by the transition to bolstering expansion to less densely populated locales; the significance of the last mile issue throughout Silicon Valley; whether there exists an interoperability component such that an interested employer could invest in an expansion serving the last mile for their staff; and the seemingly natural linkage between this proposed employer-bolstered system expansion and the Commuter Benefits Program.

Public Comments:

Dani Simons, Motivate, yielded her time in the interest of expediency as her intended comments had already been discussed.

Tyler Frisbee, San Francisco Bicycle Coalition, addressed the Board in support of the recommendation.

Justin Wiley, Social Bicycles, addressed the Board in opposition to the recommendation based on the availability of alternative private partners and in support of system expansion throughout the region.

Board Action (continued):

The motion carried by the following vote of the Board:

AYES: Avalos, Bates, Canepa, Fujioka, Gioia, Groom, Haggerty, Hudson, Kim, Kniss, Mar, Miley, Mitchoff, Pepper, Rice, Ross, Sinks, Spering, Wagenknecht and Zane.
NOES: None.
ABSTAIN: None.
ABSENT: Barrett and Chavez.

10. Report of the BFC Meeting of April 22, 2015 (continued)
Committee Chairperson Hudson

Board Action:

The motion carried by the following vote of the Board:

AYES: Avalos, Bates, Canepa, Fujioka, Gioia, Groom, Haggerty, Hudson, Kim, Kniss, Mar, Miley, Mitchoff, Pepper, Rice, Ross, Sinks, Spering, Wagenknecht and Zane.
NOES: None.
ABSTAIN: None.
ABSENT: Barrett and Chavez.

11. Report of the MSC Meeting of April 23, 2015 (continued)

Board Comments (continued):

The Board and staff discussed a clarification of the MSC recommendation, resulting Board motion and parliamentary procedure.

Board Action (continued):

Director Haggerty made a substitute motion, seconded by Director Hudson, to approve the recommendations of the MSC with authorization for the Executive Officer/APCO to execute agreements and take the necessary actions to close out the Regional Bay Area Bikeshare pilot project and to transition project assets in accordance with Caltrans' requirements being conditioned upon MTC approval of the request that the MTC allocate \$4.5 million to supplement public funding contributions for system buy-in that would be available to emerging agencies that are not included in the system expansion proposed by Motivate.

Board Comments (continued):

The Board and staff discussed a clarification of the motion and substitute motion.

Board Action (continued):

The substitute motion carried by the following vote of the Board:

AYES:	Avalos, Bates, Canepa, Fujioka, Gioia, Groom, Haggerty, Hudson, Kim, Kniss, Mar, Miley, Mitchoff, Pepper, Rice, Ross, Sinks, Spering, Wagenknecht and Zane.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Barrett and Chavez.

PRESENTATION

12. Air Resources Board (ARB) Climate Protection Program

Mr. Broadbent introduced the topic and Richard Corey, Executive Officer, ARB, who gave the presentation *ARB Climate Program Presentation to BAAQMD Board of Directors*, including Assembly Bill (AB) 32 history, requirements and program objectives; climate change actions needed at all levels; cap-and-trade; California oil refineries; next steps for AB 32 program; and opportunities for additional District leadership.

The Board and Mr. Corey discussed, at slide 5, *Agenda*, that cap-and-trade was conceived as being only one of many possible actions to be taken to reduce greenhouse gases (GHGs).

Mr. Corey continued the presentation.

The Board and Mr. Corey discussed, at slide 29, *Local GHG Limits on C&T [cap-and-trade] Covered Facilities*, the advanced technology efforts made in Germany and the need to implement similar measures here, particularly in relation to agricultural and waste management operations.

Mr. Corey concluded the presentation.

Public Comments:

Bill Quinn, California Council for Environmental and Economic Balance, addressed the Board regarding the value of regional planners understanding work being done at the State level and to encourage the Air District to take a leadership role on a number of fronts that will complement State efforts and make it a role model for other regional agencies.

Mr. Holtzman addressed the Board regarding the noteworthy efforts in California as not being cause for complacency and requested urgent action at the regional level to combat climate change and decrease GHG emissions in the Bay Area in fulfillment of the mission statement of the Air District.

Bill Pinkham, 350 Bay Area / Sunflower Alliance, addressed the Board in congratulations relative to the bike share program; to withhold congratulations relative to GHG levels and limits; and to request immediate action on the imposition of GHG limits and the denial of any requests for renewal of the Kinder Morgan crude-by-rail permit.

Charles Davidson, Sunflower Alliance, addressed the Board to opine that the conclusion of various oil refinery projects will serve to increase GHG emissions and other pollutants in the Bay Area in violation of various reduction mandates at the State level; to suggest that California has the highest percentage of dirty fuel-refining facilities in any region in the U.S.; to cite U.S. Environmental Protection Agency as indicating Phillips 66 Rodeo is the most polluting refinery in the state; to suggest that refining low quality crude oils comes at the price of additional natural resources and emissions; and to opine that cap-and-trade and the Low Carbon Fuel Standards programs do not apply to refined fuel exports out of California.

Board Comments:

The Board, staff and Mr. Corey discussed the timeliness of the presentation in light of the Air District rule-making efforts currently under way; various opinions about ARB's stance on GHGs being included in regional programs; whether the transportation fuel industry is working to participate in cap-and-trade or to get a legislative exclusion; the many fronts available for taking action to reduce GHGs; additional details regarding implementation of the Low Carbon Fuel Standards program and next steps; the concept of change originating with individuals and of developing a cap-and-trade program regarding one's personal water use and carbon footprint; the importance of recognizing the differences between local and larger-scale air quality impacts; the opinion that GHG reductions in the Bay Area will not translate to reductions for the State; an update on refined fuel exports out of California and if and how cap-and-trade and the Low Carbon Fuel Standards programs apply to those exports; status of legislative efforts to exclude transportation fuels from cap-and-trade; agreement with the notion that immediate action is needed based on new science and the continued rise of carbon dioxide levels; details regarding the hydrogen fuel cell station installation incentive efforts by ARB;

the approximate percentage of cement used in California that comes from China as a result of economic leakage; an assessment of affairs on the international level and the characterization of cap-and-trade as a shift in emissions rather than a reduction mechanism; whether regional action to set GHG limits will interfere with cap-and-trade; and the international community's growing interest and membership in the California cap-and-trade program as a positive trend.

Board Action: None; receive and file.

13. Public Employee Performance Evaluation (Government Code Sections 54957 and 54957.6)

Chairperson Groom postponed this agenda item in the interest of time.

14. Public Employee Performance Evaluation (Government Code Sections 54957 and 54957.6)

Chairperson Groom postponed this agenda item in the interest of time.

15. PUBLIC COMMENT ON NON-AGENDA MATTERS: No requests received.

16. BOARD MEMBERS' COMMENTS

Director Hudson clarified that the Air District is and has been working on and succeeding at reducing emissions in furtherance of its mission to protect and improve public health, air quality and the global climate.

OTHER BUSINESS

17. Report of the Executive Officer/APCO

Chairperson Groom postponed this agenda item in the interest of time.

18. Chairperson's Report

Chairperson Groom postponed this agenda item in the interest of time.

19. Time and Place of Next Meeting

Wednesday, May 20, 2015, Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, California 94109 at 9:45 a.m.

20. Adjournment: The Board meeting adjourned at 12:58 p.m.

151 Sean Gallagher

Sean Gallagher
Clerk of the Boards