



BOARD OF DIRECTORS
FINANCE AND ADMINISTRATION COMMITTEE

May 15, 2024

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

COMMITTEE MEMBERS

DAVINA HURT – CHAIR
MARGARET ABE-KOGA
DAVID HAUBERT
RAY MUELLER
MARK ROSS

LYNDA HOPKINS - VICE CHAIR
JUAN GONZÁLEZ III
TYRONE JUE
KATIE RICE

**MEETING LOCATION(S) FOR IN-PERSON ATTENDANCE BY
COMMITTEE MEMBERS AND MEMBERS OF THE PUBLIC**

**Bay Area Metro Center
1st Floor Board Room
375 Beale Street
San Francisco, CA 94105**

**Office of Contra Costa County
Supervisor John Gioia
Conference Room
11780 San Pablo Ave., Suite D
El Cerrito, CA 94530**

**Mountain View City Hall
City Clerk Conference Room, 3rd Floor
500 Castro Street
Mountain View, CA 94041**

**Hall of Justice
Criminal Justice Training Room, 1st Floor
400 County Center
Redwood City, CA 94063**

**Santa Rosa Junior College Campus
Doyle Library, Room 148
1501 Mendocino Ave
Santa Rosa, CA 95401**

THE FOLLOWING STREAMING OPTIONS WILL ALSO BE PROVIDED

These streaming options are provided for convenience only. In the event that streaming connections malfunction for any reason, the Finance and Administration Committee reserves the right to conduct the meeting without remote webcast and/or Zoom access.

The public may observe this meeting through the webcast by clicking the link available on the air district's agenda webpage at www.baaqmd.gov/bodagendas.

Members of the public may participate remotely via Zoom at <https://bayareametro.zoom.us/j/85316339282>, or may join Zoom by phone by dialing (669) 900-6833 or (408) 638-0968. The Webinar ID for this meeting is: 853 1633 9282

Public Comment on Agenda Items: The public may comment on each item on the agenda as the item is taken up. Members of the public who wish to speak on a matter on the agenda will have two minutes each to address the Committee on that agenda item, unless a different time limit is established by the Chair. No speaker who has already spoken on an item will be entitled to speak to that item again.

The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The District is committed to maintaining a workplace free of unlawful harassment and is mindful that District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is *per se* disruptive to a meeting and will not be tolerated.

FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

WEDNESDAY, MAY 15, 2024

10:00 AM

1. Call to Order - Roll Call

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members.

2. Pledge of Allegiance

CONSENT CALENDAR (Items 3-4)

The Consent Calendar consists of routine items that may be approved together as a group by one action of the Committee. Any Committee member or member of the public may request that an item be removed and considered separately.

3. Approval of the Draft Minutes of the Finance and Administration Meeting of April 17, 2024

The Committee will consider approving the Draft Minutes of the Finance and Administration Meeting of April 17, 2024.

4. Hearing Board Quarterly Report: January 2024 - March 2024

The Committee will receive the Hearing Board Quarterly Report for the period of January 2024 through March 2024.

INFORMATIONAL ITEM(S)

5. Update on the Air District's Management Audit Responses

Staff will present an update on the corrective actions taken in response to the Air District's Management Audit in Human Resources and My Air Online.

ACTION ITEM(S)

6. Online Permitting and Compliance System (My Air Online) Status Update and Authorization to Execute Contract Amendments

Staff will provide an update on decommissioning Legacy Permitting and Enforcement computer systems and the implementation of the My Air Online replacement systems; and the Committee will consider recommending the Board of Directors authorize the Executive Officer/APCO to execute related service contracts in a total combined amount not to exceed \$1.4M.

7. Modernization of Information Technology Infrastructure

The Committee will consider recommending the Board of Directors approve reallocating and expending Capital Expenditure funds to modernize the Air District's information technology infrastructure, which is at the end of its useful life. Specifically, the Committee will consider recommending the following actions to the Board of Directors:

- *Authorize the Executive Officer/APCO to execute contracts with qualified Information Technology fulfillment partners ePlus Technologies, Inc., CDWG Inc., SSP Data, Inc., and/or SHI, Inc. for information technology equipment and installation services in a total amount not to exceed \$1.5M; and*
- *Authorize the transfer of funds not to exceed \$650,000 for this effort from multiple program budgets where actual expenditures are below projected expenditures in their Fiscal Year Ending 2024 services, supply and capital budgets; and*
- *Authorize the Executive Officer/APCO to amend the competitively bid Contract with Dell, Inc to increase the annual expenditure on Microsoft Cloud services by \$250,000 per year.*

OTHER BUSINESS

8. Public Comment on Non-Agenda Matters

Pursuant to Government Code Section 54954.3, members of the public who wish to speak on matters not on the agenda will be given an opportunity to address the Committee. Members of the public will have two minutes each to address the Committee, unless a different time limit is established by the Chair. The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The District is committed to maintaining a workplace free of unlawful harassment and is mindful that District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is per se disruptive to a meeting and will not be tolerated.

9. Committee Member Comments

Any member of the Committee, 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)

10. Time and Place of Next Meeting

Wednesday, June 26, 2024, at 10:00 a.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Finance and Administration Committee members and members of the public will be able to either join in-person or via webcast.

11. Adjournment

The Committee meeting shall be adjourned by the Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
vjohnson@baaqmd.gov

(415) 749-4941
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- 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 offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District's policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at www.baaqmd.gov/accessibility to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District's Non-Discrimination Coordinator, Suma Peesapati, at (415) 749-4967 or by email at spesapati@baaqmd.gov.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
375 BEALE STREET, SAN FRANCISCO, CA 94105
FOR QUESTIONS PLEASE CALL (415) 749-4941**

**EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS**

MAY 2024

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Finance and Administration Committee	Wednesday	15	10:00 a.m.	1st Floor Board Room
Board of Directors Policy, Grants and Technology Committee	Wednesday	15	1:00 p.m.	1st Floor Board Room
Board of Directors Community Advisory Council Meeting	Thursday	16	6:00 p.m.	California State University East Bay Oakland Professional & Conference Center Trans Pacific Center 1000 Broadway, Suite 109 Oakland, CA 94607

JUNE 2024

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Special Meeting as the Sole Member of the Bay Area Clean Air Foundation	Wednesday	5	9:45 a.m.	1st Floor Board Room
Board of Directors Meeting	Wednesday	5	10:00 a.m.	1st Floor Board Room
Board of Directors Stationary Source Committee	Wednesday	12	10:00 a.m.	1st Floor, Temazcal Room
Board of Directors Community Equity, Health and Justice Committee	Wednesday	12	1:00 p.m.	1st Floor, Temazcal Room
Board of Directors Finance and Administration Committee	Wednesday	26	10:00 a.m.	1st Floor, Temazcal Room

JULY 2024

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Meeting - CANCELLED	Wednesday	10	10:00 a.m.	1st Floor Board Room
Board of Directors Stationary Source Committee	Wednesday	17	10:00 a.m.	1st Floor, Temazcal Room
Board of Directors Community Equity, Health and Justice Committee	Wednesday	17	1:00 p.m.	1st Floor, Temazcal Room
Board of Directors Community Advisory Council Meeting	Thursday	18	6:00 p.m.	1st Floor Board Room
Board of Directors Policy, Grants, and Technology Committee	Wednesday	24	10:00 a.m.	1st Floor, Temazcal Room

MV 5/8/2024 – 12:09 p.m.

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: May 15, 2024

Re: Approval of the Draft Minutes of the Finance and Administration Meeting of April
17, 2024

RECOMMENDED ACTION

Approve the Draft Minutes of the Finance and Administration Meeting of April 17, 2024.

BACKGROUND

None.

DISCUSSION

Attached for your review and approval are the Draft Minutes of the Finance and Administration Meeting of April 17, 2024.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

ATTACHMENTS:

1. Draft Minutes of the Finance and Administration Committee Meeting of April 17, 2024

Bay Area Air Quality Management District
375 Beale Street, Suite 600
San Francisco, CA 94105
(415) 749-5073

Finance and Administration Committee
Wednesday, April 17, 2024

DRAFT MINUTES

This meeting was webcast, and a video recording is available on the website of the Bay Area Air Quality Management District at www.baaqmd.gov/bodagendas

CALL TO ORDER

1. **Opening Comments:** Finance and Administration Committee (Committee) Chairperson, Davina Hurt, called the meeting to order at 10:04 a.m.

Roll Call:

Present, In-Person (Bay Area Metro Center (375 Beale Street, 1st Floor Board Room, San Francisco, California, 94105): Committee Chairperson Davina Hurt; and Directors David Haubert, Tyrone Jue, and Katie Rice.

Present, In-Person Satellite Location (Mountain View City Hall, 500 Castro Street, 2nd Floor Committee Room, Mountain View, CA 94041) Director Margaret Abe-Koga.

Present, In-Person Satellite Location (San Mateo County Hall of Justice, 400 County Center, Criminal Justice Training Room, 1st Floor, Redwood City, CA 94063): Director Ray Mueller.

Absent: Vice Chairperson Lynda Hopkins; and Directors Juan González III, and Mark Ross.

2. **PLEDGE OF ALLEGIANCE**

CONSENT CALENDAR

3. **APPROVAL OF THE DRAFT MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE MEETING OF MARCH 20, 2024**

The Committee approved the Draft Minutes of the Finance and Administration Committee Meeting of March 20, 2024.

4. **UPDATED AIR DISTRICT PROCUREMENT POLICY AND REVISED ADMINISTRATIVE CODE SECTION 9.4**

The Committee recommended the Board (i) adopt amendments to Section 9.4 of the Administrative Code regarding procurement, and (ii) adopt a Procurement Policy to establish procedures for competitive bidding, awarding, administering, and executing contracts for goods and services, leases, and other similar contractual agreements, to become effective July 1, 2024.

5. **FINANCIAL UPDATE FOR THE FISCAL YEAR (FY) 2023-2024 SECOND QUARTER ENDING DECEMBER 31, 2023**

The Committee received the FY 2023-2024 financial update for the second quarter ending December 31, 2023.

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Haubert made a motion, seconded by Director Jue to **approve** the Consent Calendar, Items 3 to 5, inclusive; and the motion **carried** by the following vote of the Committee:

AYES: Abe-Koga, Haubert, Hurt, Jue, Mueller, Rice.
NOES: None.
ABSTAIN: None.
ABSENT: González, Hopkins, Ross.

ACTION ITEMS

6. **PROPOSED AMENDMENTS TO AIR DISTRICT REGULATION 3: FEES**

This was a further consideration of the proposed amendments to the fee regulation that the Committee discussed at its March 20 meeting to provide the Committee additional detail.

Fred Tanaka, Manager in the Engineering Division, gave the staff presentation *Amendments to Regulation 3, Fees*, including: outcome; outline; requested action; summary of proposed changed to fee schedules; other proposed amendments; cost recovery strategy: fee-recoverable work, history of studies and recommendations, overall cost recovery trends, small business fee considerations; metrics and comparisons: case study of cost recovery trends, comparison with other air districts, small and medium facilities, refineries, Schedule F; budget and rule development schedule; and feedback requested.

Public Comments

Public comments were given by Allegra Curiel, California Council for Environmental and Economic Balance.

Committee Comments

The Committee and staff discussed the fee-based activities that typically generate the greatest amount of collected revenue within the Bay Area Air Quality Management District’s jurisdiction, compared to those of the South Bay Air Quality Management District; the types of facilities under the category of ‘printer’; whether the Air District takes into consideration the fact that increased fees may contribute to distress of facility/company/industry; whether permitted facilities are informed of how their Air District fees are justified; the suggestion of shifting to a “fee containment” mindset that strives to find creative ways to proactively streamline fees, versus having to calculate cost recovery; the range of cost recovery rates across all fee schedules; whether attention to cost recovery rates should be applied equally across all fee schedules; and the desire to avoid unintended consequences when shifting environmental burdens from one entity onto another.

Committee Action

Director Haubert made a motion, seconded by Director Rice to recommend the Board **adopt** proposed amendments to Regulation 3, Fees, for Fiscal Year Ending (FYE) 2025; and the motion **carried** by the following vote of the Committee:

- AYES: Abe-Koga, Haubert, Hurt, Jue, Mueller, Rice.
- NOES: None.
- ABSTAIN: None.
- ABSENT: González, Hopkins, Ross.

7. AIR DISTRICT'S PROPOSED BUDGET FOR FISCAL YEAR 2024-2025

This agenda item is a continuation of the proposed budget item from the March 20, meeting. The Committee resumed discussion on the proposed FY 2024-2025 Budget and staffing recommendations from its March 20, 2024, meeting.

Stephanie Osaze, the Director of Finance, presented supplementary budget information in response to the Committee's feedback. *Continuation of Air District’s Proposed Budget for Fiscal Year 2024-2025*, including: outcome; outline; FY 24-25 Proposed Budget summary; Air District’s General Fund reserves: actual versus minimum policy requirement; 2024 General Fund reserve designations; proposed General Fund budget by type; medical retiree and pension plan funding status and policy; and recommendation.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the Air District’s current pension plan funding level and policy, and how staff proposes to allocate annual discretionary contributions towards prefunding the pension trust to address unfunded liability each year; the cause of the fluctuation from 82% in 2021 to 74% of funded pension plan; potential changes to the Air District’s proposed reserve policy; whether the Air District attempts to forecast market returns and California Public Employees' Retirement System (CalPERS) obligations; the desire for a policy that increases discretionary contributions more aggressively for the pension fund beyond other post-employment benefits (OPEB) monies; and whether the Air District uses its reserves to invest in the Air District’s priorities of cleaning the environment.

Committee Action

Director Rice made a motion, seconded by Director Jue, to recommend the Board **conduct** public hearings on the FY 24-25 Proposed Budget, **adopt** the FY 24-25 Proposed Budget and staffing recommendations, and **allocate** \$5 million to the California Employers Pension Prefunding Trust for pension prefunding purposes; the motion **carried** by the following vote of the Committee:

- AYES: Abe-Koga, Haubert, Hurt, Jue, Mueller, Rice.
- NOES: None.
- ABSTAIN: None.
- ABSENT: González, Hopkins, Ross.

8. **AUTHORIZATION TO EXECUTE A CONTRACT WITH ALLISON+PARTNERS FOR THE SPARE THE AIR ADVERTISING AND MESSAGING CAMPAIGNS**

Kristina Chu, Communications Manager, gave the staff presentation *Approval of a Contract for Spare the Air Advertising and Messaging Campaigns*, including: requested action; outcome; Spare the Air Request for Proposals (RFP) overview; proposals received; RFP evaluation criteria; firm evaluation scores; Spare the Air budget overview and funding sources; and requested action.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the Air District’s history of contracting with Allison+Partners for the Spare the Air campaigns, advertising, communications, and evaluation services; and the ways in which highly-impacted communities are receiving communications about the Spare the Air programs.

Committee Action

Director Haubert made a motion, seconded by Director Jue, to recommend the Board **authorize** the Executive Officer/Air Pollution Control Officer (APCO) to execute a contract with Allison+Partners for the Spare the Air Advertising and Messaging Campaigns for up to three years at the Air District’s discretion, based on the contractor’s performance and available funds, in an amount not to exceed

\$1,950,000 per contract year during Fiscal Year Ending (FYE) 2025 and FYE 2026 and \$2,019,000 for FYE 2027; the motion **carried** by the following vote of the Committee:

AYES: Abe-Koga, Haubert, Hurt, Jue, Mueller, Rice.
NOES: None.
ABSTAIN: None.
ABSENT: González, Hopkins, Ross.

9. FUNDING COMMUNITY BENEFITS FROM PENALTY FUNDS

Greg Nudd, Deputy Executive Officer of Science and Policy, gave the staff presentation *Funding Community Benefits from Penalty Funds*, including: outcomes; outline; about penalties; proposed policy; Community Benefit project examples; penalty allocation proposal; mitigating budget risk; Community Advisory Council recommendations; Richmond-North Richmond-San Pablo Community Emissions Reduction Plan Community Steering Committee recommendations; partial results for FYE 2024; and recommendation.

Public Comments

Public comments were given by Jan Warren, Interfaith Climate Action Network of Contra Costa County.

Committee Comments

The Committee and staff discussed which entity will ensure that the community decides how the penalty funds are allocated and perform audits the allocations, whether those entities will have the capacity to perform that administrative work, and whether administrative costs were discussed with the Air District’s Community Advisory Council; entities that would be eligible to oversee and facilitate such administrative tasks in disadvantaged, overburdened communities that do not have designated Assembly Bill (AB) 617 representation, and the need to build capacity in those communities; the way in which the Air District calculates revenue projection; whether there are Bay Area communities in which Air District regulation violations frequently occur and result in small penalties; and the appreciation for this proposed policy, perceived by some as groundbreaking.

Committee Action

Director Haubert made a motion, seconded by Director Jue, to recommend the Board **adopt** the proposed Funding Community Benefits from Penalty Funds policy, including the requirement to report back to the Board on the effectiveness of the policy, effective upon approval and be retroactive to the beginning of this fiscal year; the motion **carried** by the following vote of the Committee:

AYES: Abe-Koga, Haubert, Hurt, Jue, Mueller, Rice.
NOES: None.
ABSTAIN: None.
ABSENT: González, Hopkins, Ross.

INFORMATIONAL ITEMS

10. CORRECTIVE ACTION PLAN TO IMPLEMENT RECOMMENDATIONS FROM THE ENGINEERING PERFORMANCE AUDIT

Dr. Meredith Bauer, Deputy Executive Officer for Engineering and Compliance, and Pamela Leong, Engineering Division Director, gave the staff presentation *Corrective Action Plan to Implement the Recommendations from the Engineering Performance Audit*, including: outcome; requested action; outline; history; key audit findings; audit recommendations: timeliness/backlog, tracking permit process/bottlenecks, accounts, management time, resource management (staffing and workload), cost recovery, and summary; corrective actions: recent progress, approach and timeline, and 5-year backlog reduction schedule; action plan: timeliness/backlog, tracking permit process/bottlenecks, accounts, management time, resource management (staffing and workload), and cost recovery; and requested action.

Public Comments

Public comments were given by Allegra Curiel, California Council for Environmental and Economic Balance.

Committee Comments

The Committee and staff discussed contributing factors to the Air District’s current permitting backlog; the suggestion that specific types of permit applications be processed in a more streamlined, accelerated, manner; and the suggestion of tracking the performance rate of Air District engineering staff that process permit applications.

Committee Action

None; receive and file.

11. AIR DISTRICT FINANCIAL AUDIT REPORT FOR FISCAL YEAR ENDING (FYE) 2023

Joseph Moussa from Simpson & Simpson LLP, gave the presentation *Fiscal Year 2023 Bay Area Air Quality Management District Presentation of Audit Results*, including: agenda, Auditor’s Required Communications (Statement on Auditing Standard 114); audit results and highlights of the basic financial statements; and audit results and highlights of the single audit.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the sources of the Air District’s \$302 million of reserved special funds (restricted); and the implementation of corrective actions and establishment of robust tracking.

Committee Action

None; receive and file.

OTHER BUSINESS

12. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

13. COMMITTEE MEMBER COMMENTS

None.

14. TIME AND PLACE OF NEXT MEETING

Wednesday, May 15, 2024, at 10:00 a.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Finance and Administration Committee members and members of the public will be able to either join in-person or via webcast.

15. ADJOURNMENT

The meeting was adjourned at 12:27 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Chairperson Valerie J. Armento, Esq., and
Members of the Hearing Board

Date: April 30, 2024

Re: Hearing Board Quarterly Report: January – March 2024

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

This report covers the first calendar quarter (January – March) of 2024.

- Held three hearings (also held one pre-hearing conference);
- Processed four orders; and
- Collected a total of \$9,404.37 in Hearing Board filing and/or excess emission fees

Below is a detail of Hearing Board activity during the same period:

Docket: 3745 – Silicon Valley Clean Water– Request for Emergency Variance

Location: San Mateo County; City of Redwood City

Regulation(s): Regulation 2 Rule 1, Section 307 (Permits, General Requirements, Failure to Meet Permit Conditions); Regulation 9, Rule 2, Section 301 (Inorganic Gaseous Pollutants, Hydrogen Sulfide, Limitations on Hydrogen Sulfide); and Permit Condition #26966, Parts 1, 3, 5.

Synopsis: The Applicant owns and operates a regional wastewater treatment plant within Redwood City.

From Applicant:

Fan #1 for Scrubber A-23 catastrophically failed and sent broken pieces of fan and fiberglass casing off of the SVCW property. SVCW personnel discovered the failure immediately after it occurred on Sunday, 9/24/23 at approximately 11 :00 AM.

Scrubber A-23 continued to operate with back-up Fan #2, but there was a 1-hour period where a portion of the Fan #2 exhaust was being diverted through the damaged Fan #1 before SVCW personnel could correct this problem.

SVCW reduced the Fan #2 speed to 60% beginning at 8:30 PM on 9/24/23 out of concern that Fan #2 could experience a failure similar to Fan #1. SVCW ultimately shut off Fan #2 at 7:50 AM on Monday 9/25/23 due to safety concerns.

The Fan #1 failure is currently under review by the fan manufacturer. No cause has been determined, but Fan #2 has been thoroughly inspected by the manufacturer and determined to be sound. Fan #2 returned to service at 7:00 AM on Wednesday, 9/27/23 at a reduced 75% load. SVCW has confirmed that the system is operating at a negative pressure at this reduced load, such that no uncontrolled emissions are escaping from the system. The circumstances leading to the need for this Emergency Variance were the result of a sudden and unforeseen failure of a new piece of air pollution control equipment the blower fan for the A-23 Packed Bed Scrubber. This failure was not the result of improper maintenance because the fan had been operating for only 19 days. This unforeseen failure resulted in the shutdown of back-up Fan #2 out of concern that whatever defect or condition that caused Fan #1 to catastrophically fail could also cause Fan #2 to similarly fail.

Requested Period of Variance: September 25, 2023 at 7:00 am to October 24, 2023 at 7:00 am

Estimated Excess Emissions: (provided by Applicant)

Pollutant	Net Emissions After Mitigation (lbs/day or Opacity%)
NPCO (methane)	10.6 pounds total, 4.1 pounds per highest day
POC	15.7 pounds total, 6.0 pounds per highest day
H₂S	23.5 pounds total, 10.0 pounds per highest day

Fees collected this quarter: \$148.37 in excess emission fees.

Status: Application for Emergency Variance filed by Applicant on September 28, 2023; Air District Staff Response filed on October 5, 2023; Hearing Board Response filed on October 17, 2023; Order Granting Emergency Variance filed on October 17, 2023.

THE HEARING BOARD ORDERED:

An Emergency Variance from Air District Regulations: ATC No. 29273, Permit Condition #26966, Parts 1, 3, and 5; BAAQMD Reg 2-1-307, Failure to Meet Permit Conditions; and BAAQMD Reg 9-2-301, Limitations on Hydrogen Sulfide, is hereby granted from September 25, 2023, at 12:00 AM, to October 24, 2023, at 11:59 PM. However, Permit Condition #26966, Sections 3 and 5, remains in effect and enforceable during the variance period when A23 and blower fan #2 are operational.

Docket: 3746 – APCO vs. Martin Marietta Materials, Inc. – Accusation of Violation of Regulation 2-1-302 and Request for Conditional Order for Abatement

Location: San Francisco County; City of San Francisco

Regulation(s): Regulation 2 Rule 1, Section 302 (Permits, General Requirements, Permit to Operate)

Synopsis: Respondent operates an unpermitted sand yard located at Pier 92 at 480 Amador Street in San Francisco (hereinafter “Facility” or “Pier 92”), on land owned by and leased from the Port of San Francisco.

From the APCO:

The Facility receives sand dredged from the San Francisco Bay, washes it, and stores it in stockpiles for sale to customers. The Facility’s operations result in emissions of air pollutants, including particulate matter and respirable crystalline silica. These are constituents of the sand that the Facility handles, and they can pose a threat to public health if they become airborne and are emitted into the air and the surrounding community in quantities exceeding applicable regulatory limits.

Until 2017, the Facility operated subject to an exemption from the Air District’s permitting requirements. This exemption provides that certain sand transfer operations do not need an Air District permit if the sand maintains a sufficient moisture level. Keeping the sand adequately wetted prevents particulate matter and crystalline silica from being emitted in quantities that would cause significant public health impacts. The Air District does not require a permit for the exempt operations, as long as they maintain a sufficient moisture content, given the low potential for significant air quality and public health impacts.

In June 2017, the Air District discovered that the sand was not being kept sufficiently wetted to satisfy the requirements for an exemption. At that point, the Facility required an operating permit under Air District Regulation 2-1-302.1 Ongoing operations after that point were, and have been, in violation of Regulation 2-1-302.

The Facility’s then-owner, Lehigh Hanson, Inc., applied for a permit in August 2017, and Air District staff have been evaluating the application since that time—initially with Lehigh Hanson, and more recently with Martin Marietta, which acquired the Facility in October of 2021.

Most recently, in July 2023, Martin Marietta proposed reconstructing the Facility completely and replacing the existing operation with a new, state-of-the-art facility. Replacing the current Facility with an upgraded facility will provide better protections for the community, a laudable goal.

The APCO seeks a Conditional Order of Abatement and compliance with interim operating conditions.

Fees collected this quarter: N/A

Status: Accusation filed by Complainant on October 3, 2023; Accusation Certificate of Service filed by Complainant on October 4 and 5, 2023; on October 4, 2023, Complainant requested pre-hearing conference with both parties and Hearing Board Chair; first pre-hearing conference held on October 17, 2023; on October 16, 2023, Respondent requested that the Hearing Board grant Respondent an additional 90 days (but no later than 20 working days before any scheduled hearing) to file its Notice of Defense (this was granted, with the new due date being March 18, 2024); second pre-hearing conference held on November 28, 2023; on February 8, 2024, parties filed joint status update and request for hearing date; Notice of Hearing (scheduled for April 16, 2024) filed and issued on February 15, 2024; joint status update sent to the Hearing Board on March 5, 2024; on March 15, 2024, Respondent requested that the Hearing Board grant Respondent an additional extension to file Notice of Defense (this was granted, with the new due date being March 25, 2024); on March 18, parties filed joint status update; on March 21, 2024, Respondent requested that the Hearing Board grant Respondent an additional extension to file Notice of Defense (this was granted, with the new due date being March 29, 2024); on March 27, parties filed joint status update; on March 27, 2024, Respondent deferred filing a Notice of Defense in this matter; on April 2, 2024, parties filed Joint Stipulation to Entry of Proposed Conditional Order for Abatement; third pre-hearing conference held on April 3, 2024; abatement hearing held on April 16, 2024; Conditional Order for Abatement issued on April 26, 2024.

Dockets: 3741 (Berkeley Landfill – Request for Regular Variance) & 3747 – APCO vs. Berkeley Landfill – Accusation of Violation of Regulation 8-34-301.1 and Request for Order of Abatement

NOTE: Docket 3741 (application for Regular Variance) was filed by the Applicant on May 30, 2023, and a hearing date was postponed multiple times. The hearing still had not occurred by December 31, 2023. 168 days after the filing of the Applicant’s variance application, the Air District filed Docket 3747 (accusation and request for Order of Abatement), on November 14, 2023, pertaining to the same operations and equipment as Docket 3741. The APCO requested that both dockets be heard together and the Hearing Board Chair agreed to do so. (Hearing held on January 23 and then February 6, 2024.)

Location: Alameda County; City of Berkeley

Regulation(s): Regulation 8, Rule 34, Section 301.1 & 113.2 (Organic Compounds, Solid Waste Disposal Sites, Landfill Gas Collection and Emission Control System Requirements)

Synopsis: The Berkeley Landfill, which has been closed since 1983, is currently developed as a City park known as Cesar Chavez Park, and is undergoing post-closure monitoring and maintenance through various programs administered by CalRecycle, San Francisco Bay Regional Water Quality Control Board, and the Air District. The City of Berkeley (Applicant) owns and operates Berkeley Landfill.

From Berkeley Landfill’s Variance Application (Docket 3741):

The Landfill’s GCCS collects landfill gas (LFG) from all areas of the landfill and sends it to a flare station where the LFG is combusted within an enclosed flare. The Landfill, which was

constructed on reclaimed tidelands of San Francisco Bay, began receiving waste in 1961 and continued operations until 1983.

The GCCS for the site was installed and became operational in 1988. In March 2009, the City petitioned for a Less than Continuous (LTC) Operation allowance for the GCCS. The petition was approved on April 30, 2009 and was repeatedly renewed on a 3-year cycle until the installation of a new, smaller flare was completed in May 2019. As the Landfill was operating on a LTC basis historically, there has not been a concern of exceeding the requirements of Air District Regulation 8, Rule 34, Part 113.2, which allows for up to 240 hours of inspection and maintenance downtime of the GCCS. In 2022, a petition for the continued LTC operation status at the Landfill was submitted to the Air District’s Permitting Division. Upon multiple information requests from the Air District for additional data and the Landfill providing said additional data, the Landfill decided to withdraw the petition as the Air District’s Permitting Division believed massive upgrades were required on the wellfield before they would re-grant the LTC operation status.

In 2015/2016, the City performed extensive below grade LFG vertical extraction well component upgrades (including lateral pipelines, valves, test ports and security access vaults) and replacements at the Landfill. Therefore, the City believes that no wells require additional repairs at this time, as the LFG composition and generation volume is representative of the age of the landfill and waste placed within.

As the 2022 petition for LTC was not granted by the Air District and subsequently withdrawn by the City, going into 2023, the Landfill was required to utilize the downtime hours as allotted by 8-34-113.2 for qualifying events per Air District Compliance Advisory issued in November 2018. As 2023 commenced, there were two issues which caused GCCS downtime to accrue at an unexpected rate, the first being thermocouple failure, and the second being heavy precipitation.

The GCCS will continue to operate, but it is unknown what event(s) could occur which may trigger additional downtime. As noted above, the depleted LFG available for recovery make it difficult to maintain continuous operation at the flare.

Requested Period of Variance: May 26, 2023 to December 31, 2023.

Estimated Excess Emissions: (From the Applicant) There have been no excess emissions at the Landfill, up to the present as some downtime is allowed up to 240 hours of downtime within a calendar year per the rule and Air District guidance. As it is not known the amount of downtime which may be required for the remainder of the year, we have conservatively estimated potential emissions based on the results of the 2022 source test at the flare, the historical flow rates and the methane concentrations in 2023. The tons per year were based on a conservative estimate of 240 hours of downtime beyond the original 240 hours of allotted downtime per 8-34-113.2.

Table 1. Estimated Excess Emissions (provide by Applicant)

Emissions	Lb/day	Tons/year
Volatile Organic Compounds (VOC)	0.87	0.0043
Non-Methane Organic Compounds	0.89	0.0045
Hazardous Air Pollutants	0.05	0.0003

*Emissions estimates are based on proposed operation of 24 hours/day and 240 hours/year
From Air District's Accusation (Docket 3747):*

The Air District seeks an Abatement Order to require testing for possible offsite migration of landfill gas; locate, repair, and operate lost landfill gas collection wells; repair leaks; and implement better inspection, repair and monitoring of Respondent's flare and Landfill Gas Collection and Control System (GCCS), including landfill gas collection wells and other piping. These measures are all necessary to reduce emissions of landfill gas to the atmosphere.

The APCO seeks an Order of Abatement against Berkeley Landfill to address ongoing, repeated violations of Air District Regulation ("Reg.") 8-34-301.1, California Code of Regulations ("CCR") Title 17, Section 95464(b)(1)(A), part of 17 CCR Sections 95460-94476, the State Landfill Methane Rule ("State LMR"), and its Permit Condition ("P/C") 1826, Part 3, each of which require continuous operation of the Landfill's GCCS. Air District Regulation 8-34 is a federally enforceable regulation. Those violations have resulted in illegal unabated emissions of harmful landfill gas at the Berkeley Landfill.

Berkeley Landfill is a closed landfill owned by the City of Berkeley (the "City") and currently developed as Cesar Chavez Park. The Landfill has been closed, i.e. not accepting any new solid waste, since 1983. As part of required post-closure operations, the Landfill operates a GCCS, which collects landfill gas from the decomposing material in the Landfill and combusts it in an enclosed flare. The Landfill has contracted with SCS Engineers ("SCS") for the operation and maintenance of the Landfill and its GCCS and for compliance monitoring and measures necessary to comply with Air District and CA Regulations.

Landfill Gas ("LFG") is comprised of Methane which is a potent greenhouse gas, Carbon Monoxide ("CO"), Non-methane Organic Compounds ("NMOC"), Toxic Air Contaminants ("TACs"), and other compounds which can be emitted when the Gas Collection System ("GCS") and flare are not operated continuously and when there are leaks of landfill gas from the landfill surface and/or from GCCS components. In fact, the Air District has determined that Berkeley Landfill is not operating its GCCS continuously, which results in illegal emissions to atmosphere.

BERKELEY LANDFILL IS OPERATING IN VIOLATION OF THE REQUIREMENT THAT IT CONTINUOUSLY OPERATE ITS GAS COLLECTION SYSTEM.

The Air District seeks an abatement order prohibiting the Berkeley Landfill from violating Reg. 301.1, its Permit Condition 1826, and the State LMR section 95464(b)(1)(A) and requiring that it takes a series of actions designed to bring the operations into compliance. These compliance actions include:

- a. locating, repairing, and confirming all landfill gas collection wells required by the Landfill's Permit to Operate are collecting landfill gas;*
- b. repairing LFG leaks;*
- c. inspecting, repairing, and, if necessary, submitting a permit application to modify its GCS to optimize LFG collection and minimize air (oxygen) intrusion;*
- d. collecting and testing methane gas at all offsite monitoring probes to determine whether or not it is LFG from the Berkeley Landfill;*

- e. *contracting the flare manufacturer to inspect and properly service the Landfill's onsite flare; and conducting a site-wide drone survey to detect LFG leaks to aid in GCS repair and possibly identify the offsite gas migration pathway*

Fees collected this quarter (for Docket 3741, which was a variance): \$0

Status of Docket 3741 (variance): Application for Regular Variance filed by Applicant on May 3, 2023; Application for (additional) Interim Variance filed by Applicant on June 6, 2023 (explanation letter filed on June 7, 2023); Notice of Hearings filed on June 7, 2023 (hearing date of June 27 for interim variance and August 1, 2023 for regular variance); Request to Withdraw Interim Variance Application (by Applicant) and subsequent Order for Dismissal of Interim Variance Application filed on June 21, 2023; request for continuance of Regular Variance hearing by Applicant filed July 11, 2023; Notice of Continued Hearing filed on July 14, 2023 (new hearing date of September 19, 2023); joint request for continuance of Regular Variance hearing submitted August 28, 2023; Notice of Continued Hearing filed on August 30, 2023 (new hearing date of November 7, 2023); joint request for continuance of Regular Variance hearing submitted October 18, 2023; Notice of Continued Hearing filed on October 23, 2023 (new hearing date of December 5, 2023); Applicant filed Opening Brief and Motion to Permit Amendment to Variance Application on November 30, 2023 (Hearing Board Chair granted this request); Air District submitted Opposition to Regular Variance on January 20, 2024 (rejected by Hearing Board); Applicant submitted Objection to Air District's Opposition to Regular Variance and Request to Strike from the Record on January 21, 2024 (rejected by Hearing Board); Air District submitted Opposition to Motion to Strike from the Record on January 22, 2024 (rejected by Hearing Board); first day of hearing held on January 23, 2024; Notice of Continued Hearing (additional date of February 6, 2024) filed and issued on January 25, 2024; second (and final) day of hearing held February 6, 2024; Order Denying Regular Variance filed February 16, 2024.

HEARING BOARD ORDERED:

Based on the record before it, the HEARING BOARD does not find that Applicant has established that the relevant conditions are beyond Applicant's reasonable control, as required by Health and Safety Code Section 42352, subdivision (a)(2). The Application for Regular Variance, as amended, from the provisions BAAQMD Regulation 8, Rule 34, Sections 113.2 and 301.1, PTO Condition 1826, Part 3, and/or for approval to operate the GCCS less than continuously pursuant to BAAQMD Regulation 8, Rule 34, Section 404, is hereby DENIED.

Status of Docket 3747 (accusation): Accusation filed by Complainant on November 14, 2023; Notice of Hearing (combining Dockets 3741 & 3747 on same day of December 5, 2023) filed and issued on November 27, 2023; request for continuance of combined Regular variance and accusation hearings submitted by Applicant (within Applicant's Notice of Defense) on November 28, 2023; Complainant filed Response to the Applicant's Notice of Defense on November 29, 2023; Notice of Continued Hearing (combining Dockets 3741 & 3747 on same day new date of January 23, 2024) filed and issued on November 30, 2023; Complainant submitted [Proposed] Findings and Decision for an Order of Abatement on January 19, 2024 (rejected by Hearing Board); first day of hearing held on January 23, 2024; Notice of Continued Hearing (additional date of February 6, 2024) filed and issued on January 25, 2024; second (and final) day of hearing held February 6, 2024; Findings and Decision for Conditional Order of Abatement filed February 16, 2024

Fees collected this quarter: N/A

HEARING BOARD ORDERED:

Respondent to immediately cease and desist from operating Respondent's closed Landfill in a manner that violates Air District Reg. 8-34-301. 1 or that violates the Landfill's P/C 1826, which require both the continuous operation of its landfill gas (LFG) collection system, consisting of 42 vertical wells, 2 horizontal collectors, 14 trench collectors, and the proper maintenance of and continuous operation of Flare A-4 combusting the collected LFG at a temperature of at least 1,400 degrees Fahrenheit, unless and until the Air District determines compliance action conditions and increments of progress as set forth in 11 conditions have been met. (Detailed order is available on Hearing Board webpage.)

Docket: 3750 – FERMA Corporation – Request for Regular Variance *(Actions pertaining to this docket that extend into February 2024 are captured in this report.)*

Location: Santa Clara County; Moffett Federal Airfield

Regulation(s): Regulation 11 Rule 2 (Hazardous Pollutants, Asbestos demolition, Renovation, and Manufacturing)

Synopsis: The roof of a 200-foot-tall blimp hangar contains non-friable asbestos felt paper, and is in need of demolition to eliminate the risk of building collapse.

From Applicant:

Variance being sought for Regulation 11 Chapter 2 Regulation 303.4, for the non-friable ACM felt paper material sandwiched within the roof structure. Specifically, the statement that "such sections if elevated shall be carefully lowered to ground level, where they are to be abated in accordance with subsection 11-2-303.1 and/or 303.2." All other requirements within Regulation 11 Rule 2 will be followed.

NASA prepared an Environmental Assessment for this project to support the deconstruction of Hangar 3 to remedy its unsafe condition and eliminate the unacceptable structural hazard it poses. Since Planetary Ventures, LLC commenced leasing the Hangar in 2015, ongoing efforts to rehabilitate Hangar 3 have proven to be ineffective. Significant efforts have been undertaken to repair the damaged trusses yet it was not possible to keep up with the damage progression continuously advancing throughout the structure. While a temporary internal shoring and hydraulic jacking system is in place, the building is currently unsafe for occupancy and vulnerable to further damage and collapse, especially from seismic or high wind load events. The purpose of the project is to remedy this unsafe condition and eliminate an unacceptable structural hazard.

This project eliminates the risk of continued degradation or collapse of hangar 3 under normal or adverse conditions, thereby protecting life and property. Reference the included sections of the environmental assessment - Appendix A.1, A.3 & A.4 prepared by KPFF, the structural engineer of record. Overall, the hangar structure has existed well past its original design life. Varying levels of damage exist to the timber framing. The structure remains unsafe and is very vulnerable to

further damage or partial collapse while left in its current un-repaired state. Based on structural engineer's professional opinion, the hangar is unsafe, should not be occupied and could become a potential site hazard from seismic and/or high wind forces. Structural investigations indicate that the structure is vulnerable to future collapse. Therefore, the removal of the asbestos roofing felt paper within "303.4 Removal in Units" regulation is unachievable. All roofing material will be off-hauled as asbestos containing material.

Removal will be implemented in accordance with the following; Once the area has been secured, the excavator will begin removing the hangar roof structure from the top. The machine will utilize a bucket and thumb along with a processor attachment. There will be a misting machine along with water attachments that are integrated into the excavator and utilized to constantly wet the point of impact to the hangar roof, satisfying subsection 11-2-303.1. The operator will use the attachment to remove pieces of the roof letting them descend to the ground. During this descent there will be an abundance of water saturating the material as it makes its way to the ground. This water will all be contained and collected and run through an above ground treatment system prior to discharge. Once the material is on the ground, in accordance with subsection 11-2-303.4, the roofing material shall be kept adequately wetted at all times during demolition, during handing and during loading, and shall be sealed in leak-tight containers for transport as asbestos abatement waste to a disposal site.

Requested Period of Variance: March 2024 to March 2025

Estimated Excess Emissions: None by Applicant.

Fees collected this quarter: \$9,256.00 in filing fees.

Status: Application for Regular Variance filed by Applicant on December 22, 2023; Notice of Hearing (hearing date of February 27, 2024) filed and issued on January 11, 2024; on February 23, 2024, parties submitted joint proposed variance conditions; hearing held on February 27, 2024; Order Granting Regular Variance issued March 8, 2024.

Respectfully submitted,

/s/ Valerie J. Armento

Valerie J. Armento, Esq.
Chair, Hearing Board

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: May 15, 2024

Re: Update on the Air District's Management Audit Responses

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Human Resources

In 2022, the Air District engaged Sjoberg Evashenk Consulting, Inc. to conduct a Performance Audit of the Human Resources Office (HRO). Their November 2, 2022 report resulted in the creation of the HR Corrective Action Plan (CAP) that provided numerous recommendations to improve HR's procedures and align with industry best practices. Additionally, two significant projects, a classification and compensation system study, and an overhaul of Division III of the Administrative Code, were recommended.

In 2023, HRO issued 2 separate RFPs for each of the projects and contracted with consultants to lead each project. Both projects are scheduled to be completed by December 2024.

My Air Online

The primary objective of the My Air Online project is the replacement of two legacy computer systems with improved modern systems. The older of the two legacy systems, called DataBank, served the function of calculating emissions, calculating fees, issuing permits and issuing invoices for the approximately 12,000 businesses regulated by the Air District. DataBank was initially developed and put into operation in 1977 on computer hardware built in the late 1960s. The newer of the two legacy systems, called IRIS, was developed in the late 1990s and served as the electronic system for most enforcement related business processes including dispatch of inspectors, recording of notices of violations, inspections of businesses, fine collections, and other related functions.

The My Air Online system is intended to replace both of these outdated legacy systems and has been in partial operation since 2012. Staff provided a My Air Online project update at the April 19, 2023, Board of Director's meeting where staff noted that the District's management performance auditors (Sjoberg Evashenk) would present preliminary audit findings to the Finance and Administration Committee (FAC) prior to the next project funding request scheduled for November 1, 2023. Staff also indicated that an estimated additional \$3 million (M) would be required to fund the My Air Online project for the remaining eight months of Fiscal Year Ending (FYE) 2024.

During the April 19, 2023, Board of Directors meeting, staff also announced that the legacy systems would be decommissioned in early 2024, and staff forecasted that project funding would progressively decrease in FYE 2025 and 2026, resulting in a normal operational cost of approximately \$1.1M in the 2027 timeframe.

Sjoberg Eveshank presented the preliminary audit findings and recommendations for My Air Online to the Finance and Administration Committee on October 18, 2023. The findings described deficiencies in past project management practices, the need for additional governance and transparency, and made recommendations for changes. The auditor noted that the new management team has made significant progress in implementing the recommendations to date.

After the auditors' presentation, staff presented the status of the decommissioning of legacy permitting and enforcement computer systems, the implementation schedule for the new My Air Online replacement systems and a request to recommend contract amendments to the Finance and Administration Committee on October 18, 2023. The FAC Committee provided a recommendation to the Board of Directors to authorize the contract amendments. The Board of Directors authorized the requested contract amendments on November 1, 2023.

DISCUSSION

Human Resources

Nearly all the recommendations listed in the 2022 audit have been completed apart from the two longer-term comprehensive projects. Each of the projects is extensive and requires multiple stages to complete. The consultants have conducted focus groups with Board members, executives, supervisors, managers, and represented employees to ensure their feedback is included when creating plans and solutions for these projects.

Classification and Compensation Study

The initial task of the classification and compensation redesign was to create a Compensation Philosophy, which was approved by the Board on March 6, 2024. Our consultant, Compensation Connections, is currently reviewing position documentation to create or update classifications and position descriptions. The final step will include a review of compensation and benefits.

Administrative Code

Two of the three Divisions of the Administrative Code were approved by the Board in December 2023. Currently, Division III, which encompasses Human Resources Policies and Procedures is being revised by Baker Tilly Consultants. We plan to edit existing policies as well as create new recommended policies to ensure best practices in managing our HR functions at the Air District.

My Air Online

In May 2023, new leadership undertook project oversight and formed strategic partnerships with Engineering and Enforcement Divisions with the aim of restructuring the My Air Online project for improved efficiency, transparency and accountability. This change refocused the project priorities on decommissioning the antiquated legacy systems and implementing the recommendations from the My Air Online Management Audit. The recommendations from the management audit are listed below along with the implementation status:

- 1) Increase project transparency and establish project governance
 - Assign IT project oversight to the Chief Technology Officer - **Complete**
 - Management reporting to the Board of Directors - **Complete**
 - Project oversight by a Board Committee - **Complete**
- 2) Implement leading project management practices
 - Implement standardized project management framework - **Complete**
 - Implement standardized contract and vendor management - **Complete**
- 3) Evaluate vendor lock-in and complete knowledge transfer
 - Document system design - **In Progress**
 - Onboard or train staff with expertise necessary to maintain the system - **In Progress**

In conjunction with the implementation of these recommendations, the Air District successfully decommissioned the legacy systems in January 2024, two months ahead of the schedule presented to the Finance and Administration Committee on October 18, 2023. Maintenance of the legacy systems required seven full-time positions and approximately \$400,000 per year in services and supplies that are no longer needed for operations, resulting in an annual cost savings of approximately \$1.8 Million.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: John Chiladakis and Lisa Baker

Reviewed by: Philip M. Fine

ATTACHMENTS:

1. Management Audit Status Presentation



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 5

Update on the Air District's Management Audit Responses

**Finance and Administration Committee Meeting
May 15, 2024**

John Chiladakis
Deputy Air Pollution Control Officer
Chief Technology Officer
jchiladakis@baaqmd.gov

Hyacinth Hinojosa
Deputy Executive Officer
Finance and Administration
hhinojosa@baaqmd.gov

Management Audit Status Agenda



Staff will present an update on the corrective actions taken in response to the Air District's Management Audit in Human Resources and My Air Online.

- Human Resources Corrective Action Plan Update
- My Air Online (Enterprise Technology Solutions) Update
- Status of Completed Audits

Human Resources Corrective Action Plan Status



Complete	Audit #	Planned Action
✓	1.1	Establish policy and procedures and implement controls that require board action and the Chair of the Board to authorize by signature the salary for individuals acting in Board appointed positions
✓	1.2	Present compensation plan to the Board and removal of benefits from the administrative code. RFQ to engage services for Administrative Code update
✓	1.3	Staff will consult with District Counsel regarding the potential for recovering acting pay provided to non-represented employees in conflict with the Administrative Code
✓	1.4	Initiate RFQ for outside services to conduct an independent review and documentation of FLSA status for every position. Seek EA and Board approval
✓	1.5	Short Term – Staff will develop management policy that requires completion of timely and accurate performance evaluations Long Term Staff will engage with Employees association to develop RFQ for services to overhaul the performance evaluation system
✓	1.6	In consultation with the Board of Directors, Initiate RFQ for service to facilitate strategic planning for the agency, strategic planning for HR and setting of compensation philosophy as part of the HR strategic plan
Estimated Completion Date: 12/2024	1.7	In consultation with the Board of Directors, develop compensation plan and maintenance protocols consistent with the overall strategic plan
✓	1.8	The Executive Officer sent a memo to all staff on 12/19/2022, establishing a new policy with default “Needs Improvement” rating for not completing evaluations when probation or salary increases are due
✓	1.9	Develop Board direct reports succession resolution for Board authorization

Human Resources Corrective Action Plan Status (cont.)



Complete	Audit #	Planned Action
✓	2.1a	Staff will develop governing policy and Administrative Operating Procedures (AOP) to assure proper controls listed in the recommendations.
✓	2.1b	Staff will include controls in the policy and procedures established under 2.1.a that require signature of finance division director or designee
✓	2.2	Staff will include the steps recommended in 2.2 into the annual budget process. Create an AOP for mid-year personnel budget adjustments
✓	2.3	Staff will include the steps recommended in 2.2 into an AOP for position status changes.
✓	2.4	Staff will initiate a procurement for outside services to conduct an independent classification study that includes the scope listed under recommendation 2.4
✓	2.5	Staff will include the steps recommended in 2.5 into an Administrative Operating Procedure for position status changes.

Human Resources Corrective Action Plan Status (cont.)



Complete	Audit #	Planned Action
✓	3.1 a,b,c	Staff will develop and implement policy and Administrative Operating Procedure (AOP) to for the governance of paper and electronic records in accordance with audit recommendations 3.1, secretary of state guidelines and the District’s Administrative Code requirements.
✓	3.2	Legal staff will review records retention schedule and draft updates for board approval.
✓	3.3	Staff will obtain a list of currently authorized personnel for the Human Resources file room from building security, assure that list conforms to need to know, and create Policy and AOP for maintaining that list.
✓	3.4	In consultation with the Board of Directors, Initiate RFQ for service to facilitate strategic planning for the agency, strategic planning for HR and setting of compensation philosophy as part of the HR strategic plan.
✓	3.5	Staff will initiate a procurement for services to conduct an independent review and recommendations for all HR policy and AOP updates.
Estimated Completion Date: 12/2024	3.6	Staff will develop and implement policy and Administrative Operating Procedure (AOP) for the governance of background checks to include the recommendations in section 3.6 of the HR Audit Report.
✓	3.7	Staff will migrate resources and tasks from Human Resources Division to Financial Resources Division in consultation with the employees responsible for the activities.
✓	3.8	Staff will migrate resources and tasks from Human Resources Division to Information Services Division in consultation with the employees responsible for the activities.

Human Resources Corrective Action Plan Estimated Timeline



	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025
Classification & Compensation Study (Audit # 1.7)						
Revise and update Division III of the Administrative Code: Personnel Policies and Procedures (Audit # 3.6)						



Project to decommission legacy computer systems that support permitting and enforcement operations

- Project started in 2007 – 17 years ago with goal of decommissioning legacy computer systems
- Operating with three systems since 2012 (My Air Online and two legacy systems one from the 1970s and one from 1999)
- New project team May 2023
- Audit recommendations presented to Finance and Admin committee in October 2023
- Auditor noted most of the recommendations were already underway
- Staff committed to decommissioning both legacy computer systems before April 1, 2024

Audit Recommendation Status



- 1) Increase project transparency and establish project governance
 - Assign IT project oversight to the Chief Technology Officer - **Complete**
 - Project oversight by a Board Committee - **Complete**
- 2) Implement leading project management practices
 - Implement standardized project management framework – **Complete**
 - Implement standardized contract and vendor management - **Complete**
- 3) Evaluate vendor lock-in and complete knowledge transfer
 - Document system design - **In Progress**
 - Onboard or train staff with expertise necessary to maintain the system - **In Progress**

Celebrating the Decommissioning of Both Legacy Systems



1977

1999

2012

2023

2024



Databank – HP 3000

```

:showms
USER: #87,MANAGER.SYS,PUB (NOT IN BREAK)
RELEASE: C.75.00 MPE/1X HP31000 C.45.05 USER VERSION: C.75.00
CURRENT: FRI, SEP 0, 2013, 11:31 AM
LOGIN: FRI, SEP 0, 2013, 10:19 AM
CPU SECONDS: 1 CONNECT MINUTES: 72
$STDIN LDEV: 2 $STDLIST LDEV: 2
:showjob

JOBNUM STATE IPRI JIN JLIST INTRODUCED JOB NAME
#81 EXEC 20 20 FRI 9:48A OPERATOR.SYS
#12 EXEC 108 LP FRI 9:48A JINETO,MANAGER.SYS
#87 EXEC 2 2 FRI 10:19A MANAGER.SYS

3 JOBS:
0 INTRO
0 WAIT; INCL 0 DEFERRED
3 EXEC; INCL 2 SESSIONS
0 SUSP
JOBFENCE= 1; JLIMIT= 0; SLIMIT= 0

[MODIFY] [MODIFY] [BLOCK] [REMOTE] [SMOOTH] [MEMORY] [DISPLAY] [AUTO]
[MODIFY] [ALL] [MODE] [MODE] [SCROLL] [LOCK] [FUNCTNS] [721 x 470]
    
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IRIS – HP 9000 Enforcement Operations



Desktop HP 3000 minicomputers from Hewlett-Packard Company, such as the System 932, are ideal for today's office or lab environments because they offer high performance and data-storage capacity in a compact package. (PRNS4700001)



Decommissioned
January 2024



Cost Savings from Decommissioning

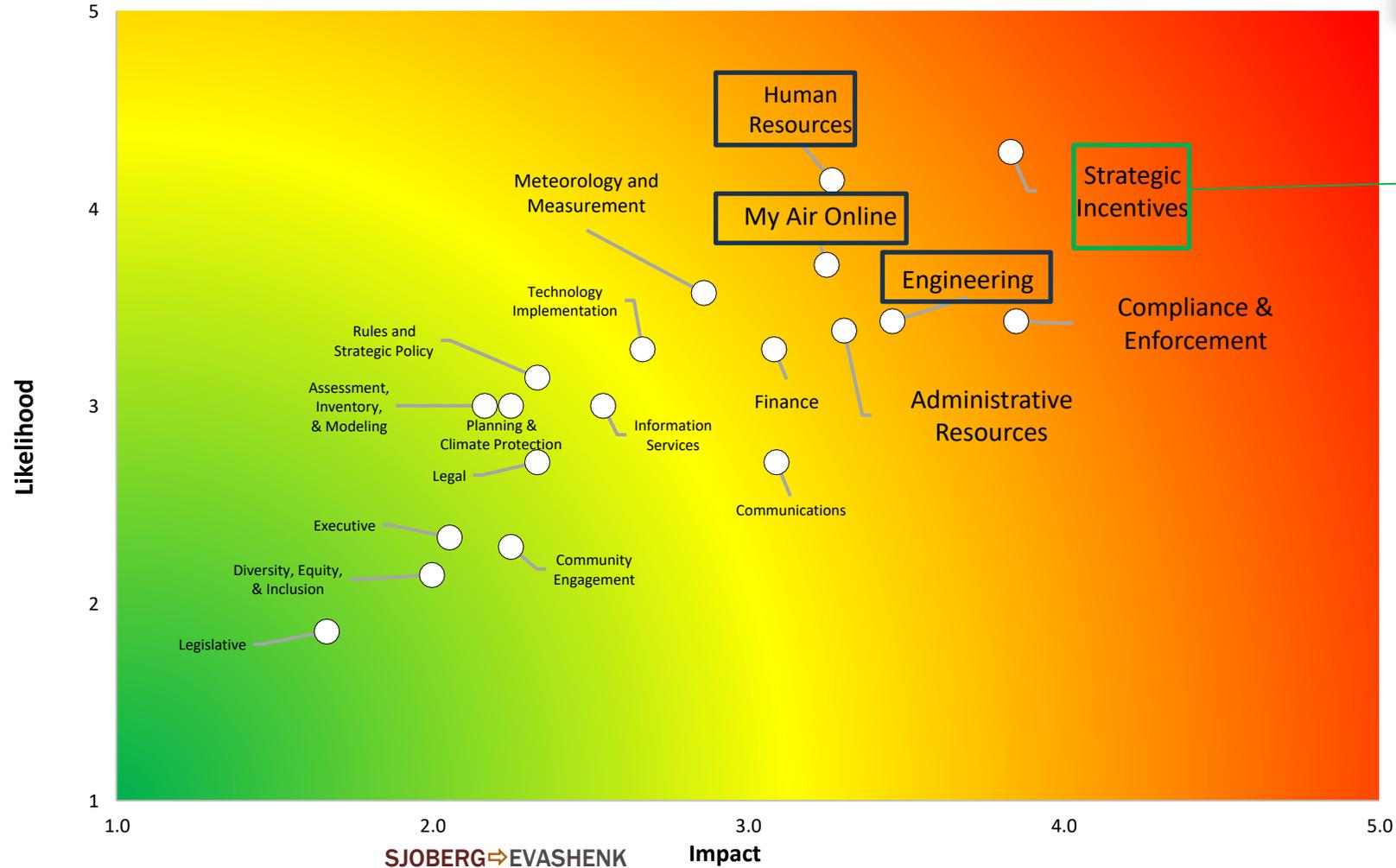


- 7 FTEs ~ \$1.4M Fully Burdened
- \$400,000/Year Services and Supplies
- Total Savings \$1.8M/Year

Completed Audits



Air District-wide Risk Ratings



Programmatic Audit in progress by CARB

- Other divisions/programs are in various stages of assessment and transition under new Deputy EO team
- Recommendation: Pause external management audits allowing time for internal assessments and Strategic Plan implementation planning

Recommended Action



- None.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Memorandum

To: Chairperson Davina Hurt and Members
 of the Finance and Administration Committee

From: Philip M. Fine
 Executive Officer/APCO

Date: May 15, 2024

Re: Online Permitting and Compliance System (My Air Online) Status Update and
 Authorization to Execute Contract Amendments

RECOMMENDED ACTION

The Committee will consider recommending the Board of Directors authorize the Executive Officer/APCO to amend current vendor contracts to extend the term of each contract through July 1, 2025, and increase the contracted amounts by the amounts listed below for projected expenditures during the first half of Fiscal Year Ending (FYE) 2025. These expenditures will be contingent upon the Board of Director's approval of the proposed FYE 2025 budget which includes these funds.

Vendor	Contract Number	Procurement Method	Service Description	Not to Exceed for this Authorization
C & G Technology Services, Inc.	2020.103	RFQ# 2022-019	Software quality assurance and business analysis services	\$400,000
ClearSparc	2020.101	RFQ# 2022-019	Software development and documentation services	\$550,000
IT Dependz, Inc.	2020.100	RFQ# 2022-019	Business analysis and design services	\$150,000
Support Focus, Inc.	2020.167	RFQ# 2022-019	Database design and development services	\$300,000
Total				\$1.4M

BACKGROUND

The primary objective of the My Air Online project is the replacement of two legacy computer systems with improved modern systems. The older of the two legacy systems, called DataBank, served the function of calculating emissions, calculating fees, issuing permits and issuing invoices for the approximately 12,000 businesses regulated by the Air District. DataBank was initially developed and put into operation in 1977 on computer hardware built in the late 1960s. The newer of the two legacy systems, called IRIS, was developed in the late 1990s and served as the electronic system for most enforcement related business processes including dispatch of inspectors, recording of notices of violations, inspections of businesses, fine collections, and other related functions.

The My Air Online system is intended to replace both of these outdated legacy systems and has been in partial operation since 2012. Staff provided a My Air Online project update at the April 19, 2023, Board of Director's meeting where staff noted that the District's management performance auditors (Sjoberg Evashenk) would present preliminary audit findings to the Finance and Administration Committee (FAC) prior to the next project funding request scheduled for November 1, 2023. Staff also indicated that an estimated additional \$3 million (M) would be required to fund the My Air Online project for the remaining eight months of Fiscal Year Ending (FYE) 2024.

During the April 19, 2023, Board of Directors meeting, staff also announced that the legacy systems would be decommissioned in early 2024, and staff forecasted that project funding would progressively decrease in FYE 2025 and 2026, resulting in new development and maintenance costs dropping from \$3.1M per year to \$2.9M per year.

Sjoberg Evashank presented the preliminary audit findings and recommendations for My Air Online to the FAC on October 18, 2023. The findings described deficiencies in past project management practices, the need for additional governance and transparency, and made recommendations for changes. The auditor noted that the new management team, which took over project oversight in May 2023, has made significant progress in implementing the recommendations to date.

After the auditors' presentation, staff presented the status of the decommissioning of legacy permitting and enforcement computer systems, the implementation schedule for the new My Air Online replacement systems and a request to recommend contract amendments to the FAC on October 18, 2023. The FAC provided a recommendation to the Board of Directors to authorize the contract amendments. The Board of Directors authorized the requested contract amendments on November 1, 2023.

During the November 1, 2023, Board meeting, staff provided a projection that the My Air Online development and operational costs in FYE 2025 should be reduced to \$2.9M from the \$3.1M budgeted in FYE 2024.

DISCUSSION

The Air District successfully decommissioned the legacy permitting and compliance computer systems in January 2024, two months ahead of the schedule presented to the FAC on October 18, 2023. Maintenance of the legacy systems required seven full-time positions and approximately \$400,000 per year in services and supplies that are no longer needed for operations, resulting in an annual cost savings of approximately \$1.8M.

This request would provide \$1.4M in funds to be utilized in the first half of FYE 2025 to enhance the functionality of the My Air Online permitting and compliance system in the following areas:

- Coordinate with community representatives in the development of technologies that provide transparency in permitting and compliance activities
- Provide systems for reporting of business metrics that identify bottlenecks in the permit application and renewal processes
- Provide an interface that clearly identifies permit application status for external and internal stakeholders
- Modify the permitting process to include additional status values that enhance permit tracking
- Enhance status reporting for engineering, legal and compliance workflows
- Provide interfaces to visualize emissions data on geographical maps within the Air District's website
- Provide for enhanced reporting on enforcement inspection activities

Staff recommends the continued use of existing platform software and professional service providers qualified under the Air District's competitive procurement Request for Qualifications (RFQ) #2022-019 conducted in 2022. In addition, the Air District has successfully collaborated with vendors C&G Technology Services, Inc., ITDependz, Inc., and SupportFocus, Inc. in prior design, software development and quality assurance engagements. The total amount requested under this item is shown in Table 1 by vendor.

Table 1 Amount Requested

Vendor	Duration of Work /Contract Number	Services (Various Projects)	Total Spent With Vendor on Current Contract	Additional Amount Requested
C & G Technology Services	2020-Present / 2020.103	Software Testing	\$3,698,475	\$400,000
ClearSparc	2020-Present / 2020.101	Software Development	\$5,969,889	\$550,000
ITDependz	2020-Present / 2020.103	Software Development	\$2,689,402	\$150,000
Support Focus	2020-Present / 2020.167	Database Development	\$1,571,864	\$300,000
			Total	\$1.4M

In addition to this request, an additional request to complete a documentation and knowledge transfer effort, recommended by the management audit, will be presented to the Board of Directors during the first half of FYE 2025 after a competitive procurement is conducted for those services.

The total amount spent with each of the contracted vendors over the life of this project is included in Table 2 for completeness. In accordance with the Air District's procurement policies, a new competitive procurement will be conducted during FYE 2025 to select vendors for future services related to these systems.

Table 2 Total Amount Spent with Vendors

Vendor	Duration of Work	Services (Various Projects)	Total Spent With Vendor to Date	Additional Amount Requested
C & G Technology Services	2013-Present	Software Testing	\$6.4M	\$400,000
ClearSparc	2015-Present	Software Development	\$11.7M	\$550,000
ITDependz	2010-Present	Software Development	\$8.1M	\$150,000
Support Focus	2020-Present	Database Development	\$1.6M	\$300,000
			Total	\$1.4M

BUDGET CONSIDERATION/FINANCIAL IMPACT

The \$1.4M requested for these contracts is included in the proposed FYE 2025 Enterprise Technology Solutions budget.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: John Chiladakis
Reviewed by: Philip M. Fine

ATTACHMENTS:

1. My Air Online Status Update and Authorization to Execute Contracts Presentation



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 6

My Air Online Status Update and Authorization to Execute Contract Amendments

**Finance and Administration Committee
May 15, 2024**

**John Chiladakis
Deputy Air Pollution Control Officer
Chief Technology Officer
jchiladakis@baaqmd.gov**

Presentation Outline



- My Air Online Recap
- Project Costs
- Planned Functionality
- Funding Request

My Air Online Project- Recap



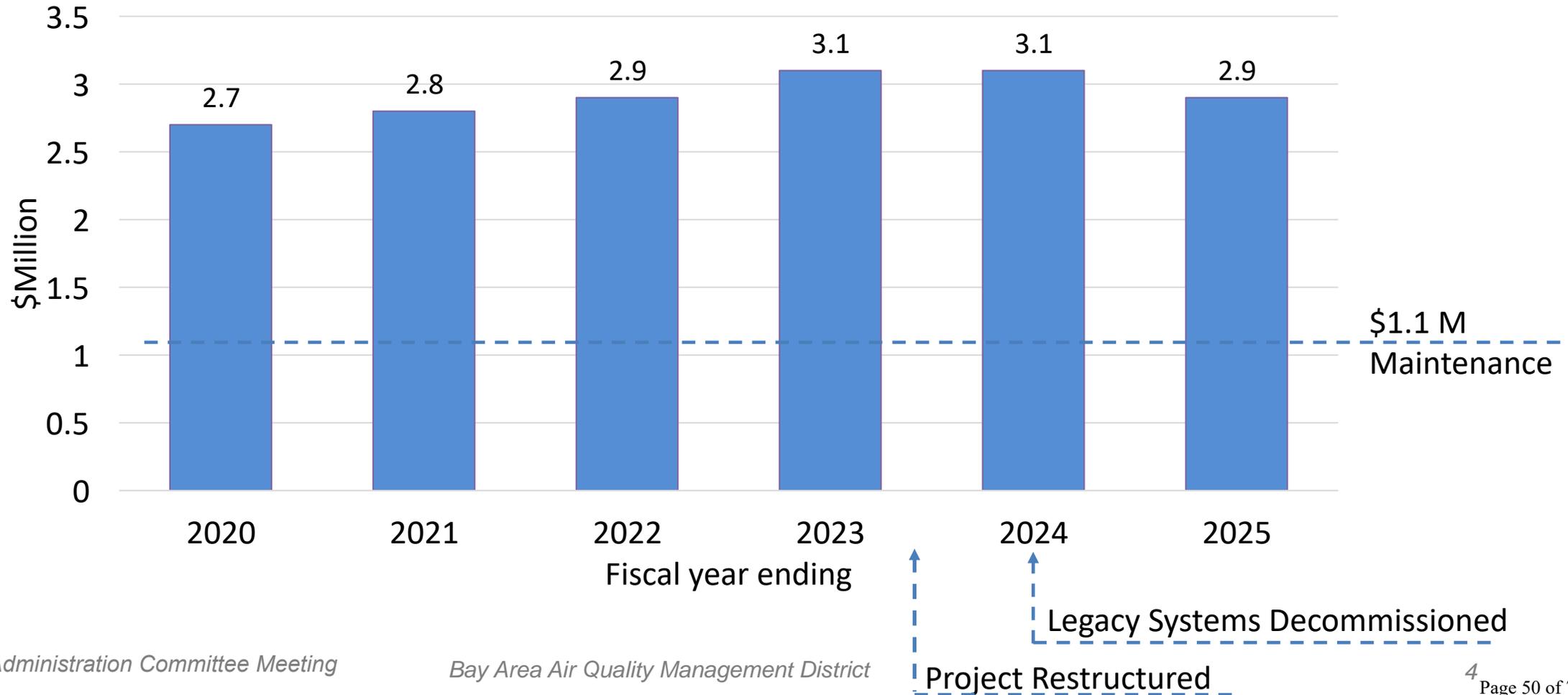
Project to decommission legacy computer systems that support permitting and enforcement operations

- Project started in 2007 – 17 years ago with a goal of decommissioning legacy computer systems
- Operating with three systems since 2012 (My Air Online and two legacy systems one from the 1970s and one from 1999)
- New project team May 2023
- Both legacy systems decommissioned in January 2024

Past and Projected Costs for Maintenance and Development



Annual Maintenance and New Development Costs



Cost Savings from Legacy System Decommissioning

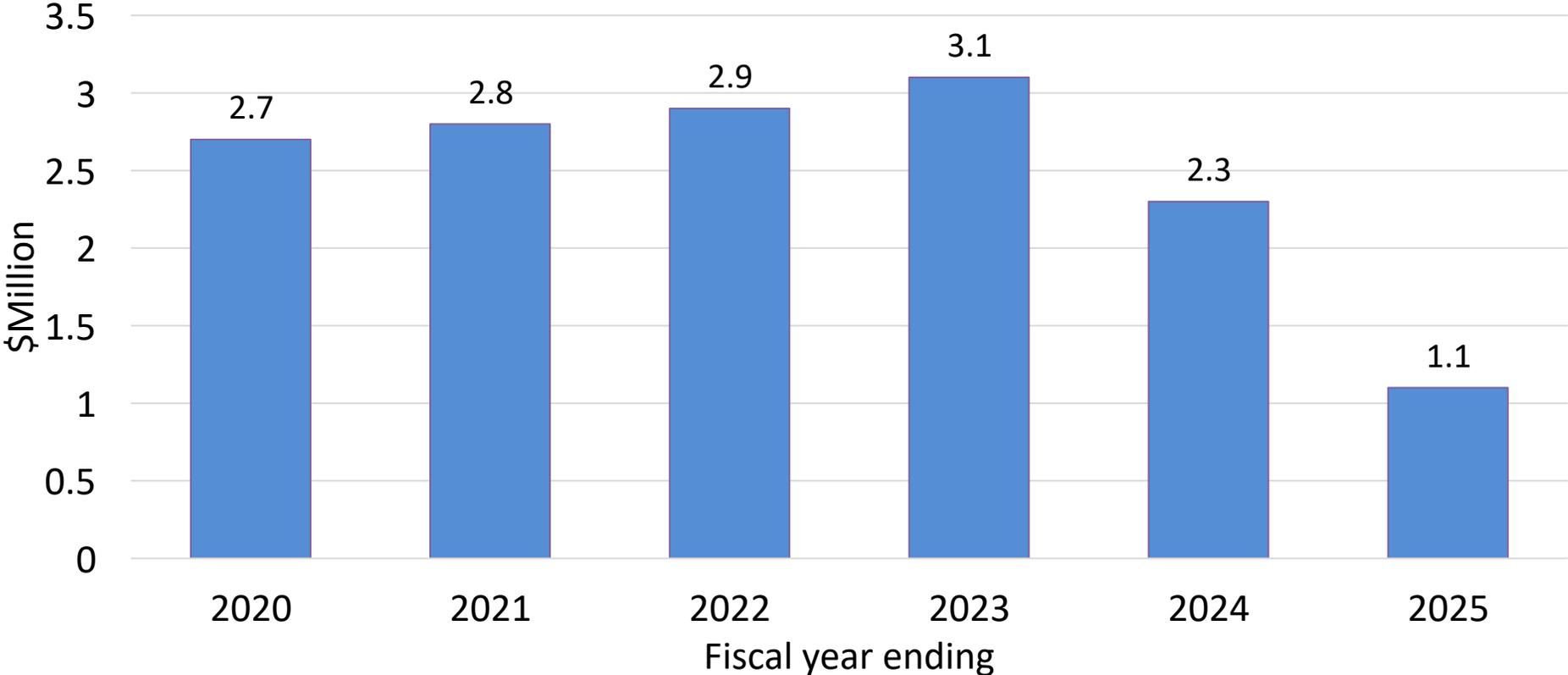


- 7 FTEs ~ \$1.4M Fully Burdened
- \$400,000/Year Services
- Total Savings \$1.8M/Year

Past and Projected Costs with Decommissioning Savings



My Air Online – Annual Costs with Decommissioning Savings



My Air Online – Enterprise Technology Solutions



FYE 2024

- Legacy Decommissioning
- Transition and Performance Enhancements
- Legal Department Integration

FYE 2025

- New Competitive Procurement
- Enforcement and Permitting Enhancements
- Full Documentation / Knowledge Transfer
- Resiliency and Security Enhancements
- Integrate Strategic Planning Community Facing Transparency

FYE 2026

- Updates and Maintenance
- Efficiency Enhancements
- Community Facing Applications

My Air Online – Enterprise Technology Solutions FYE 25



- Coordinate with community to develop technologies that provide transparency in permitting and compliance
- Provide systems to report business metrics that identify bottlenecks
- Provide an interface that clearly identifies permit application status for external and internal stakeholders
- Enhance status reporting for engineering, legal and compliance workflows
- Provide geographical maps on the website with emissions information

Examples of Features in My Air Online Applying for a permit



BAY AREA AIR QUALITY MANAGEMENT DISTRICT PERMIT APPLICATION

76 GAS STATION #111211 #701174

← BACK TO CUSTOMER PORTAL / GASOLINE DISPENSING OPERATION FORM

1 GENERAL 2 DEVICES 3 ESTIMATED EMISSIONS 4 EVALUATION INFO 5 CONDITIONS & REGULATIONS 6 FEES

S1 Gasoline Dispensing Operation Gasoline Dispensing Operation Form

A DEVICE INFORMATION B MATERIAL USAGE C DEVICE OR OPERATION LOCATION

DEVICE LOCATION

Editing the location of this device is currently disabled

← PREVIOUS SAVE DEVICE

Examples of Features in My Air Online Automated Calculations



- Emissions and application fees
- Regulatory triggers
- Template permit conditions
- Routes to engineer



Examples of Features in My Air Online Checking Application Status



FACILITY DETAILS

Facility #300000

- Owning Entity: Swati
- Address: 375 BEALE STREET, #600, SAN FRANCISCO, CA 94105
- Facility Status: Not Permitted
- NAICS Code: 811121 - Automotive Body, Paint, and Interior Repair and Maintenance

Permit Engineer

NEW APPLICATIONS

Application #	Application Name	Facility ID	Facility Name	Submittal Date	Status	Actions
800002	test	300000	test Swati EXT	May 1, 2024	Evaluating Permit Application Completeness	VIEW →

Items per page: 10 | 1 - 1 of 1

FACILITY CONTACTS



Owner Contact

TEST SWATI

375 BEALE ST
STE 600
SAN FRANCISCO, CA 94105-2097
swati@test.com
(111) 111-1111

[EDIT OWNER CONTACT →](#)



Operator Contact

TEST SWATI

375 BEALE ST
STE 600
SAN FRANCISCO, CA 94105-2097
swati@test.com
(111) 111-1111

[EDIT OPERATOR CONTACT →](#)



Billing Contact

TEST SWATI

375 BEALE ST
STE 600
SAN FRANCISCO, CA 94105-2097
swati@test.com
(111) 111-1111

[EDIT BILLING CONTACT →](#)

FACILITY DEVICES

My Air Online Permit Application Status



← BACK TO CUSTOMER PORTAL / APPLICATION SUMMARY PAGE

Your Permit will not be issued until the application fees are paid

[PAY INVOICE →](#)

Application Number: **800002**
Date Submitted: **05-01-2024**

test

Application Status: **EVALUATING PERMIT APPLICATION COMPLETENESS**

APPLICATION FEES

Invoice Number	T200000
Total Fees	\$4,468.00
Balance Due	\$4,468.00

[VIEW INVOICE →](#)

Your application has been received by the BAAQMD. Your application will be reviewed for completeness by BAAQMD per the timelines in Regulation 2-1-432.

You will be contacted by BAAQMD for additional information if necessary to complete the evaluation or if there is an adjustment to your fees and a balance is due.

FACILITY APPLICATION CONTACT

Test Swati
📍 375 BEALE ST
📍 STE 600
📍 SAN FRANCISCO, CA 94105-2097
✉ swati@test.com
📞 (111) 111-1111

PERMIT ENGINEER

APPLICATION EVALUATION INFORMATION

Type	Status
BACT Evaluation	Under BAAQMD Evaluation
CEQAEvaluation	Under BAAQMD Evaluation

Recommended Action



The Committee will consider recommending the Board of Directors authorize the Executive Officer/APCO to amend current vendor contracts to extend the term of each contract through July 1, 2025, and increase the contracted amounts by the amounts listed in the staff report and totaling \$1.4M for projected expenditures during the first half of Fiscal Year Ending (FYE) 2025. These expenditures will be contingent upon the Board of Directors' approval of the proposed FYE 2025 budget which includes these funds.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Davina Hurt and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: May 15, 2024

Re: Modernization of Information Technology Infrastructure

RECOMMENDED ACTION

The Committee will consider recommending the Board of Directors take the following actions to reallocate and expend Capital Expenditure funds to modernize the Air District's information technology infrastructure, which is at the end of its useful life:

- Authorize the Executive Officer/APCO to execute contracts with qualified Information Technology (IT) fulfillment partners ePlus Technologies, Inc., CDWG Inc., SSP Data, Inc., and/or SHI, Inc. for information technology (IT) equipment and installation services in a total amount not to exceed \$1.5M; and
- Authorize the transfer of funds not to exceed \$650,000 for this effort from multiple program budgets where actual expenditures are below projected expenditures in their Fiscal Year Ending (FYE) 2024 services, supply and capital budgets; and
- Authorize the Executive Officer/APCO to amend the competitively bid Contract with Dell, Inc to increase the annual expenditure on Microsoft Cloud services by \$250,000 per year.

BACKGROUND

Since 2004 the Air District has executed projects to refresh its information technology infrastructure every 6 years. The design phase of this project includes a business needs projection, cloud migration assessment and an evaluation of on-premises needs for computer server, storage, network, and security infrastructure. A period of 6 years has been selected because that is the generally accepted maximum useful life for this type of information technology infrastructure.

The Air District was due to refresh its information technology infrastructure in 2022 but elected to defer the project for two years because the existing infrastructure was assessed to be sufficient to operate for that extended period. During this two-year period, the deferred replacement of the equipment provided for a savings of approximately \$1 million (M). Now, after nearly nine years of operation, the current infrastructure is in need of modernization.

In January of this year, the aging IT infrastructure was impacted by a cyberattack that highlighted the need to expedite infrastructure modernization and security enhancement. The Air District conducted a competitive procurement for IT Infrastructure Design and Prototyping Services, and a panel of reviewers selected ePlus Technology, Inc (ePlus) as the most responsive of the eight competitive bids that were received.

On April 3, 2024, the Board of Directors authorized the Executive Officer/APCO to enter into contracts with ePlus for design services to upgrade the Air District’s information technology infrastructure, and to amend the existing contract with CipherEx to provide design review and prototyping services for the ePlus design.

The Air District has maintained two separate geographically separated data centers equipped with computer infrastructure that has been purchased as capital equipment. One data center is located at the Air District headquarters and the other at a remote collocation facility in Sacramento, California. The Sacramento facility is located outside of Bay Area earthquake zones, and has been utilized for disaster recovery and business continuity. Due to the maturing technical improvements and progressive cost reductions associated with cloud-based infrastructure, the new design associated with this request has focused on migration of on-premises computer infrastructure to cloud-based infrastructure.

DISCUSSION

Because of the risk associated with the existing aging infrastructure, the design project has been accelerated and the equipment and installation specifications have been completed. The design focuses on a migration to cloud infrastructure where possible, and a reduction of physical on-premises equipment and maintenance. The proposed design calls for the modernization of the San Francisco Beale Street infrastructure and the decommissioning of the Sacramento disaster recovery and business continuity data center with the migration of those functions into cloud services.

Multiple fulfillment partners including ePlus Technologies, Inc., CDWG, Inc, SSP Data, Inc. and SHI Inc have been qualified through the use of competitively bid leveraged procurement agreements. Each piece of equipment and the related installation and configuration services for the San Francisco datacenter will be provided under contract with the qualified partner that can provide the goods or services in the least costly and most effective fashion.

The Air District's prior technology infrastructure projects have been limited to on-premises computing and not involved migration to cloud services. These previous projects required an upfront expenditure of approximately \$3M for equipment and installation services and an additional \$250,000 per year in licensing and operational costs. This current proposed design calls for an upfront capital outlay of \$1.5M and ongoing cloud expenses of \$250,000, resulting in a reduction in ongoing costs of the Air District's IT infrastructure by \$1.5M over 6 years.

BUDGET CONSIDERATION/FINANCIAL IMPACT

\$850,000 of the required \$1.5M is budgeted for this project and is available in the IT Engineering and Operations Fiscal Year Ending 2024 capital budget. The remaining \$650,000 required for this item would be transferred from the Administrative Resource; Planning & Climate Protection; and Assessment, Inventory & Modeling Divisions where actual expenditures are below projected expenditures in their FYE 2024 services, supply and capital budgets. This project is projected to reduce the ongoing cost of the Air District's IT infrastructure by \$1.5M over 6 years.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: John Chiladakis
Reviewed by: Philip M. Fine

ATTACHMENTS:

1. IT Infrastructure Presentation



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 7

Modernization of Information Technology Infrastructure

**Finance and Administration Committee Meeting
May 15, 2023**

**John Chiladakis
Deputy Air Pollution Control Officer
Chief Technology Officer
Jchiladakis@baaqmd.gov**

Outline



- Background
- Current Infrastructure
- Proposed Design
- Cost
- Request to Recommend Project

Requested Action



- The Committee will consider recommending the Board of Directors approve funding the new infrastructure project

Background

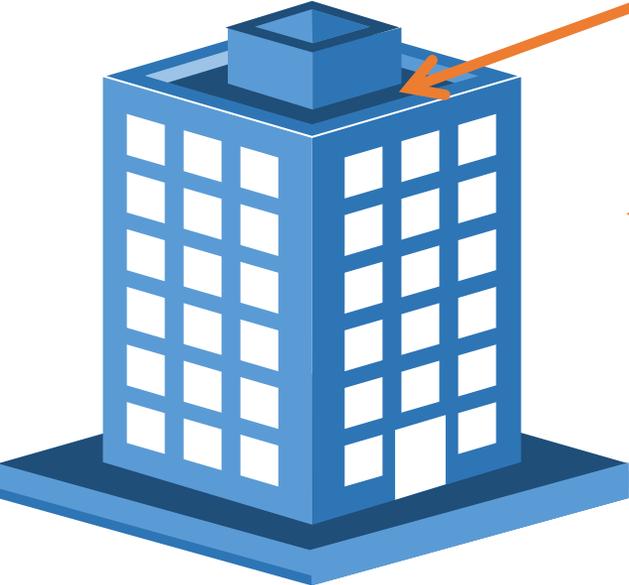


- Air District has been refreshing its information technology (IT) infrastructure every 6 years
- We are two years overdue now with 9-year-old technology
- Two Datacenters:
 - Onsite in San Francisco
 - Sacramento for disaster recovery and business continuity
- Refresh has typically cost \$3 million (M) in equipment with \$250,000 per year in hardware warranties, licenses and operational costs

Current Infrastructure Connectivity



Internet



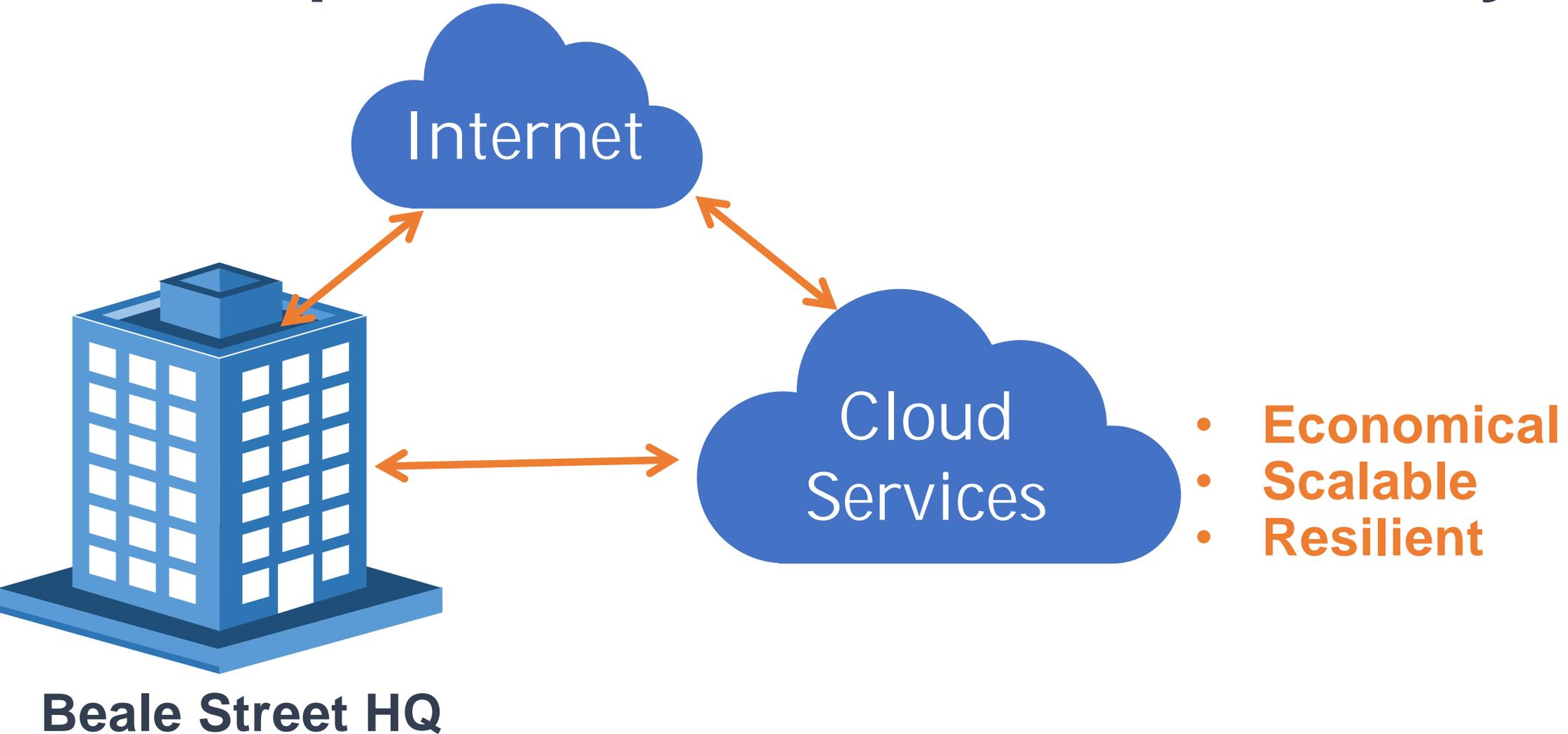
Beale Street HQ



**Sacramento
Disaster Recovery
Datacenter**



Proposed Infrastructure Connectivity



Beale Street HQ

Cost



- Upfront capital outlay \$1.5M instead of \$3M required previously
- Competitively bid leveraged procurement agreements
- Cloud services cost of \$250,000 per year offset by \$250,000 per year in hardware warranties and other operational costs
- \$1.5M savings over 6 years

Recommended Action



The Committee will consider recommending the Board of Directors approve:

- Executing contracts with competitively qualified vendors ePlus Technologies, Inc., CDWG Inc., SSP Data, Inc and/or SHI, Inc. for IT equipment and installation services in a total amount not to exceed \$1.5M
- Transferring funds not to exceed \$650,000 from multiple program budgets where actual expenditures are below projected expenditures in their (FYE) 2024 services, supply and capital budgets
- Amend the competitively bid contract with Dell, Inc to increase the annual expenditure on Microsoft Cloud services by \$250,000 per year