



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
REGULAR MEETING
NOVEMBER 7, 2012

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

**Questions About
an Agenda Item**

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

Meeting Procedures

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

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

Public Comment Procedures

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

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

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

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

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

BOARD OF DIRECTORS REGULAR MEETING AGENDA

WEDNESDAY
NOVEMBER 7, 2012
9:45 A.M.

BOARD ROOM
7TH FLOOR

CALL TO ORDER

Opening Comments
Roll Call
Pledge of Allegiance

Chairperson, John Gioia
Clerk of the Boards

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

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CONSENT CALENDAR (ITEMS 1 – 4)

Staff/Phone (415) 749-

1. Minutes of the Board of Directors Regular Meeting of October 17, 2012

Clerk of the Boards

2. Board Communications Received from October 17, 2012 through November 6, 2012

J. Broadbent/5052

jbroadbent@baaqmd.gov

A list of communications directed to the Board of Directors received by the Air District from October 17, 2012 through November 6, 2012, if any, will be at each Board Member's place.

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

J. Broadbent/5052

jbroadbent@baaqmd.gov

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

4. Quarterly Report of California Air Resources Board Representative - Honorable Ken Yeager

J. Broadbent/5052

jbroadbent@baaqmd.gov

COMMITTEE REPORTS AND RECOMMENDATIONS

5. Report of the **Executive Committee** Meeting of October 22, 2012

CHAIR: J. Gioia

J. Broadbent/5052
jbroadbent@baaqmd.gov

6. Report of the **Budget and Finance Committee** Meeting of October 24, 2012

CHAIR: C. Groom

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee recommends Board of Directors' approval of the following items(s):

Air District Financial Overview

1. *Increase the fiscal year end (FYE) 2013 contribution to Other Post-Employment Benefits (OPEB) from \$1,000,000 to \$2,000,000.*

California Air Monitoring Network Assessment: Consider Acceptance of US Environmental Protection Agency (EPA) Grant Money and Award of Contract

1. *Amend the fiscal year end (FYE) 2013 budget to recognize a \$200,000 U.S. Environmental Protection Agency (EPA) Grant and award a \$200,000 contract to Providence Engineering and Environmental Group (Providence) to perform an assessment of the air monitoring network throughout California.*

Amend Air Monitoring Section's Budget to Allow for Development of Two New Air Monitoring Stations Near Bay Area Roadways

1. *Amend the fiscal year end (FYE) 2013 budget to increase the Air Monitoring budget (Program 802) by a total of \$367,744 in response to an U.S. Environmental Protection Agency (EPA) grant of \$400,000 to develop air monitoring sites near Bay Area freeways.*

7. Report of the **Mobile Source Committee** Meeting of October 25, 2012

CHAIR: S. Haggerty

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee recommends Board of Directors' approval of the following items(s):

Projects with Proposed Grant Awards over \$100,000

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

Update on Grant Funding

1. *Adopt a resolution to authorize the Executive Officer/APCO to accept grant funding and enter into one contract with the United States Environmental Protection Agency (EPA) and one contract with the California Energy Commission (CEC) on behalf of the Bay Area Air Quality Management District (Air District).*
2. *Authorize the Executive Officer/APCO to execute all necessary contracts to expend this funding.*

Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies for Fiscal Year Ending (FYE) 2014

1. *Approve proposed TFCA County Program Manager Fund Policies to govern allocation of FYE 2014 County Program Manager funds.*
8. Report of the **Public Outreach Committee** Meeting of October 31, 2012
CHAIR: M. Ross

J. Broadbent/5052
jbroadbent@baaqmd.gov

PRESENTATION(S)

9. Particulate Matter Report and Summary of PM Planning Requirements

J. Broadbent/5052
jbroadbent@baaqmd.gov

Staff will provide an overview of the recently completed District report Understanding Particulate Matter: Protecting Public Health in the San Francisco Bay Area and will summarize PM planning requirements.

PUBLIC HEARING(S)

10. Public Hearing to Consider Adoption of Proposed Amendments to Air District New Source Review (NSR) and Title V permitting regulations (Regulations 2, Rule 1, 2, 4 and 6) and Adoption of a California Environmental Quality Act (CEQA) Environmental Impact Report (EIR)

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider adoption of proposed amendments to Air District New Source Review (NSR) and Title V permitting regulations (Regulations 2, Rules 1, 2, 4 and 6) and adoption of the California Environmental Quality Act (CEQA) Environmental Impact Report (EIR).

Two of the principal changes that would be made by the proposed amendments are: Adding new NSR and Title V permitting requirements for fine particulate matter (specifically, particulate matter with an aerodynamic diameter of less than 2.5 microns, or "PM_{2.5}") and for greenhouse gases; and Revising the "Prevention of Significant Deterioration" permitting program in District regulations for approval by the U.S. Environmental Protection Agency.

11. Public Hearing to Consider Adoption of Fine Particulate Matter Emissions Inventory

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider adoption of an emissions inventory for fine particulate matter (PM2.5) and authorizing staff to transmit the inventory to the California Air Resources Board (CARB). This emissions inventory provides estimates of emissions of PM2.5 and its precursors in 2010 for all source categories in the San Francisco Bay Area. Upon adoption by the Board of Directors, this emissions inventory will be transmitted to CARB and EPA pursuant to federal air quality planning requirements for PM2.5.

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

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

BOARD MEMBERS' COMMENTS

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

OTHER BUSINESS

12. Report of the Executive Officer/APCO
13. Chairperson's Report
14. Time and Place of Next Meeting is Wednesday, December 5, 2012, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:45 a.m.
15. Adjournment

CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET SF, CA 94109

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
(415) 771-4963

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF DISTRICT MEETINGS

NOVEMBER 2012

| <u>TYPE OF MEETING</u> | <u>DAY</u> | <u>DATE</u> | <u>TIME</u> | <u>ROOM</u> |
|---|-------------------|--------------------|---|----------------------------------|
| Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i> | Wednesday | 7 | 9:45 a.m. | Board Room |
| Board of Directors Nominating Committee <i>(At the Call of the Chair)</i> | Wednesday | 7 | Immediately Following Regular Board Meeting | Executive Division Conf. Room |
| Board of Directors Personnel Committee <i>(At the Call of the Chair)</i> | Thursday | 8 | 9:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Climate Protection Committee <i>(At the Call of the Chair) - CANCELLED</i> | Thursday | 8 | 11:00 a.m. | 4 th Floor Conf. Room |
| Advisory Council Regular Meeting <i>(Meets 2nd Wednesday of each Month)</i> | Wednesday | 14 | 9:00 a.m. | Board Room |
| Board of Directors Executive Committee <i>(Meets 3rd Monday of each Month)</i> | Monday | 19 | 9:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Stationary Source Committee <i>(Meets the 3rd Monday of Every Other Month)</i> | Monday | 19 | 10:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month) - CANCELLED</i> | Wednesday | 21 | 9:45 a.m. | Board Room |
| Board of Directors Mobile Source Committee <i>(Meets 4th Thursday of each Month) - CANCELLED</i> | Thursday | 22 | 9:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Mobile Source Committee <i>(Meets 4th Thursday of each Month) - CANCELLED</i> | Monday | 26 | 9:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Budget & Finance Committee <i>(Meets the 4th Wednesday of each Month) - CANCELLED</i> | Wednesday | 28 | 9:30 a.m. | 4 th Floor Conf. Room |

DECEMBER 2012

| <u>TYPE OF MEETING</u> | <u>DAY</u> | <u>DATE</u> | <u>TIME</u> | <u>ROOM</u> |
|--|------------|-------------|-------------|----------------------------------|
| Board of Directors Mobile Source Committee <i>(Meets 4th Thursday of each Month)</i> | Monday | 3 | 9:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Legislative Committee <i>(At the Call of the Chair)</i> | Monday | 3 | 10:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i> | Wednesday | 5 | 9:45 a.m. | Board Room |
| Board of Directors Executive Committee <i>(Meets 3rd Monday of each Month)</i> | Monday | 17 | 9:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i> | Wednesday | 19 | 9:45 a.m. | Board Room |
| Board of Directors Budget & Finance Committee <i>(Meets the 4th Wednesday of each Month)</i> | Wednesday | 26 | 9:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Mobile Source Committee <i>(Meets 4th Thursday of each Month)</i> | Thursday | 27 | 9:30 a.m. | 4 th Floor Conf. Room |

JANUARY 2013

| <u>TYPE OF MEETING</u> | <u>DAY</u> | <u>DATE</u> | <u>TIME</u> | <u>ROOM</u> |
|--|------------|-------------|-------------|----------------------------------|
| Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i> | Wednesday | 2 | 9:45 a.m. | Board Room |
| Advisory Council Regular Meeting/Retreat <i>(Meets 2nd Wednesday of each Month)</i> | Wednesday | 9 | 9:00 a.m. | Board Room |
| Special Board of Directors Meeting/Retreat <i>(Meets 1st & 3rd Wednesday of each Month)</i> | Wednesday | 16 | 9:45 a.m. | Meeting Location TBD |
| Board of Directors Executive Committee <i>(Meets 3rd Monday of each Month)</i> | Monday | 21 | 9:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Stationary Source Committee <i>(Meets the 3rd Monday of Every Other Month)</i> | Monday | 21 | 10:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Budget & Finance Committee <i>(Meets the 4th Wednesday of each Month)</i> | Wednesday | 23 | 9:30 a.m. | 4 th Floor Conf. Room |
| Board of Directors Mobile Source Committee <i>(Meets 4th Thursday of each Month)</i> | Thursday | 24 | 9:30 a.m. | 4 th Floor Conf. Room |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 22, 2012

Re: Minutes of the Board of Directors Regular Meeting of October 17, 2012

RECOMMENDED ACTION

Approve attached draft minutes of the Board of Directors Regular Meeting of October 17, 2012.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Regular Meeting of October 17, 2012.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher

Reviewed by: Ana Sandoval

Attachments

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, CA 94109
(415) 749-5000

Board of Directors Regular Meeting
October 17, 2012

DRAFT MINUTES

CALL TO ORDER

Chairperson John Gioia called the meeting to order at 9:49 a.m.

ROLL CALL

Present: Chairperson John Gioia; Vice Chairperson Ash Kalra; Secretary Nate Miley; and Directors John Avalos, Tom Bates, Susan Garner, Carole Groom, Scott Haggerty, Jennifer Hosterman, David E. Hudson, Carol L. Klatt, Liz Kniss, Eric Mar, Katie Rice, Mark Ross and Brad Wagenknecht.

Absent: Directors Susan Gorin, Edwin M. Lee, Mary Piepho, Jim Sperring, Ken Yeager and Shirlee Zane.

PLEDGE OF ALLEGIANCE

Chairperson Gioia led the Pledge of Allegiance.

PUBLIC COMMENT ON NON-AGENDA MATTERS: None.

OPENING COMMENTS: None.

PRESENTATION

1. Overview of the 2012/2013 Wood Smoke Reduction Program

Jean Roggenkamp, Deputy Air Pollution Control Officer (DAPCO), gave the staff presentation Overview of the 2012-13 Winter Spare the Air Season, including reasons for wood smoke reduction, background on the wood smoke rule, summary of prior seasons, and reviews of program changes, partnerships with local governments, outreach and advertising efforts, and alert notifications.

Ms. Roggenkamp noted, regarding slide 4, Summary of Prior Winter Spare the Air Seasons, that the number of alerts and excesses vary from year-to-year for a number of reasons, including meteorological conditions.

Ms. Roggenkamp added, regarding slide 5, Program Changes, that more conservative forecasting is an effort to decrease the number of excesses.

NOTED PRESENT: Director Bates was noted present at 9:57 a.m.

Director Wagenknecht asked, regarding slide 7, Outreach, if the door-to-door outreach is done by a walking team. Ms. Roggenkamp responded yes and said staff attends various community events as well.

Ms. Roggenkamp concluded the presentation.

Board Comments:

Chairperson Gioia cited past Board discussion regarding the imposition of fines for first-time violations instead of warning letters, and potential issues that could result due to impediments to public understanding, such as a language barrier, and asked staff to explain the reasoning behind the change. Ms. Roggenkamp said the Air District conducts outreach in a number of languages and the option to attend a Wood Smoke Awareness Course is offered as an alternative to the \$100 fine. Chairperson Gioia asked about the cost of the course. Ms. Roggenkamp said there is no cost. Chairperson Gioia asked for more details. Ms. Roggenkamp said it could be done online or via a packet mailed by the Air District and staff will be working closely with participants. Jack Broadbent, Executive Officer/Air Pollution Control Officer (APCO), said the same approach has been successful in the San Joaquin Valley and Sacramento Metropolitan air districts, where somewhere between 92 and 98% of violators opt for the course over the fine, making it an outreach effort in itself. Mr. Broadbent added that the school will eventually be available in various languages. Ms. Roggenkamp noted the outreach materials provided to the Board as examples of outreach efforts.

Chairperson Gioia asked if the new approach was reviewed by District Counsel and deemed likely to avoid legal challenges. Brian Bunger, District Counsel, responded that concerns about legal challenges were the reason for the warning letter and said the program has existed for long enough that a strong argument can be made that it is widely understood. Mr. Bunger added that the Air District will have to wait and see how the court reacts to arguments from both sides. Chairperson Gioia asked if individuals receive direct notifications of no burn days once they have received a violation. Ms. Roggenkamp said violators are responsible for signing up for notifications but they are informed of the ways by which the notifications can be received. Chairperson Gioia said the Board will continue to monitor this as its effects are felt in different ways in different communities. Mr. Broadbent suggested it be included in the season end review.

Director Groom asked staff to explain the exemptions. Ms. Roggenkamp said the rule allows for some exemptions, such as wood burning as the sole source of home heating, and requested exemptions are confirmed via site visits by staff. Director Groom asked if other exemptions exist. Barbara Coler, Air Quality Program Manager of Compliance & Enforcement, noted that there is a one-time only seasonal exemption in those instances where a heater is broken to provide time for its repair.

Director Ross said San Joaquin Valley must contend with some of the same language barriers and suggested their staff as a good resource for outreach efforts. Director Ross noted the change-out pilot program in Marin County, asked that a similar program be developed for the entire Bay Area, and proposed that penalties for violations either be waived for those that change out or that the penalties be applied against the cost of change-out. Ms. Roggenkamp said staff is looking into the mechanism to enable that approach. Chairperson Gioia noted the pilot program was initially made available in a limited area because of the issues unique to the San Geronimo Valley (Valley). Ms. Roggenkamp

agreed and added that the willingness of Marin County to collaborate with the Air District was also a factor. Mr. Broadbent said the Valley is also unique in that there is no natural gas service.

NOTED PRESENT: Directors Haggerty and Miley were noted present at 10:07 a.m., thereby establishing a quorum.

Director Rice thanked Air District staff for their efforts on the pilot program and noted outreach as an issue for the Valley, not an excuse. Director Rice said the cost of change-out is the biggest barrier but the Air District and County matching resources should help and the course will certainly be helpful over time. Director Rice urged for the expansion of the program should the pilot prove successful.

Director Wagenknecht asked for information relative to additional local ordinances in the future. Ms. Roggenkamp responded that the Air District has adopted a region-wide rule but some areas are more plagued by wood smoke than others and staff work with local governments on ordinances tailored to specific situations, which was the very reason the model ordinance was recently updated. Director Wagenknecht noted the incentives provided in the Valley. Ms. Roggenkamp said the incentives were part of Marin County's response and Air District staff is available to assist any interested local agencies. Lisa Fasano, Director of Communications & Outreach, said the program provides an additional opportunity for outreach and more members of the public will better understand the Air District effort through this continued dialogue.

NOTED PRESENT: Director Kniss was noted present at 10:13 a.m.

Director Hudson echoed Chairperson Gioia's initial comment about communities with limitations, whether economic or linguistic, and added that members of these communities are also concerned about the health of their families and suggested the real issue is one of disclosure. Director Hudson suggested the program provide an opportunity to collaborate with some of the health/community organizations with inroads into these populations and the focus really needs to be on the distribution of information.

Chairperson Gioia suggested some community members could still unintentionally violate the rule despite Air District outreach efforts and urged continued staff consideration.

Director Kalra echoed those comments regarding education being the primary component; said that once members of the San Jose community understood the health significance they were on board with Air District efforts; said with multi-ethnic communities being so common in the Bay Area, the challenge is outreach and thanked staff for their efforts in this regard; and noted the end goal is not punishment but increased awareness.

Public Comments:

Susan Goldsborough, Families for Clean Air, addressed the Board and requested targeted air monitoring by the Air District in the Valley.

NOTED PRESENT: Director Garner was noted present at 10:17 a.m.

Board Action: None; informational only.

CONSENT CALENDAR (ITEMS 2 – 5)

2. **Minutes of the Board of Directors Special Meeting of September 10, 2012, and Regular Meeting of September 19, 2012;**
3. **Board Communications Received from September 19, 2012, through October 16, 2012;**
4. **Air District Personnel on Out-of-State Business Travel from September 1, 2012, through September 30, 2012; and**
5. **Adoption of Resolution on Notification of Notices of Violations and Settlements.**

Board Comments:

Chairperson Gioia noted the policy change provided by Adoption of Resolution on Notification of Notices of Violations and Settlements in so much as it affects information that will be presented to the Board in the future.

Public Comments: None.

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

COMMITTEE REPORTS AND RECOMMENDATIONS

6. **Report of the Personnel Committee Meeting of July 23, 2012**
Chairperson B. Wagenknecht

Director Wagenknecht summarized the past discussion and recommendation of the Personnel Committee regarding the proposed adjustment to the benefits of the DAPCO at the meeting of July 23, 2012, and the subsequent discussion by the Board at its meeting on September 19, 2012.

NOTED PRESENT: Director Mar was noted present at 10:22 a.m.

Board Comments:

Director Haggerty said the DAPCOs do great work and discussion of this topic does not reflect on their performance and asked when they last received any increase in compensation. Mr. Broadbent responded at least six or seven years, not including cost of living adjustments applied to all staff positions. Director Haggerty confirmed the last increase in DAPCO compensation was at least six or seven years ago, expressed his preference to increase base salary instead of leave time, and explained his seeming change of course on the topic as being indicative of his desire to maintain consistency with his decisions at Alameda County, where employees have not seen a compensation increase in four or five years.

Public Comments: None.

Board Action: Director Wagenknecht made a motion to adopt the resolution to adjust the management leave for the DAPCO position; Director Hudson seconded; and the motion was unanimously approved without objection.

7. Report of the Mobile Source Committee Meeting of September 27, 2012

Chairperson S. Haggerty

The Committee met on Thursday, September 27, 2012, and approved the minutes of June 28, 2012.

The Committee then received an Update on Plug-In Electric Vehicle (PEV) Programs, including Air District deployment of electric vehicle infrastructure and an overview of the recently completed draft Regional PEV Plan and its elements.

The Committee also considered approval of Transportation Fund for Clean Air (TFCA) Regional Fund policies and evaluation criteria for fiscal year ending (FYE) 2013 and proposed funding allocations for two projects and recommends that the Board of Directors:

1. Approve the proposed FYE 2013 TFCA Regional Fund Policies and Evaluation Criteria presented in Committee Agenda Item 5, Attachment A, as revised by the Committee to include Pilot Shuttle Projects as an eligible product category;
2. Approve an allocation of up to \$4 million in TFCA Regional Funds for shuttle/feeder bus and regional ridesharing projects; and
3. Approve an allocation of up to \$400,000 for electronic bicycle lockers.

The next meeting of the Committee is on Thursday, October 25, 2012, at 9:30 a.m.

Board Comments: None.

Public Comments: None.

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

PRESENTATION

8. Work Plan for Action Items Related to Accidental Releases from Industrial Facilities

Mr. Broadbent gave the staff presentation Work Plan – Action Items Related to Accidental Releases from Industrial Facilities, including investigation, procedures, air quality monitoring, rule development, resource needs, community outreach, legislation and timeline.

Mr. Bunger added, regarding slide 8, Legislation, that incidents of this sort generally occur in one 24-hour period and the Air District is restricted to per day penalties, which for strict liability is \$10,000, or \$40,000 to \$100,000 for intentional conduct, and it seems that people in general feel these are inadequate penalties that are in need of review. Mr. Bunger added that the idea is to provide a multiplier for people affected because it is a public nuisance.

Mr. Broadbent concluded the presentation.

Board Comments:

Chairperson Gioia thanked Air District staff for their work; said the move toward increased ambient air and incident monitoring are both very important from the standpoints of effectively addressing violations and providing public health information to the community; suggested the time is right for legislative action; and clarified the rule development has been underway for some time but the process will be accelerated and additional monitoring requirements will be included. Mr. Broadbent agreed and reported that discussions with refinery staffs have already begun.

Director Ross echoed Chairperson Gioia's comment regarding legislation as the current penalties are far too low; said the message to the public was based on what was available to the Air District at the time and its lack of conformance with County messaging highlights the need to tighten lines of communication; suggested the Air District should amass enough meteorological data to enable plume forecasts during future events; and asked, regarding slide 8, Legislation, what incentives would be provided. Mr. Broadbent said the incentive will be the avoidance of penalties. Mr. Bunger said a number of things incentivize refineries but they are out of the Air District's control. Chairperson Gioia said Contra Costa County and the City of Richmond have industrial safety ordinances that provide some of these incentives and recommendations for amendments to these ordinances are expected to come out of the investigation process. Mr. Broadbent said the Air District fine may be the highest of the involved regulatory agencies.

Director Haggerty commended the Air District's outreach and asked, regarding slide 7, Community Outreach, whether the division is considered under-staffed. Mr. Broadbent echoed Director Haggerty's comment regarding the quality of Air District community outreach efforts; said community members have suggested the Air District consider the addition of a staff member in the role of community advocate and this proposal will be brought back to the Board as a recommendation; and noted the division was somewhat under-staffed as a result of responding to budget challenges.

Director Haggerty asked if the position of Health and Science Officer had been filled. Mr. Broadbent responded that, in consideration of the fiscal constraints, Brian Bateman, former Director of Compliance & Enforcement, was appointed to the position of Health and Science Officer. Director Haggerty suggested the Health and Science Officer is a perfect fit in the role of community advocate and would be well received by the public. Chairperson Gioia noted that 15,000 people went to hospitals in response to the Chevron refinery incident in Richmond and said that providing additional outreach staff would benefit the public. Director Haggerty said County staff is not always well received in situations with a multi-agency response and the Air District's Health and Science Officer would carry a different weight and make a positive difference. Chairperson Gioia agreed and suggested follow up with a committee discussion.

Director Bates confirmed that Mr. Bateman was appointed as the Health and Science Officer and suggested different qualifications should be required for that position. Mr. Broadbent responded that Mr. Bateman holds a Master of Public Health degree from Harvard University. Director Bates shared that Mr. Bateman is a brilliant individual but not a public health officer.

Director Bates said Chevron used a bypass and asked what the maximum fines are for this act. Chairperson Gioia said the Air District did issue a notice of violation but it was not discussed by the Board, hence the new policy adopted today. Director Bates asked what the Air District can do and what the range of responses might be. Mr. Bunger said every penalty can range from zero to \$1 million, depending on the conduct. Director Bates clarified that the maximum is \$1 million. Mr.

Bunger confirmed but said it is only applicable in cases of intentional conduct that results in a death and most cases instead fall under strict liability due to a lack of evidence of other conduct and that enhanced penalties are generally only applicable when there is great bodily injury. Director Bates said Chevron recently formed a \$2.5 million independent expenditure advocating for the defeat of California Senator Fran Pavley, author of Assembly Bill 32, and offered this as an example of how the company does business.

Director Garner commended the proposed program and Air District staff's response to the perceived needs that have surfaced since the incident; suggested the development of an enhanced definition of accidental release; asked if air quality monitoring for the entire region could be reviewed by the panel of experts that are expected to convene to review monitoring around refineries; and asked if proactive measures were taken to avoid the incident as oil companies want to avoid accidents generally. Mr. Broadbent speculated that Chevron would say that the incident is not something they planned for or wanted to occur and that they have very rigorous inspections in place. Mr. Broadbent added that the investigation is ongoing, the results will not likely be available until December, and the outcome will be reported to the Stationary Source Committee. Director Garner clarified that these comments are not to say that additional fines are not appropriate, even if the incident is the result of an accident, because the impact on the community was significant, but urged the application of a punitive fine for cases of intentional misconduct and otherwise for accidents. Chairperson Gioia said the Legislative Committee will work with staff to craft the bill with the underlying concept that current penalization options do not provide a wide enough array of options. Mr. Bunger agreed and added that public nuisance events are generally considered strict liability and the penalties are set too low.

Director Hudson asked that the legislative and resources components of the plan not be acted on until more is known about the incident; suggested more discussion on the rule development component; and requested a copy of the Regulatory Concept Paper. Mr. Broadbent agreed to provide it. Director Hudson read an excerpt from the staff report and requested a copy of the "rule adopted in 2005 to minimize emissions from flares at petroleum refineries" before the next meeting of the Legislative Committee. Director Hudson said crafting broader legislation that includes Southern California should be the goal. Chairperson Gioia clarified which committees can expect to see different components of the work plan and asked staff to provide copies of the Regulatory Concept Paper to the Board. Mr. Broadbent agreed to provide copies of the Regulatory Concept Paper and flare management rule to the Board and said his discussions with air districts' representatives in Southern California leads him to believe they would be interested in this legislative proposal provided it is narrowly focused on those incidents discussed today.

Director Rice echoed those comments regarding air quality monitoring, noted the repeated references to the inadequacy of the current monitoring system and to cost as a barrier to its enhancement, and said that cost should never be a barrier because industry should pay the price of ensuring the Air District utilizes the most advanced technology available. Director Rice speculated that continuous monitoring will yield data that will prove useful in the future.

Director Haggerty said Mr. Bateman does great work, suggested that not hiring a Public Health Officer was a deviation from the approved budget, and asked for Board discussion on the topic if that is a concern held by others. Mr. Broadbent asked for an opportunity to report to the appropriate committee on the matter and acknowledged the comments regarding coordination with health partners within the region. Director Haggerty shared his opinion that information from the Air District is too

often skewed by its partners within the region and that their working with an Air District Health and Science Officer will serve to ameliorate that dynamic.

Director Groom echoed the comments regarding air quality monitoring and new, innovative ways to pay for it. Director Groom said the appointment of the Health and Science Officer was discussed in the Budget & Finance Committee and Personnel Committee. She stated her understanding that the current appointment was temporary until such time that the upcoming budget could be examined and that staff did their best given the budget.

Director Haggerty asked if the Public Health Officer was in the budget. Mr. Broadbent said there was one was several years ago and reiterated his request to discuss this further with the appropriate committee. Chairperson Gioia agreed.

Public Comments:

Denny Larson, Global Community Monitor, addressed the Board in support and urged the Board to expand air quality monitoring, with a focus on hot spots, mobile capabilities and increased community involvement.

Chairperson Gioia noted that money received from fines currently goes into the Air District general fund and suggested that a more focused use for these dollars may be a good subject for future discussion. Mr. Broadbent said a similar program was in place last year but pulled from this year's budget because of Air District fiscal concerns and agreed to look into reinstating it with the use of penalty monies.

Board Action: Director Bates made a motion to approve the staff Work Plan for completion of action items related to accidental releases at industrial facilities; Director Kniss seconded; and the motion was unanimously approved without objection.

PUBLIC COMMENT ON NON-AGENDA MATTERS: None.

OTHER BUSINESS

9. Report of the Executive Officer/APCO:

Mr. Broadbent presented a summary of ozone seasons; reported that Governor Brown signed Senate Bill 1339 (Yee), sponsored by the Air District, regarding commute benefits; said the Board meeting agenda on November 7, 2012, will include new regulations for consideration; suggested cancelling the Board meeting on November 21, 2012, and the Mobile Source Committee meeting on November 22, 2012; and noted the Board meeting on December 5, 2012, will tentatively include a tour of a metal-melting facility in conjunction with consideration of a related rule and be conducted in a way similar to the tour of the Lehigh facility.

Chairperson Gioia noted the rising prices of gasoline in California and the Governor allowing the use of winter blends through the end of the month in response and asked if there is any concern about the impacts on air quality. Mr. Broadbent said he discussed the matter with staff at the California Air Resources Board and they agreed that it made sense in light of forecasted meteorological conditions indicating there would not be an impact.

Director Bates said he would be unavailable for much of December so his arranging a facility tour may prove problematic.

10. Chairperson's Report:

Chairperson Gioia said the Public Outreach Committee meeting has been rescheduled from Thursday, October 18, 2012, to Wednesday, October 31, 2012, and announced an Executive Committee meeting on Monday, October 22, 2012, Budget & Finance Committee meeting on Wednesday, October 24, 2012, and Mobile Source Committee meeting on Thursday, October 25, 2012.

11. Time and Place of Next Meeting: Wednesday, November 7, 2012, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:45 a.m.

BOARD MEMBERS' COMMENTS:

Director Bates asked where the Board meetings are broadcast. Mr. Broadbent said via the internet on the Air District website. Director Bates asked if staff can investigate broadcasting on television, as seen with city council meetings and the like. Mr. Broadbent responded that perhaps it can be taken up as part of the move to the new building when new facilities are considered.

Director Ross said he received information that some contractors in the Bay Area are using non-conforming water heaters from Sacramento. Chairperson Gioia said he discussed this with staff prior to the meeting and staff is investigating. Mr. Broadbent said the Air District generally enforces this rule by approaching a manufacturer because they are not allowed to sell non-compliant water heaters in the Bay Area. Chairperson Gioia and Director Ross discussed the possible source and Chairperson Gioia asked for clarification on the regulation. Mr. Bunger said that it is not permissible to sell or install them. Mr. Broadbent speculated that they are being obtained out-of-state as similar rules are in place in Sacramento. Mr. Bunger added that the regulation is common to all of California's air districts and echoed that they are probably being obtained from out-of-state.

Director Groom thanked Jeff McKay, DAPCO, for speaking before the Community Leadership class in San Mateo County and said he was very well received. Chairperson Gioia said the same was true of his presentation before the community meeting in Richmond.

Director Hudson said he received an environmental impact report regarding Roddy Ranch and requested copies of any material in follow up to the matter.

CLOSED SESSION

The Board of Directors adjourned to Closed Session at 11:26 a.m.

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

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

California Building Industry Association v. Bay Area AQMD, Alameda County Superior Court, Case No. RG-10548693; California Court of Appeal, First Appellate District, Case No. A135335.

OPEN SESSION

The Board of Directors resumed Open Session at 11:35 a.m. with no reportable action.

13. Adjournment: The Board of Directors meeting adjourned at 11:36 a.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 22, 2012

Re: Board Communications Received from October 17, 2012 through November 6, 2012

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

A list of communications directed to the Board of Directors received by the Air District from October 17, 2012 through November 6, 2012 if any, will be at each Board Member's place at the November 7, 2012 Regular Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Vanessa Johnson
Reviewed by: Ana Sandoval

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 29, 2012

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

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

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

The report covers the out-of-state business travel for the period October 1, 2012 through October 31, 2012. Out-of-state travel is reported in the month following travel completion.

DISCUSSION

Eric Stevenson, Technical Services Division Director, attended the National Association of Clean Air Agencies (NACAA) Membership Meeting in Portland, OR on September 30 through October 3, 2012.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

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



Matthew Rodriguez
Secretary for
Environmental Protection

Air Resources Board

Mary D. Nichols, Chairman
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov



Edmund G. Brown Jr.
Governor

TO: Members of the Board of Directors

FROM: Honorable Ken Yeager 
Board Member

DATE: October 16, 2011

SUBJECT: QUARTERLY REPORT OF MY ACTIVITIES AS AN AIR RESOURCES BOARD MEMBER

The list below summarizes my activities as an Air Resources Board member from July 1 through September 30, 2012:

July Activities

Air Resources Board did not meet

August Activities

20th Air Resources Board Staff Briefings

23rd Air Resources Board Meeting, Sacramento

September Activities

18th Air Resources Board Staff Briefings

22th Air Resources Board Meeting, Sacramento

Attachments: Public Agendas

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

LOCATION:

Air Resources Board
 1001 I Street, 2nd Floor
 Byron Sher Auditorium
 Sacramento, California 95814
<http://www.calepa.ca.gov/EPAbldg/location.htm>

PUBLIC MEETING AGENDA

August 23, 2012

Webcast
Board Book

This facility is accessible by public transit. For transit information, call: (916) 321-BUSS, website <http://www.sacrt.com/> (This facility is accessible to persons with disabilities.)

TO SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

<http://www.arb.ca.gov/lispub/comm/bclist/php>

August 23, 2012

9:00 a.m.

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Agenda
Item #

Agenda Topic

12-5-1

Public Meeting to Present the Air Resources Board's Role in Responding to Air Emergencies in California

Staff will present to the Board the purpose, history and capabilities of the Air Resources Board's (ARB) emergency air monitoring program. Staff will also explain the importance of this function in the context of the State Emergency Plan and the State Emergency Management System.

[Staff Presentation](#)
[Video](#)

12-5-2

Public Hearing to Consider Technical Status of and Proposed Amendments to On-Board Diagnostic System Requirements for Heavy-

Duty Engines, Passenger Cars, Light-Duty Trucks, Medium-Duty Vehicles and Engines

Staff will present to the Board proposed amendments to the Heavy Duty On-Board Diagnostic (HD OBD) and Medium-Duty On-Board Diagnostic (OBD II) requirements. Most of the proposed amendments relate to the requirements for diesel engines, including providing revised requirements during the 2013 through 2015 model years based on the current limits of diesel technology. Staff is also proposing other changes specific to the HD OBD regulation, including accelerating the start date for on-board diagnostic system implementation on heavy-duty alternate-fueled engines from the 2020 model year to the 2018 model year. Staff is proposing to update the associated HD OBD and OBD II enforcement regulations to align with the diesel-related changes being proposed for the HD OBD and OBD II regulations.

[More Information](#)

[Staff Presentation](#)

12-5-3

Public Hearing to Consider Amendments to the Verification Procedure, Warranty and In-Use Compliance Requirements for In-Use Strategies to Control Emissions from Diesel Engines

Staff will present to the Board proposed amendments to the Verification Procedure, which is used by staff to evaluate diesel retrofits through emissions, durability, and field testing. The Verification Procedure is ARB's key tool for ensuring that diesel retrofits used by fleet owners are an effective means to reducing emissions from existing diesel engines used in vehicles and equipment. Staff's proposed changes are intended to reduce the amount of in-use compliance emissions testing required of retrofit manufacturers while maintaining the protections and remedies for the retrofit system purchasers with the addition of recall provisions. Staff will propose additional changes to improve the process of matching retrofits with their intended vehicles, strengthen ARB's ability to quickly and effectively address systems with high warranty claim rates, provide additional information to fleets on the maintenance and appropriate use of their diesel retrofits, and provide better information to assist applicants in navigating the verification process.

[More Information](#)

[Staff Presentation](#)

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation, and as authorized by Government Code section 11126(a):

*Pacific Merchant Shipping Association v. Goldstene, U.S. District Court (E.D. Cal. Sacramento),
Case No. 2:09-CV-01151-MCE-EFB.*

*POET, LLC, et al. v. Goldstene, et al., Superior Court of California (Fresno County),
Case No. 09CECG04850; plaintiffs appeal, Court of Appeal No. F064045.*

*Rocky Mountain Farmers Union, et al. v. Goldstene, U.S. District Court (E.D. Cal. Fresno),
Case No. 1:09-CV-02234-LJO-DLB; interlocutory appeal, U.S. Court of Appeal, Ninth Circuit Nos. 09-CV-02234 and 10-CV-00163.*

LOCATION:

Air Resources Board
 1001 I Street, 2nd Floor
 Byron Sher Auditorium
 Sacramento, California 95814
<http://www.calepa.ca.gov/EPAbldg/location.htm>

PUBLIC MEETING AGENDA

September 20, 2012

Webcast
Board Book

This facility is accessible by public transit. For transit information, call: (916) 321-BUSS, website <http://www.sacrt.com/> (This facility is accessible to persons with disabilities.)

TO SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

<http://www.arb.ca.gov/lispub/comm/bclist/php>

September 20, 2012

9:00 a.m.

DISCUSSION ITEMS:

Note: The following agenda items may be heard in a different order at the Board meeting.

Agenda
Item #

Agenda Topic

12-6-1

Public Meeting to Hear an AB 32 Update

Staff will update the Board on the implementation of the Cap-and-Trade regulation.

[Staff Presentation](#)

12-6-2

Public Hearing to Consider Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions and Conforming Amendments to the Definition Sections of the AB 32 Cost of Implementation Fee Regulation and the Cap-and-Trade Regulation

Staff will present minor revisions to the Air Resources Board's (ARB) regulation for the mandatory reporting of greenhouse gas (GHG) emissions as well as conforming definitional changes in the AB 32 Cost of Implementation Fee Regulation and the Cap-

and-Trade Regulation. These revisions are necessary to harmonize, to the extent feasible, with the U.S. EPA national GHG reporting rule and ensure sufficient accuracy and completeness in reported emissions and product data to support California's Cap-and-Trade Program.

[More Information](#)

[Staff Presentation](#)

12-6-3

Public Meeting to Present Updates from the California Fuel Cell Partnership and the Plug-In Electric Vehicle Collaborative on Zero Emission Vehicle Infrastructure Readiness

Staff will introduce two presentations by the California Fuel Cell Partnership and Plug-In Electric Vehicle Collaborative on zero emission vehicle infrastructure development in preparation for zero emission vehicle commercialization..

[Staff Presentation](#)

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding the following pending or potential litigation:

*Pacific Merchant Shipping Association v. Goldstene, U.S. District Court (E.D. Cal. Sacramento),
Case No. 2:09-CV-01151-MCE-EFB.*

*POET, LLC, et al. v. Goldstene, et al., Superior Court of California (Fresno County),
Case No. 09CECG04850; plaintiffs appeal, Court of Appeal No. F064045.*

*Rocky Mountain Farmers Union, et al. v. Goldstene, U.S. District Court (E.D. Cal. Fresno),
Case No. 1:09-CV-02234-LJO-DLB; interlocutory appeal, U.S. Court of Appeal, Ninth Circuit Nos. 09-CV-02234 and 10-CV-00163.*

American Fuels and Petrochemical Manufacturing Associations, et al. v. Goldstene, et al., U.S. District Court (E.D. Cal. Fresno) Case No. 1:10-CV-00163-AWI-GSA; interlocutory appeal, U.S. Court of Appeal, Ninth Circuit Nos. 09-CV-02234 and 10-CV-00163.

Association of Irrigated Residents, et al. v. California Air Resources Board, Superior Court of California (San Francisco County), Case No. CPF-09-509562.

Association of Irrigated Residents, et al. v. U.S. E.P.A., 2011 WL 310357 (C.A.9), (Feb. 2, 2011).

California Dump Truck Owners Association v. California Air Resources Board, U.S. District Court (E.D. Cal. Sacramento) Case No. 2:11-CV-00384-MCE-GGH.

*Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court,
Case No. 34-2010-00082774.*

Citizens Climate Lobby and Our Children's Earth Foundation v. California Air Resources Board,

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 22, 2012

Re: Report of the Executive Committee Meeting of October 22, 2012

RECOMMENDED ACTION

- A) None. Informational item, receive and file.
- B) None. Informational item, receive and file.
- C) None. Informational item, receive and file.
- D) None. Informational item, receive and file.

BACKGROUND

The Executive Committee met on Monday, October 22, 2012. The Committee received the following reports:

- A) Quarterly Reports of the Hearing Board: January – March 2012 and April – June 2012.
- B) Report of the Advisory Council: January – October 2012.
- C) Particulate Matter Planning.
- D) Senate Bill 1339 – Commute Benefits Legislation.

Attached are the staff reports presented in the Executive Committee packet.

Chairperson John Gioia will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

- A) Expenses associated with the administration of the Hearing Board are included in the fiscal year (FY) 2012-2013 Budget under program 122.
- B) Expenses associated with the administration of the Advisory Council are included in the fiscal year (FY) 2012-2013 Budget under program 123.

- C) Resources to prepare the abbreviated Fine Particulate Matter State Implementation Plan submittal and the *Understanding Particulate Matter* report were included in the FY 2011/12 and FY 2012/13 budgets.
- D) Funds are available in the current FY 2012/13 budget to cover the costs of adopting a commute benefits regulation. Funding needed to administer a regulation on an on-going basis can be considered in development of the FY 2013/14 budget and subsequent budget cycles.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

Attachments

AGENDA: 4A

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

TO: Chairperson John Gioia and Members of the Executive Committee
FROM: Chairperson Thomas M. Dailey, M.D., and Members of the Hearing Board
DATE: October 9, 2012
RE: Hearing Board Quarterly Report – January through March 2012

RECOMMENDED ACTION:

None; receive and file.

DISCUSSION:

During the first quarter of 2012 (January through March), the Hearing Board:

- Held one (1) hearing consisting of zero (0) Accusations, one (1) Appeal (3624), zero (0) Variances, and zero (0) Emergency Variances;
- Processed a total of one (1) order consisting of zero (0) Accusations, zero (0) Appeals, zero (0) Variances, zero (0) Emergency Variances and one (1) Request for Withdrawal/Dismissal (3624); and
- Collected a total of \$5,607.45

Below is a detail of Hearing Board activity during the first quarter of 2012 (January through March):

Location: Contra Costa County; City of Martinez

Docket: 3624 – TESORO REFINING AND MARKETING COMPANY, GOLDEN EAGLE REFINERY (B2758) AND AMORCO TERMINAL (B2759) – *Appeal from Final Major Facility Review Permit issued June 28, 2011.*

Regulation(s): Final Major Facility Review Permit

Status: Appeal filed 07-27-2011; pro forma hearing scheduled for 09-22-2011 in conjunction with Docket 3532 Tesoro Refining and Marketing Company, et al; pro forma hearing rescheduled for 10-13-2011 and again for 11-10-2011; pro forma hearing held 11-10-2011 and continued for further pro forma hearing to 01-19-2012; pro forma hearing held 01-19-2012 wherein a briefing schedule was established and continued for further pro forma hearing to 07-12-2012.

Period of Variance: N/A

Estimated Excess Emissions: N/A

Fees collected this quarter: \$0

Location: Contra Costa County; City of Rodeo

Docket: 3628 – CONOCOPHILLIPS COMPANY, SAN FRANCISCO REFINERY – *Appeal from Issuance of Final Major Facility Review Permit for Facility No. A0016, issued September 1, 2011.*

Regulation(s): Final Major Facility Review Permit

Status: Appeal filed 09-29-2011; pro forma hearing held 10-27-2011 wherein an evidentiary hearing was scheduled for 01-26-2012; hearing canceled pursuant to withdrawal of appeal filed on 01-19-2012; Order for Dismissal filed on 01-30-2012.

Period of Variance: N/A

Estimated Excess Emissions: N/A

Fees collected this quarter: \$0

Location: Contra Costa County; City of Martinez

Docket: 3630 – AIR PRODUCTS AND CHEMICALS, INC. – *Appeal from Issuance of Final Major Facility Review Permit for Facility No. B0295, issued January 1, 2012*

Regulation(s): Final Major Facility Review Permit

Status: Appeal filed 02-17-2012; pro forma hearing scheduled for 03-08-2012

Period of Variance: N/A

Estimated Excess Emissions: N/A

Fees collected this quarter: \$2,744.00 (Filing fee) and \$119.45 (Publication)

Location: Santa Clara County; City of San Jose

Docket: 3631 – JDS UNIPHASE CORPORATION – *Application for Variance (Interim and Regular)*

Regulation(s): 2-1-307; Permit Conditions A7 – A10 of Application for Permit # 23600

Status: Application filed 03-15-2012; interim variance hearing scheduled for 04-05-2012 and regular variance hearing scheduled for 05-03-2012

Period of Variance: Requested for 03-12-2012 through 05-03-2012

Estimated Excess Emissions: 31 lbs./day of non-methane hydrocarbon

Fees collected this quarter: \$2,744.00 (Filing fee)

Respectfully submitted,

Thomas M. Dailey, M.D.
Chair, Hearing Board

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

TO: Chairperson John Gioia and Members of the Executive Committee
FROM: Chairperson Thomas M. Dailey, M.D., and Members of the Hearing Board
DATE: October 9, 2012
RE: Hearing Board Quarterly Report – April through June 2012

RECOMMENDED ACTION:

None; receive and file.

DISCUSSION:

During the second quarter of 2012 (April through May), the Hearing Board:

- Held three (3) hearings consisting of one (1) Accusation (3633), one (1) Appeal (3632), one (1) Variance (3631), and zero (0) Emergency Variances;
- Processed a total of five (5) orders consisting of one (1) Accusation (3633), zero (0) Appeals, zero (0) Variances, two (2) Emergency Variances (3634 and 3635) and two (2) Requests for Withdrawal/Dismissal (3631 and 3632); and
- Collected a total of \$6,058.20.

Below is a detail of Hearing Board activity during the second quarter of 2012 (April through June):

Location: Contra Costa County; City of Martinez

Docket: 3624 – TESORO REFINING AND MARKETING COMPANY, GOLDEN EAGLE REFINERY (B2758) AND AMORCO TERMINAL (B2759) – *Appeal from Final Major Facility Review Permit issued June 28, 2011.*

Regulation(s): Final Major Facility Review Permit

Status: Appeal filed 07-27-2011; pro forma hearing scheduled for 09-22-2011 in conjunction with Docket 3532 Tesoro Refining and Marketing Company, et al; pro forma hearing rescheduled for 10-13-2011 and again for 11-10-2011; pro forma hearing held 11-10-2011 and continued for further pro forma hearing to 01-19-2012; pro forma hearing held 01-19-2012 wherein a briefing schedule was established and continued for further pro forma hearing to 07-12-2012.

Period of Variance: N/A

Estimated Excess Emissions: N/A

Fees collected this quarter: \$0

Location: Santa Clara County; City of San Jose

Docket: 3631 – JDS UNIPHASE CORPORATION – *Application for Variance (Interim and Regular)*

Regulation(s): 2-1-307; Permit Conditions A7 – A10 of Application for Permit # 23600; amended to Permit Condition A9 only on 04-12-12.

Status: Application filed 03-15-2012; interim variance hearing scheduled for 04-05-2012 and regular variance hearing scheduled for 05-03-2012; interim variance granted at hearing on 04-05-2012; Request for Withdrawal of Application filed on 04-27-2012; Order Granting Interim Variance filed 04-28-2012; Order for Dismissal filed 04-28-2012 and regular variance hearing canceled.

Period of Variance: Requested and interim granted for 03-12-2012 through 05-03-2012

Estimated Excess Emissions: 31 lbs./day of non-methane hydrocarbon

Fees collected this quarter: \$0

Location: Alameda County; City of Livermore

Docket: 3632 WASTE MANAGEMENT OF ALAMEDA COUNTY, INC. – *In the Matter of the Appeal of Permit to Operate Plant No. 2066*

Regulation(s): Permit to Operate

Status: Appeal filed 04-05-2012; pro forma hearing scheduled for 04-26-2012; pro forma hearing held 04-26-2012 and continued for further pro forma to 06-14-2012 at the request of Applicant; Request for Withdrawal of appeal filed 06-13-2012; Order for Dismissal filed 06-13-2012.

Period of Variance: N/A

Estimated Excess Emissions: N/A

Fees collected this quarter: \$2,744.00 (Filing fee) and \$296.20 (Publication)

Location: Alameda County: City of Hayward

Docket: 3633 AIR POLLUTION CONTROL OFFICER OF THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT VS. COLLISION TECHNOLOGIES, INC., A CALIFORNIA CORPORATION, D/B/A G & G ENTERPRISES and GERARDO MALDONADO, A/K/A GARY MALDONADO, INDIVIDUALLY AND D/B/A G & G ENTERPRISES - *Accusation*

Regulation(s): 2-1-302

Status: Accusation filed 04-11-2012; evidentiary hearing scheduled for 06-07-2012; conditional order for abatement granted at hearing on 06-07-2012; Conditional Order for Abatement filed 06-10-2012.

Period of Variance: N/A

Estimated Excess Emissions: N/A

Fees collected this quarter: N/A (action initiated by the District)

Location: Solano County; City of Fairfield

Docket: 3634 REXAM BEVERAGE CAN COMPANY – *Application for Emergency Variance*

Regulation(s): 2-1-307; and Permit Condition #391, Parts 1 through 12

Status: Application filed on 05-18-2012; order granting emergency variance filed 06-06-2012

Period of Variance: May 18, 2012, through May 19, 2012

Estimated Excess Emissions: 1,292 pounds volatile organic compounds (VOC) and 54 pounds of toxic air contaminants (TAC)

Fees collected this quarter: \$685.00 (Filing fee)

Location: Santa Clara County; City of Gilroy

Docket: 3635 GILROY ENERGY CENTER, LLC – *Application for Emergency Variance*

Regulation(s): Permit Condition 18101 Part 19.2, ammonia slip limit 10.0 parts per million (PPM) at 15% O₂ 3-hour average

Status: Application filed on 06-06-2012; order granting emergency variance filed on 06-20-2012

Period of Variance: June 6, 2012, through July 4, 2012

Estimated Excess Emissions: Ammonia – 11.63 PPM NH₃ @ 15% O₂ Unit S-3 and 17.81 PPM NH₃ @ 15% O₂ Unit S-4

Fees collected this quarter: \$685.00 (Filing fee)

Location: Napa County; City of American Canyon

Docket: 3636 THE COCA-COLA COMPANY, INC. – *Application for Short-Term Variance*

Regulation(s): 2-1-307; Permit Condition 25049, Parts 2, 3 and 5

Status: Application filed on 06-28-2012; Request for Withdrawal filed 06-13-2012.

Period of Variance: N/A

Estimated Excess Emissions: N/A

Fees collected this quarter: \$1,648.00 (Filing fee)

Location: Contra Costa County; City of Rodeo

Docket: 3637 AIR POLLUTION CONTROL OFFICER OF THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT VS. PINOLE RODEO AUTO WRECKER and JIM TAYLOR, INDIVIDUALLY AND D/B/A PINOLE RODEO AUTO WRECKER – *Accusation*

Regulation(s): 2-1-302

Status: Accusation filed on 06-28-2012; Evidentiary Hearing scheduled for 08-02-2012.

Period of Variance: N/A

Estimated Excess Emissions: N/A

Fees collected this quarter: N/A (action initiated by the District)

Location: San Mateo County; City of La Honda

Docket: 3638 AIR POLLUTION CONTROL OFFICER OF THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT VS. COSTA LOMA LIMITED CORPORATION, A CALIFORNIA CORPORATION and JAMES A. WILKINSON, A/K/A HIM WILKINSON, INDIVIDUALLY AND D/B/A COSTA LOMA LTD. CORPORATION

Regulation(s): 2-1-302

Status: Accusation filed 06-28-2012.

Period of Variance: N/A

Estimated Excess Emissions: N/A

Fees collected this quarter: N/A (action initiated by the District)

Respectfully submitted,

Thomas M. Dailey, M.D.
Chair, Hearing Board

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Executive Committee

From: Chairperson Stan Hayes and Members
of the Advisory Council

Date: October 12, 2012

Re: Report of the Advisory Council: January – October 2012

RECOMMENDED ACTION:

None; receive and file.

BACKGROUND

The Advisory Council studies and makes recommendations on specific matters referred from the Board of Directors or the Air Pollution Control Officer. Matters can include technical, social, economic and environmental aspects of air quality issues. For example, in 2004 and 2005, the Advisory Council focused on Climate Change and influenced the Air District's direction in establishing its Climate Protection Program and Resolution in 2005. Over the last two years, the Advisory Council has focused on ultrafine particulate matter and provided recommendations that will be included in the Air District's forthcoming report, *Understanding Particulate Matter; Protecting Public Health in the San Francisco Bay Area*.

The Advisory Council consists of 20 members, skilled in air pollution and representing a variety fields and interests, including public health agencies, conservation organizations, colleges or universities, regional park districts, park and recreation commissions, public mass transportation system, agriculture, industry, community planning, transportation, registered professional engineers, general contractors, architects, and organized labor. A roster of current Advisory Council members is attached for reference.

Council members serve for a term of two years, for a maximum of four terms. Members serve without compensation but are reimbursed for travel related to their duty on the Council.

In an effort to keep the Board of Directors apprised of the activities and progress of the Advisory Council, the Executive Committee will be briefed on the Advisory Council on a regular basis. The current report covers all Advisory Council activity from current calendar year.

DISCUSSION

This calendar year, the Advisory Council has focused on the issue of ultrafine particulate matter. Presented below are summaries the meetings of the Advisory Council thus far in 2012:

1. Advisory Council Regular Meeting and Retreat – January 11, 2012. The Council reviewed presentations and reports of 2011. The Council discussed the format for 2012 Advisory Council Meetings including format topics and dates. The Council received an overview of the Air District and staff reports on the status of ultrafine particle monitoring and modeling at the Air District.
2. Advisory Council Regular Meeting – February 8, 2012. The Council received and discussed the following presentations on Ultrafine Particles: Ambient Monitoring and Field Studies: *Atmospheric Monitoring of Ultrafine Particles*, by Philip M. Fine, Ph.D., of the South Coast Air Quality Management District and *Concentrations of Ultrafine Particles and Related Air Pollutants On and Near Roadways and in Other Urban Microenvironments*, by Eric Fujita, Ph.D., of the Desert Research Institute Reno.
3. Advisory Council Regular Meeting – March 14, 2012. The Council discussed their draft report summarizing the February 8, 2012 meeting on Ultrafine Particles: Ambient Monitoring and Field Studies.
4. Advisory Council Regular Meeting – April 11, 2012. The Council discussed their revised draft report summarizing the February 8, 2012 meeting on Ultrafine Particles: Ambient Monitoring and Field Studies and finalized the Council’s recommendations.
5. Advisory Council Regular Meeting – May 9, 2012. The Council received and discussed the following presentations on Ultrafine Particles: Exposure Assessment: *Indoor Exposure to Particles from Cooking, Cleaning and Smoking*, by Lynn M. Hildemann, Ph.D., of Stanford University and *Toward Understanding Ultrafine Exposures in Indoor Environments*, by William W. Nazaroff, Ph.D., of the University of California, Berkeley.
6. Advisory Council Regular Meeting – June 13, 2012. The Council discussed their draft report summarizing the May 9, 2012 meeting on Ultrafine Particles: Exposure Assessment.
7. Advisory Council Regular Meeting – July 11, 2012. The Council discussed their revised draft report summarizing the May 9, 2012 meeting on Ultrafine Particles: Exposure Assessment and finalized the Council’s recommendations.
8. Advisory Council Regular Meeting – September 12, 2012. The Council received and discussed the following presentations on Ultrafine Particles: Exposure Reduction: *Exposure to Ultrafine Particles On and Near Roadways*, by Yifang Zhu, Ph.D., of the UCLA School of Public Health and *Policy Strategies to Reduce Health Effects from Particulates*, by Rajiv Bhatia, MD, MPH, of the San Francisco Department of Public Health and the University of California, San Francisco.

9. Advisory Council Regular Meeting – October 10, 2012. The Council discussed their draft report summarizing the September 12, 2012 meeting on Ultrafine Particles: Exposure Reduction.

Advisory Council Chair, Stan Hayes and Air District staff will provide an update of the Advisory Council's activities at the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Expenses associated with the administration of the Advisory Council are included in the FY 2012-2013 Budget under program 123.

Respectfully submitted,

Stan Hayes
Chairperson, Advisory Council

Prepared by: Ana Sandoval
Reviewed by: Eric Stevenson

Attachment A: 2012 Advisory Council Roster

BAY AREA AQMD ADVISORY COUNCIL – ROSTER: 2012

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Manager, Executive Operations

Jennifer A. Cooper (415) 749-5130
939 Ellis Street, San Francisco, CA 94109
Fax: (415) 928-8560 (Issued: 8/36/12)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Gioia and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 10, 2012

Re: Particulate Matter (PM) Planning

RECOMMENDED ACTION:

None; receive and file.

BACKGROUND

The Bay Area has made substantial progress in reducing particulate matter (PM) levels in recent years. Monitoring data show that the Bay Area currently meets national standards for both PM_{2.5} and PM₁₀. Nonetheless, health studies indicate that there are still significant negative health effects due to population exposure to the PM levels typically experienced in the Bay Area. An analysis prepared for the Bay Area 2010 Clean Air Plan identified PM as the air pollutant most detrimental to the health of Bay Area residents, and found that exposure to PM_{2.5} accounts for more than 90% of premature mortality related to air pollution in the Bay Area. In addition, studies show that there are public health impacts related to exposure to PM_{2.5} even at levels below current state and national standards.

The Federal Clean Air Act requires the United States Environmental Protection Agency (EPA) to periodically review the National Ambient Air Quality Standards (NAAQS) for six “criteria” pollutants, including PM, to ensure that the standards protect public health with an adequate margin of safety, based upon the most recent health studies. In 2006, EPA took action to tighten the 24-hour NAAQS for PM_{2.5} (often referred to as “fine PM”) from 65 micrograms per cubic meter ($\mu\text{g}/\text{m}^3$) to 35 $\mu\text{g}/\text{m}^3$. Based on air quality monitoring data for the 2006-2008 period, EPA designated the Bay Area as non-attainment for the 24-hour PM_{2.5} NAAQS in December 2009. Non-attainment areas are required to prepare a State Implementation Plan (SIP) submittal to EPA by fall 2012 to demonstrate how they will attain the standard by December 2014.

When EPA issued the non-attainment designations, the Bay Area exceeded the 24-hour PM_{2.5} NAAQS by only a slight margin. The Bay Area’s *design value*, the metric that describes a region’s status relative to a NAAQS, was 36 $\mu\text{g}/\text{m}^3$. Since that time, Bay Area PM_{2.5} levels have declined. Monitoring data for 2008-2010 and 2009-2011 show that the Bay Area met the 24-hour PM_{2.5} NAAQS during both these periods. The current Bay Area design value is 30 $\mu\text{g}/\text{m}^3$, well below the 35 $\mu\text{g}/\text{m}^3$ standard.

The reduction in peak values of PM_{2.5} in the Bay Area can be attributed to emission reductions achieved by control programs, including the District's wood-burning rule and other regulations, as well as ARB regulations to reduce PM from mobile sources.

DISCUSSION

In December 2011, the California Air Resources Board (ARB) submitted a "clean data finding" request to EPA on behalf of the Bay Area. If EPA approves the "clean data finding", then in lieu of preparing a SIP submittal to demonstrate how the Bay Area will attain the PM_{2.5} NAAQS, the District will have the option to submit either 1) a re-designation request and maintenance plan, or 2) an abbreviated SIP submittal. Staff believes that it would be premature to submit a re-designation request and maintenance plan at this point in time. Instead, it would be more prudent to prepare an abbreviated PM_{2.5} SIP submittal, while continuing to monitor progress in reducing PM_{2.5} over the next several years. There are two required elements for an abbreviated PM_{2.5} SIP submittal:

- An emission inventory for primary PM_{2.5}, as well as precursors that contribute to secondary PM formation for the attainment year (2010), and
- Amendments to the District's New Source Review (NSR) regulation to address PM_{2.5} as a regulated pollutant. (The NSR amendments were presented at the September 13 Stationary Source Committee meeting.)

These two elements will be presented to the Board for adoption at a public hearing on November 7, 2012.

Despite progress in reducing Bay Area PM levels, there are compelling reasons to continue and enhance our efforts to reduce emissions, ambient concentrations, and population exposure to PM as mentioned above. For these reasons, staff has prepared a detailed report on PM in the Bay Area to complement the District's PM_{2.5} SIP submittal. This report, entitled *Understanding Particulate Matter: Protecting Public Health in the San Francisco Bay Area*, is intended to build on the foundation set by the 2010 CAP to continue reducing PM in the coming years.

At the October 22 Executive Committee meeting, staff present an overview of PM planning activities, including an overview of the PM_{2.5} emissions inventory and of the draft *Understanding Particulate Matter* report.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Resources to prepare the abbreviated PM2.5 SIP submittal and the *Understanding Particulate Matter* report were included in the FY 2011/12 budget and the FY 2012/13 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Burch
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Gioia and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 12, 2012

Re: Senate Bill (SB) 1339 - Commute Benefits Legislation

RECOMMENDED ACTION:

None; receive and file.

BACKGROUND

On September 30, 2012, the Governor signed into law SB 1339 (Yee), an act to add (and later, repeal) Section 65081 of the Government Code. This bill authorizes the District and MTC to jointly adopt and implement a region-wide commute benefits ordinance that would apply to employers with 50 or more full-time employees within the boundaries of the District.

Employers would have the flexibility to offer their employees one of three options:

1. The option to pay for employee transit, vanpooling, or bicycling expenses with pre-tax dollars, as allowed by federal law;
2. A transit or vanpool subsidy up to \$75 per month;
3. A free shuttle, vanpool, or private bus service operated by or for the employer.

In addition, an employer may seek approval for an alternative method that would be equally effective in reducing employee vehicle trips to work.

If the District and MTC adopt an ordinance pursuant to SB 1339, they will be required to submit a report to the transportation policy committees of both houses of the Legislature by July 1, 2016 documenting the impact of the ordinance in terms of reducing vehicle trips and vehicle miles of travel (VMT), and the reduction in emissions of greenhouse gases (GHGs) in relation to the regional GHG reduction targets established by the Air Resource Board pursuant to SB 375. The SB 1339 legislation has a sunset date of January 1, 2017.

DISCUSSION

District staff anticipates that most employers would choose to offer Option #1 above. The federal tax code allows employees to purchase transit passes, or to pay costs related to commuting by bicycle or in a vanpool, using pre-tax dollars, provided that the employer

elects to make this option available. The primary purpose of the legislation is to make sure that covered employers offer this benefit to their employees.

The concept embodied in SB 1339 provides benefits both for employers and employees, as well as air quality. Employers benefit because they do not have to pay payroll taxes on the portion of employee wages used to purchase the transit passes. Employees benefit because the pre-tax provision effectively lowers the cost of the environmentally-friendly commute modes. Employees thus save money and have additional motivation to leave their cars at home.

Several Bay Area cities have already adopted commute benefit ordinances, including San Francisco, Berkeley, and Richmond. Adopting a commute benefit ordinance on a region-wide basis offers an opportunity to extend the merits of this approach to commuters throughout the Bay Area, providing tangible environmental and economic benefits to the region. Adoption of a regional commute benefits ordinance would help to implement the transportation control measures in the Bay Area 2010 Clean Air Plan (see TCM C-1: Employer-Based Trip Reduction), and to achieve the GHG reduction targets established in the forthcoming *Plan Bay Area Sustainable Communities Strategy* (SCS).

District staff and MTC staff are meeting to discuss appropriate roles and responsibilities in implementing the bill's provisions and requirements.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Funds are available in the current FY 2012/13 budget to cover the costs of adopting a commute benefits regulation. Funding needed to administer a regulation on an on-going basis can be considered in development of the FY 2013/14 budget and subsequent budget cycles.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Burch
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 24, 2012

Re: Report of the Budget and Finance Committee Meeting of October 24, 2012

RECOMMENDED ACTION:

- A) None. Informational item, receive and file.
- B) The Board of Directors increase the fiscal year end (FYE) 2013 contribution to Other Post-Employment Benefits (OPEB) from \$1,000,000 to \$2,000,000.
- C) The Board of Directors amend the FYE 2013 budget to recognize a \$200,000 U.S. Environmental Protection Agency (EPA) Grant and award a \$200,000 contract to Providence Engineering and Environmental Group (Providence) to perform an assessment of the air monitoring network throughout California.
- D) The Board of Directors amend the FYE 2013 budget to increase the Air Monitoring budget (Program 802) by a total of \$367,744 in response to an EPA grant of \$400,000 to develop air monitoring sites near Bay Area freeways.

BACKGROUND

The Budget and Finance Committee met on Wednesday, October 24, 2012. The Committee received the following reports:

- A) First Quarter Financial Report – Fiscal Year (FY) 2012-13.
- B) Air District Financial Overview.
- C) California Air Monitoring Network Assessment: Consider Acceptance of EPA Grant Money and Award of Contract.
- D) Amend Air Monitoring Section's Budget to Allow for Development of Two New Air Monitoring Stations Near Bay Area Roadways.

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

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

BUDGET CONSIDERATION/FINANCIAL IMPACT:

- A) None.
- B) The Air District's FYE 2013 contribution to OPEB will be increased from \$1,000,000 to \$2,000,000.
- C) The FY 2012-2013 Technical Division Budget will be increased by \$200,000 with the acceptance of the EPA grant and spent entirely through a contract with Providence. The project will not require any funding from the General Fund.
- D) The FYE 2013 Air Monitoring Section's budget will be increased by \$367,744 with the acceptance of the EPA grant.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

Attachments

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 11, 2012

Re: First Quarter Financial Report – Fiscal Year 2012-13

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Air District staff will present an update on the Air District's financial results for the first quarter of fiscal year 2012-13. The following information summarizes those results.

GENERAL FUND BUDGET: STATEMENT OF REVENUEComparison of Budget to Actual Revenue

| | | |
|-----------------------------|--------------|---------------------------|
| • County receipts | \$381,924 | (2%) of budgeted revenue |
| • Permit Fee receipts | \$13,730,921 | (57%) of budgeted revenue |
| • Title V Permit Fees | \$2,572,875 | (69%) of budgeted revenue |
| • Asbestos Fees | \$591,684 | (33%) of budgeted revenue |
| • Toxic Inventory Fees | \$266,734 | (38%) of budgeted revenue |
| • Penalties and Settlements | \$402,403 | (24%) of budgeted revenue |
| • Miscellaneous Revenue | \$8,431 | (6%) of budgeted revenue |
| • Interest Revenue | \$0 | (0%) of budgeted revenue |

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURESComparison of Budget to Actual Expenditures

| | | |
|--|-------------|--------------------------------|
| • Personnel - Salaries | \$8,357,029 | (27%) of budgeted expenditures |
| • Personnel - Fringe Benefits | \$2,887,162 | (22%) of budgeted expenditures |
| • Operational Services and Supplies | \$2,163,598 | (16%) of budgeted expenditures |
| • Capital Outlay | \$625,360 | (38%) of budgeted expenditures |

Cash and Investments in County Treasury:

(Based on the September 2012 Account Balance)

| | |
|-------------------|----------------------|
| General Fund | \$20,160,419 |
| TFCA | \$64,732,868 |
| MSIF | \$36,537,137 |
| Carl Moyer | \$9,947,697 |
| CA Goods Movement | <u>\$41,865,842</u> |
| | <u>\$173,243,963</u> |

Investments Held as:

(Based on the September 2012 Account Balance)

| | |
|--------------------------|------------------------------|
| Fixed Income Investments | 50% of total investment pool |
| Short Term Investments | 50% of total investment pool |

FUND BALANCES

| | <u>6/30/2011</u> <u>Audited</u> | <u>6/30/2012</u> <u>Unaudited</u> | <u>6/30/2013</u> <u>Projected</u> |
|--------------------------|------------------------------------|--------------------------------------|--------------------------------------|
| Imprest Cash | \$ - | - | - |
| Building and Facilities | 4,075,756 | 4,075,756 | 3,711,210 |
| PERS Funding | 1,500,000 | 1,500,000 | 1,365,836 |
| Radio Replacement | 75,000 | 75,000 | 68,292 |
| Capital Equipment | 1,219,818 | 1,219,818 | 1,110,714 |
| Post-Employment Benefits | 2,000,000 | 2,000,000 | 1,821,116 |
| Worker's Compensation | 1,000,000 | 1,000,000 | 910,557 |
| Economic Uncertainties | 130,660 | 130,660 | 118,973 |
| TOTAL SPECIAL RESERVES | <u>\$ 10,001,234</u> | <u>\$10,001,234</u> | <u>\$ 9,106,698</u> |
| UNDESIGNATED | <u>9,528</u> | <u>3,468,950</u> | <u>4,385,604</u> |
| TOTAL FUND BALANCES | <u>\$ 10,010,762</u> | <u>\$13,470,184</u> | <u>\$13,492,302</u> |

VENDOR PAYMENTS

In accordance with provisions of the Administrative Code, Division II Fiscal Policies and Procedures - Section 4 Purchasing Procedures: 4.3 Contract Limitations, Air District staff provides the Board a listing of all of the vendors receiving payments in excess of \$70,000 under contracts that have not been previously reviewed by the Board. In this manner, Air District practice allows review of payments for recurring routine business costs such as utilities, licenses, office supplies and the like, while maintaining committee efficiency.

As a related practice, Air District staff will report on vendors that undertook work for the Air District on several projects that individually were less than \$70,000, but cumulatively now total in excess of \$70,000. There were no vendors that meet this criteria during this period.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 12, 2012

Re: Air District Financial Overview

RECOMMENDED ACTION

Recommend that the Board of Directors increase the fiscal year end (FYE) 2013 contribution to Other Post-Employment Benefits (OPEB) from \$1,000,000 to \$2,000,000.

DISCUSSION

Staff will review the Air District current fiscal status. The review will include a discussion of the strategies employed during the FYE 2012 budget cycle, and those now employed in the FYE 2013 cycle. Possible mid-year budget adjustments will be discussed, including an additional allocation of \$1,000,000 to OPEB.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Increase the FYE 2013 contribution to Other Post-Employment Benefits (OPEB) from \$1,000,000 to \$2,000,000.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: September 17, 2012

Re: California Air Monitoring Network Assessment: Consider Acceptance of US
Environmental Protection Agency (EPA) Grant Money and Award of Contract

RECOMMENDED ACTION

Recommend that the Board of Directors amend the fiscal year end (FYE) 2013 budget to recognize a \$200,000 U.S. Environmental Protection Agency (EPA) Grant and award a \$200,000 contract to Providence Engineering and Environmental Group (Providence) to perform an assessment of the air monitoring network throughout California.

DISCUSSION

The EPA currently requires states to perform assessments of their air monitoring networks every five years (40 CFR, Part 58). Due to the structure of air quality agencies in California, this assessment does not evaluate the entire air monitoring in California as a whole, but divides the state into Primary Quality Assurance Organizations. This arrangement may lead to potential gaps and/or duplicative monitoring efforts. Due to the Air District's participation in air monitoring committees on both the state and national level, EPA has provided an additional \$200,000 in the Air District's Program 105 grant to address these potential issues. Air District staff has worked closely with EPA, the California Air Resources Board (CARB) and the California Air Pollution Control Officers Association (CAPCOA) to develop a work plan that outlines the project and identifies a contractor with the skills and experience to perform the work. EPA staff identified Providence as an organization that has acquired this knowledge and experience working on similar projects throughout the nation, and, as a result, staff recommends Providence be the sole source vendor for this assessment work.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Staff recommends that the Fiscal Year 2012-2013 Technical Division Budget be increased by \$200,000 with the acceptance of the EPA grant and spent entirely through a contract with Providence. The project will not require any funding from the General Fund.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Eric Stevenson
Reviewed by: Jean Roggenkamp and Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 9, 2012

Re: Amend Air Monitoring Section's Budget to Allow for Development of Two New
Air Monitoring Stations Near Bay Area Roadways

RECOMMENDED ACTION

Recommend that the Board of Directors amend the fiscal year end (FYE) 2013 budget to increase the Air Monitoring budget (Program 802) by a total of \$367,744 in response to an U.S. Environmental Protection Agency (EPA) grant of \$400,000 to develop air monitoring sites near Bay Area freeways.

DISCUSSION

The EPA recently revised its regulations (40 CFR, Part 58), to require development of air monitoring sites near major roadways. The number of sites depends on the population of Core Based Statistical Areas (CBSAs) and the location of the sites depends on a number of specific traffic metrics developed by EPA. Currently, the Air District is required to set-up three near roadway sites – two in the Oakland/San Francisco CBSA and one in the Santa Clara/San Jose CBSA. EPA has provided total funding of \$400,000 to develop two of the three sites, with the expectation that additional funding for the third site will be provided in future years.

Staff estimates that \$367,744 will be required to purchase equipment, supplies and services for the two air monitoring sites covered by this grant award. Any remaining funds from the \$400,000 grant will be used to offset part of the personnel and overhead costs associated with this project.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Staff recommends that the FYE 2013 Air Monitoring Section's budget be increased by \$367,744 with the acceptance of the EPA grant.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Eric Stevenson
Reviewed by: Jean Roggenkamp and Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 25, 2012

Re: Report of the Mobile Source Committee Meeting of October 25, 2012

RECOMMENDED ACTION

- A) Projects with Proposed Grant Awards over \$100,000:
1. Approve Carl Moyer Program (CMP) projects with proposed grant awards over \$100,000.
 2. Authorize the Executive Officer/APCO to enter into agreements for the recommended CMP projects.
- B) Update on Grant Funding:
1. Adopt a resolution to authorize the Executive Officer/APCO to accept grant funding and enter into one contract with the U.S. Environmental Protection Agency (EPA) and one contract with the California Energy Commission (CEC) on behalf of the Air District.
 2. Authorize the Executive Officer/APCO to execute all necessary contracts to expend this funding.
- C) Approve proposed Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies to govern allocation of Fiscal Year Ending (FYE) 2014 County Program Manager funds.

BACKGROUND

The Mobile Source Committee met on Thursday, October 25, 2012. The Committee received and considered the following reports:

- A) Projects with Proposed Grant Awards over \$100,000.
- B) Update on Grant Funding.
- C) TFCA County Program Manager Fund Policies for FYE 2014.

Attached are the staff memos presented in the Mobile Source Committee packet.

Chairperson Scott Haggerty will provide an oral report of the committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None. Through the CMP, Mobile Source Incentive Fund, and TFCA, the Air District distributes “pass-through” funds to public agencies and private entities on a reimbursement basis. Administrative costs for both programs are provided by each funding source.
- B) None. Administrative funding is provided by the EPA programs to cover staff costs for truck project. Administrative funding for the CEC project (including Air District staff time) will be provided through the grant.
- C) None. The recommended policy changes have no impact on the Air District’s budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

Attachments

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 11, 2012

Re: Projects with Proposed Grant Awards over \$100,000

RECOMMENDATIONS:

Recommend the Board of Directors:

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

BACKGROUND

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

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

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

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

On March 7, 2012, the Board of Directors authorized Air District participation in Year 14 of the CMP, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with CMP funds or MSIF revenues, with individual grant award amounts up to \$100,000. On November 18, 2009, the Air District Board of Directors authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with TFCA funds, with individual grant award amounts up to \$100,000.

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

DISCUSSION

Carl Moyer Program:

The Air District started accepting applications for CMP Year 14 projects on July 23, 2012. The Air District has approximately \$15 million available for CMP projects from a combination of MSIF and CMP funds. Project applications are being accepted and evaluated on a first-come, first-served basis.

As of October 9, 2012, the Air District had received 10 project applications. Of the applications that have been evaluated between July 23, 2012 and October 9, 2012, two (2) eligible projects have proposed individual grant awards over \$100,000. These projects will replace four (4) marine engines which will result in the reduction of over 1.4 tons of NO_x, ROG and PM per year. Staff recommends allocating \$336,186 to these projects from a combination of CMP funds and MSIF revenues. Attachment 1 to this staff report provides additional information on these projects.

Attachment 2 lists all of the eligible projects that have been received by the Air District as of October 9, 2012, and summarizes the allocation of funding by equipment category (Figure 1), and county (Figure 2). This list also includes the Voucher Incentive Program (VIP) on-road replacement projects awarded since the last committee update. Approximately 76% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities.

TFCA:

No TFCA applications requesting individual grant awards over \$100,000 received as of October 9, 2012 are being forwarded for approval at this time.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

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

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Anthony Fournier
Reviewed by: Damian Breen

- Attachment 1: BAAQMD Year 14 Carl Moyer Program/MSIF projects with grant awards greater than \$100,000 (evaluated between 7/23/12 and 10/9/12)
- Attachment 2: Summary of all CMP Year 14/MSIF and VIP approved/eligible projects (as of 10/9/12)

BAAQMD Year 14 Carl Moyer Program/ MSIF projects with grant awards greater than \$100k
(Evaluated between 7/23/12 and 10/9/12)

| Project # | Applicant name | Equipment category | Project type | Proposed contract award | NOx (TPY) | ROG (TPY) | PM (TPY) | County |
|-----------|-----------------------------|--------------------|--|-------------------------|--------------|--------------|--------------|---------|
| 14MOY4 | C & W Diving Services, Inc. | Marine | Repower of two (2) diesel-powered propulsion engines on the work boat "Taylor Anne II" | \$ 227,786.00 | 1.033 | 0.057 | 0.039 | Alameda |
| 14MOY7 | C & W Diving Services, Inc. | Marine | Repower of two (2) diesel-powered propulsion engines on the work boat "Stella Lind" | \$ 108,400.00 | 0.318 | -0.011 | 0.020 | Alameda |
| | | | | \$ 336,186.00 | 1.351 | 0.046 | 0.059 | |

Attachment 2

Summary of all CMP Yr 14/ MSIF and VIP approved/ eligible projects (As of 10/9/12)

| Project # | Equipment category | Project type | # of engines | Proposed contract award | Applicant name | NOx (TPY) | ROG (TPY) | PM (TPY) | Board approval date | County |
|--------------------|--------------------|--------------------|--------------|-------------------------|--|---------------|--------------|--------------|---------------------|---------------|
| 14MOY2 | Off-road | Loader replacement | 1 | \$ 45,176.00 | Bordessa Dairy | 0.135 | 0.023 | 0.007 | APCO | Sonoma |
| 14MOY3 | Off-road | Loader replacement | 1 | \$ 98,511.00 | Blakes Landing Farms, Inc. (Dairy) | 0.448 | 0.078 | 0.028 | APCO | Marin |
| 14MOY4 | Marine | Engine replacement | 2 | \$ 227,786.00 | C & W Diving Services, Inc. (Vessel: "Taylor Anne II") | 1.033 | 0.057 | 0.039 | TBD | Alameda |
| 14MOY7 | Marine | Engine replacement | 2 | \$ 108,400.00 | C & W Diving Services, Inc. (Vessel: "STELLA LIND") | 0.318 | -0.011 | 0.020 | TBD | Alameda |
| VIP72 | VIP | Truck replacement | 1 | \$ 45,000.00 | Bhin Trucking LLC | 2.786 | 0.056 | 0.000 | APCO | Santa Clara |
| VIP73 | VIP | Truck replacement | 1 | \$ 40,000.00 | Bhin Trucking LLC | 2.458 | 0.049 | 0.000 | APCO | Santa Clara |
| VIP74 | VIP | Truck replacement | 1 | \$ 40,000.00 | Fredrick Shumate | 2.458 | 0.049 | 0.000 | APCO | San Francisco |
| VIP75 | VIP | Truck replacement | 1 | \$ 40,000.00 | Kirvin Holtz | 2.481 | 0.052 | 0.000 | APCO | Sonoma |
| VIP76 | VIP | Truck replacement | 1 | \$ 20,000.00 | Rosalio Calderon | 0.849 | 0.010 | 0.019 | APCO | Santa Clara |
| VIP77 | VIP | Truck replacement | 1 | \$ 15,000.00 | Michael Feuquay | 0.918 | 0.023 | 0.000 | APCO | Santa Clara |
| VIP78 | VIP | Truck replacement | 1 | \$ 35,000.00 | Michael Feuquay | 1.380 | 0.020 | 0.040 | APCO | Santa Clara |
| VIP79 | VIP | Truck replacement | 1 | \$ 25,000.00 | Michael Feuquay | 1.006 | 0.015 | 0.029 | APCO | Santa Clara |
| VIP80 | VIP | Truck replacement | 1 | \$ 45,000.00 | Ernest Gonzales | 2.735 | 0.086 | 0.000 | APCO | Alameda |
| VIP81 | VIP | Truck replacement | 1 | \$ 35,000.00 | Santos Construction Inc. | 2.149 | 0.056 | 0.000 | APCO | Contra Costa |
| VIP83 | VIP | Truck replacement | 1 | \$ 10,000.00 | STAR-TAM INC | 0.638 | 0.004 | 0.000 | APCO | Alameda |
| VIP84 | VIP | Truck replacement | 1 | \$ 10,000.00 | San Miguel Trans Inc | 0.629 | 0.013 | 0.000 | APCO | Sonoma |
| VIP85 | VIP | Truck replacement | 1 | \$ 35,000.00 | Continental Tow | 0.582 | 0.004 | 0.008 | APCO | Alameda |
| VIP86 | VIP | Truck replacement | 1 | \$ 30,000.00 | Continental Tow | 0.498 | 0.003 | 0.006 | APCO | Alameda |
| 18 Projects | | | 20 | \$ 904,873.00 | | 23.500 | 0.587 | 0.196 | | |

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 10/9/12

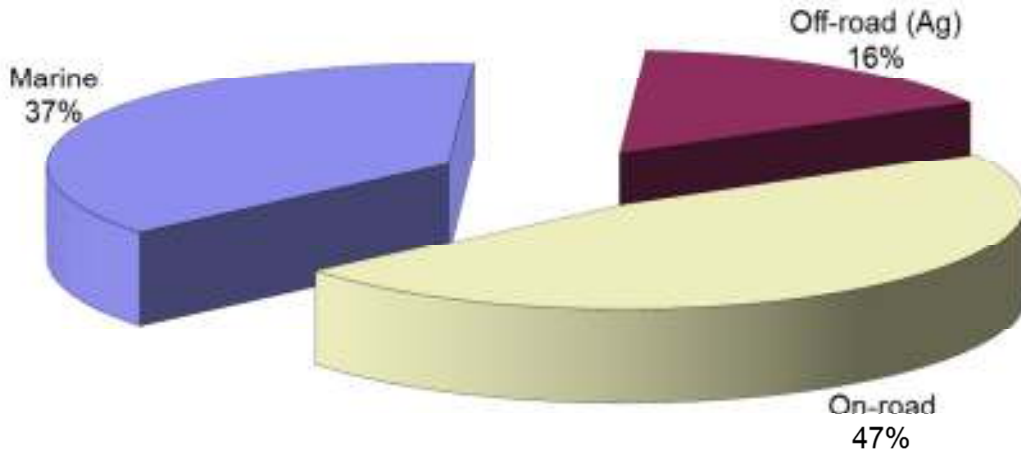
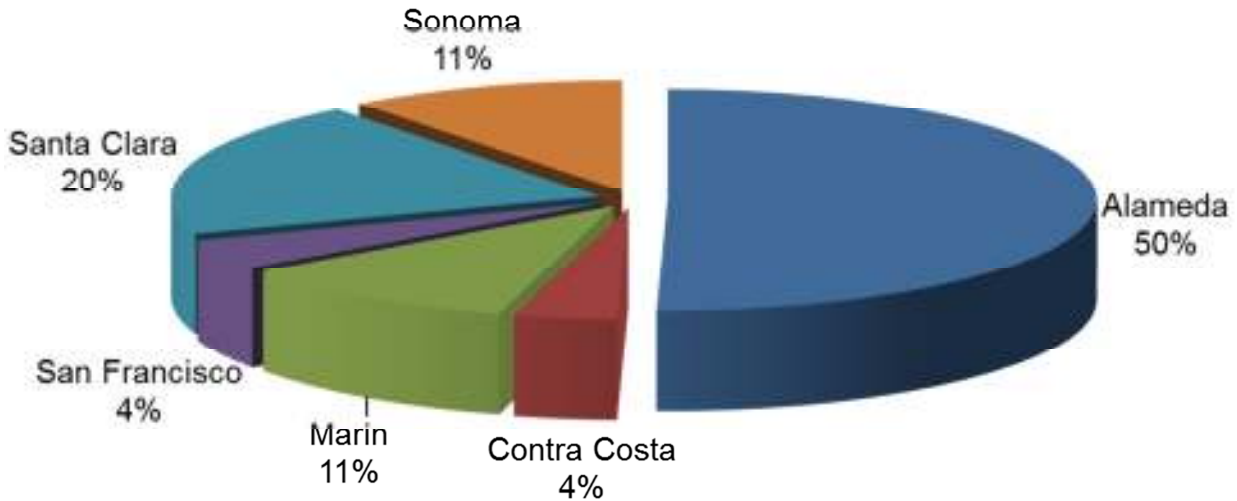


Figure 2: CMP/ MSIF Funding Distribution by County as of 10/9/12



BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 18, 2012

Re: Update on Grant Funding

RECOMMENDED ACTION:

Recommend Board of Directors:

1. Adopt a resolution to authorize the Executive Officer/APCO to accept grant funding and enter into one contract with the United States Environmental Protection Agency (EPA) and one contract with the California Energy Commission (CEC) on behalf of the Bay Area Air Quality Management District (Air District).
2. Authorize the Executive Officer/APCO to execute all necessary contracts to expend this funding.

BACKGROUND

The Air District has received notice that it has been awarded two grants to reduce emissions from mobile sources; one (1) grant from the EPA for up to \$2.7 million and one (1) grant from the CEC for \$3 million. The EPA grant was awarded from the National Clean Diesel Program and will replace older heavy-duty trucks that operate at goods movement centers in the Bay Area. The CEC grant was awarded through the Assembly Bill (AB) 118 - Alternative and Renewable Fuels and Vehicle Technologies (ARFVT) Program for a project to demonstrate zero-emission battery electric taxis with switchable batteries that give the vehicles unlimited range within the area covered by the taxi company.

DISCUSSION

EPA National Clean Diesel Program Project

On June 4, 2012, the Air District submitted a proposal to the EPA to replace up to 70 model year (MY) 2003 or older heavy-duty trucks that operate at goods movement centers in and around the Port of Oakland and along the major transportation corridors in the Bay Area, with MY 2007 or newer trucks. On July 12, 2012, the EPA informed the Air District that it had been awarded funding for the project. The project will receive an initial funding amount of over \$880,000 to replace 22 trucks and it is hoped that an entire \$2.7 million allocation will be made available during the course of the agreement if approved by the Air District's Board of Directors

(Board). The project is projected to reduce 1.2 tons of particulate matter (PM), 6.1 tons of reactive organic gases (ROG) and 129 tons of nitrogen oxides (NOx) annually over the ten (10) year life of the trucks

CEC ARFVT Project

On August 30, 2012, the Air District applied to the CEC under its ARFVT program for an electric taxi (e-Taxi) demonstration project to deploy two additional battery switch stations and six additional battery-switchable electric taxis in the transportation corridor between San Francisco and San Jose. Battery switchable technology allows for a depleted battery in a compatible vehicle to be replaced in a matter of seconds with a fully charge replacement. This project expands upon a grant previously awarded by the Board on August 4, 2010 to Better Place, Inc. (\$450,000) for two battery swap stations in San Francisco and 10 battery switchable taxis. With the recent addition of CEC funding (approved on October 2, 2012) and federal funding provided by the Metropolitan Transportation Commission (\$6.5 million), this project will now install six (6) battery switch stations and over 60 taxi vehicles to demonstrate the battery switch concept over the next 10 years in the region. Additionally, this project is matched with over \$18 million in private capital provided by Better Place, Inc.

The project is designed to achieve three goals: 1) create the first North American eTaxi Corridor between San Francisco and San Jose, providing unlimited range for participating vehicles in less time than it takes to fill a tank of gas, 2) operate a fully functional zero emission switchable battery EV taxi fleet, and 3) raise awareness of electric vehicles with consumers through the EV taxi experience. This CEC portion of the project will reduce 106 tons of carbon dioxide, a greenhouse gas, 0.006 tons of reactive organic gases (ROG) and 0.012 tons of nitrogen oxides (NOx) annually over the course of the ten year demonstration.

Grant Requirements

In order for the Air District to accept CEC and EPA funding, a resolution of local support from the Board is required. The resolution must state the title of the person authorized to accept the award and enter into a contract with the granting agencies. The resolution must commit the Air District to comply with requirements of the granting agencies and authorize the Air District to accept the grant funds from the granting agencies. The resolution must also state that the Air District certifies via a resolution to attain the environmental outputs and outcomes described in its application to the EPA.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. Administrative funding is provided by the EPA programs to cover staff costs for truck project. Administrative funding for the CEC project (including Air District staff time) will be provided through the grant.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Joseph Steinberger
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2012-_____

**A Resolution of the
Board of Directors of the Bay Area Air Quality Management District (Air District)
Authorizing the Executive Officer/Air Pollution Control Officer to Enter into One
Contract with the U.S. Environmental Protection Agency (EPA) and a Second
Contract with the California Energy Commission (CEC)**

WHEREAS, the Air District has been awarded two grant contracts:

1. A Contract from the EPA for up to \$2.7 million to replace 70 Model Year (MY) 2003 or older heavy-duty trucks that operate at goods movement centers in and around the Port of Oakland and along the major transportation corridors in the Bay Area, with MY 2007 or newer trucks, and
2. A Contract with the CEC for \$3 million for a Bay Area eTaxi Program to demonstrate zero-emission battery electric taxis with switchable batteries that give the vehicles unlimited range within the area covered by the taxi company;

WHEREAS, funds have been made available to the EPA through the National Clean Diesel Program and to the CEC through Assembly Bill (AB) 118 - Alternative and Renewable Fuels and Vehicle Technologies (ARFVT) Program;

WHEREAS, EPA requires a minimum match in funding of fifty (50) percent (%) in non-federal funds, and the CEC does not require a minimum match in funding;

WHEREAS, the Air District's proposal proposes a cash match for the EPA grant using private funding provided by the truck owners towards the cost of the truck;

WHEREAS, the Air District is an eligible project sponsor for EPA and CEC funds;

WHEREAS, pursuant to EPA and CEC, eligible project sponsors wishing to receive EPA National Clean Diesel Program and CEC ARFVT funds for a project shall submit a resolution from the applicant's governing board stating the title of the person authorized to enter into a grant contract with EPA and/or CEC;

WHEREAS, the Air District certifies via this resolution that it will attain the environmental outputs and outcomes described in its application to the EPA.

NOW, THEREFORE, BE IT RESOLVED that the Air District is authorized to execute grant contracts for funding for the EPA and CEC projects described above.

BE IT FURTHER RESOLVED that the Air District by adopting this resolution does hereby state that the Air District will provide cash matching funds for the EPA grant using private funding provided by truck owners.

BE IT FURTHER RESOLVED that the Air District is an eligible sponsor of EPA and CEC funded projects.

BE IT FURTHER RESOLVED that there is no pending or threatened litigation that might in any way adversely affect the proposed EPA or CEC grant contracts, or the ability of the Air District to deliver such projects.

BE IT FURTHER RESOLVED that the Air District authorizes its Executive Officer or designee to enter into grant contracts on behalf of the Air District with EPA for the EPA National Clean Diesel Program to replace 70 MY 2003 or older heavy-duty trucks with MY 2007 or newer trucks and with CEC for a Bay Area eTaxi Program to demonstrate zero-emission battery electric taxis with switchable batteries as referenced in this resolution.

BE IT FURTHER RESOLVED that the Air District authorizes the acceptance of EPA National Clean Diesel Program and CEC-ARFVT Program funds and commits to comply with the requirements of both programs.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2012 by the following vote of the Board:

AYES:

NOES:

ABSENT:

John Gioia
Chair of the Board of Directors

ATTEST:

Nate Miley
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 11, 2012

Re: Transportation Fund for Clean Air (TFCA) County Program Manager Fund Policies
for Fiscal Year Ending (FYE) 2014

RECOMMENDED ACTION:

Recommend Board of Directors:

- Approve proposed TFCA County Program Manager Fund Policies to govern allocation of FYE 2014 County Program Manager funds.

BACKGROUND

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (Air District) to impose a \$4 surcharge on motor vehicles registered within the San Francisco Bay Area to fund projects that reduce on-road motor vehicle emissions. The Air District has allocated these funds to its Transportation Fund for Clean Air (TFCA) to fund eligible projects. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code Sections 44241 and 44242.

By law, forty percent (40%) of these revenues are distributed to designated County Program Managers in each of the nine counties within the Air District's jurisdiction. Each year the Air District's Board of Directors is required to adopt policies to allocate these funds that maximize emissions reductions and public health benefits. This report presents the proposed fiscal year ending (FYE) 2014 TFCA County Program Manager Policies.

DISCUSSION

The proposed FYE 2014 TFCA County Program Manager Policies are based on revisions to the FYE 2013 Policies. The proposed Policies incorporate input from County Program Managers over this last year as well as other revisions to ensure consistency with Health and Safety Code requirements. In particular, staff proposes to:

- Clarify a number of terms to ensure that they are used consistently and appropriately throughout the Policies (see Attachment A for Glossary of Terms).

- Remove the award cap for non-public entities of \$500,000 per funding cycle.
- Allow County Program Managers to enter into contracts lasting up to four (4) years for projects that require additional time for completion thus reducing the requirements for administrative amendments.
- Allow for the upgrade of previously installed TFCA fueling infrastructure equipment provided that it can achieve further cost effective emissions reductions.

On September 6, 2012, Air District staff issued a request for comments on the proposed Policies to the County Program Managers. Air District staff also met with County Program Manager representatives via a teleconference call on September 26 to discuss the proposed Policies. In addition, seven of the nine County Program Managers submitted written comments by the October 1st deadline. Over the past two weeks, staff has worked to incorporate many of the comments into the proposed Policies that are before the Committee today.

Attachment B contains the proposed FYE 2014 Policies and Attachment C shows the changes between the proposed Policies and the previous year's Policies. A listing of comments received and responses by Air District staff is provided in Attachment D.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. The recommended policy changes have no impact on the Air District's budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Geraldina Grünbaum
Reviewed by: Karen Schkolnick

Attachments:

- A. Glossary of Terms
- B. Proposed TFCA County Program Manager Fund Policies for FYE 2014
- C. Proposed FYE 2014 Policies Compared with FYE 2013 Policies
- D. Comments Received from County Program Managers on Proposed Policies and Air District Staff Responses

GLOSSARY OF TERMS

County Program Manager Funds – The portion of the TFCA-generated funds that are allocated to each County Program Manager.

Final audit determination - The determination by the Air District of a County Program Manager or grantee's TFCA program or project, following completion of all procedural steps set forth in HSC section 44242(a) – (c).

Funding Agreement - The agreement executed by and between the Air District and the County Program Manager for the allocation of County Program Manager Funds for the respective fiscal year.

Grant Agreement - The agreement executed by and between the County Program Manager and a grantee.

Grantee - Recipient of an award of TFCA Funds from the County Program Manager to carry out a TFCA project and who executes a grant agreement with the County Program Manager to implement that project. A grantee is also known as a project sponsor.

TFCA funds - Grantee's allocation of funds, or grant, pursuant to an executed grant agreement awarded pursuant to the County Program Manager Fund Funding Agreement.

TFCA-generated funds - The Transportation Fund for Clean Air (TFCA) program funds generated by the \$4 surcharge on motor vehicle registration fees that are allocated through the Regional Fund and the County Program Manager Fund.

TFCA COUNTY PROGRAM MANAGER FUND POLICIES FOR FYE 2014

The following Policies apply only to the Transportation Fund for Clean Air (TFCA) County Program Manager Fund.

BASIC ELIGIBILITY

- 1. Reduction of Emissions:** Only projects that result in the reduction of motor vehicle emissions within the Air District's jurisdiction are eligible.

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and these Air District Board of Directors adopted TFCA County Program Manager Fund Policies for FYE 2014.

Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is required through regulations, ordinances, contracts, and other legally binding obligations at the time of the execution of a grant agreement between the County Program Manager and the grantee. Projects must also achieve surplus emission reductions at the time of an amendment to a grant agreement if the amendment modifies the project scope or extends the project completion deadline.

- 2. TFCA Cost-Effectiveness:** Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total of emissions reduced, unless a different value is specified in the policy for that project type. (See "Eligible Project Categories" below.) Cost-effectiveness is based on the ratio of TFCA funds divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NO_x), and weighted particulate matter 10 microns in diameter and smaller (PM₁₀) reduced (\$/ton). All TFCA-generated funds (e.g., TFCA Regional Funds, reprogrammed TFCA funds) that are awarded or applied to a project must be included in the evaluation. For projects that involve more than one independent component (e.g., more than one vehicle purchased, more than one shuttle route, etc.), each component must achieve this cost-effectiveness requirement.

County Program Manager administrative costs are excluded from the calculation of a project's TFCA cost-effectiveness.

- 3. Eligible Projects, and Case-by-Case Approval:** Eligible projects are those that conform to the provisions of the HSC section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, County Program Managers must receive approval by the Air District for projects that are authorized by the HSC section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.
- 4. Consistent with Existing Plans and Programs:** All projects must comply with the transportation control measures and mobile source measures included in the Air District's most recently approved plan for achieving and maintaining State and national ambient air

quality standards, which are adopted pursuant to HSC sections 40233, 40717 and 40919, and, when applicable, with other adopted State, regional, and local plans and programs.

- 5. Eligible Recipients:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District.
 - A. Public agencies are eligible to apply for all project categories.
 - B. Non-public entities are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7).
- 6. Readiness:** Projects must commence in calendar year 2014 or sooner. “Commence” includes any preparatory actions in connection with the project’s operation or implementation. For purposes of this policy, “commence” can mean the issuance of a purchase order to secure project vehicles and equipment, commencement of shuttle and ridesharing service, or the delivery of the award letter for a construction contract.
- 7. Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years. Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

- 8. Independent Air District Audit Findings and Determinations:** Grantees who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project awarded by either County Program Managers or the Air District are excluded from receiving an award of any TFCA funds for five (5) years from the date of the Air District’s final audit determination in accordance with HSC section 44242, or duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the program or project was not implemented in accordance with the applicable Funding Agreement or grant agreement.

A failed fiscal or performance audit of the County Program Manager or its grantee may subject the County Program Manager to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC section 44242(c)(3).

- 9. Authorization for County Program Manager to Proceed:** Only a fully executed Funding Agreement (i.e., signed by both the Air District and the County Program Manager) constitutes the Air District’s award of County Program Manager Funds. County Program Managers may only incur costs (i.e., contractually obligate itself to allocate County Program Manager Funds) after the Funding Agreement with the Air District has been executed.

- 10. Insurance:** Both the County Program Manager and each grantee must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with required coverage amounts provided in Air District guidance and final amounts specified in the respective grant agreements.

INELIGIBLE PROJECTS

- 11. Duplication:** Grant applications for projects that provide additional TFCA funding for existing TFCA-funded projects (e.g., Bicycle Facility Program projects) that do not achieve additional emission reductions are ineligible. Combining TFCA County Program Manager Funds with other TFCA-generated funds that broaden the scope of the existing project to achieve greater emission reductions is not considered project duplication.
- 12. Planning Activities:** A grantee may not use any TFCA funds for planning related activities unless they are directly related to the implementation of a project or program that results in emission reductions.
- 13. Employee Subsidies:** Projects that provide a direct or indirect financial transit or rideshare subsidy or shuttle/feeder bus service exclusively to the grantee's employees are not eligible.

USE OF TFCA FUNDS

- 14. Cost of Developing Proposals:** Grantees may not use TFCA funds to cover the costs of developing grant applications for TFCA funds.
- 15. Combined Funds:** TFCA fund may be combined with other grants (e.g., with TFCA Regional Funds or State funds) to fund a project that is eligible and meets the criteria for all funding sources.
- 16. Administrative Costs:** The County Program Manager may not expend more than five percent (5%) of its County Program Manager Funds for its administrative costs. The County Program Manager's costs to prepare and execute its Funding Agreement with the Air District are eligible administrative costs. Interest earned on County Program Manager Funds shall not be included in the calculation of the administrative costs. To be eligible for reimbursement, administrative costs must be clearly identified in the expenditure plan application and in the Funding Agreement, and must be reported to the Air District.
- 17. Expend Funds within Two Years:** County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year, unless a County Program Manager has made the determination based on an application for funding that the eligible project will take longer than two years to implement. Additionally, a County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two one-year schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project, and the Funding Agreement is amended to reflect the revised schedule.

18. Unallocated Funds: Pursuant to HSC 44241(f), any County Program Manager Funds that are not allocated to a project within six months of the Air District Board of Directors approval of the County Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.

19. Incremental Cost (for the purchase or lease of new vehicles): For new vehicles, TFCA funds awarded may not exceed the incremental cost of a vehicle after all rebates, credits, and other incentives are applied. Such financial incentives include manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle, and its new conventional vehicle counterpart that meets the most current emissions standards at the time that the project is evaluated.

20. Reserved.

21. Reserved.

ELIGIBLE PROJECT CATEGORIES

22. Alternative Fuel Light-Duty Vehicles:

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 8,500 lbs. or lighter. Eligible alternative light-duty vehicle types and equipment eligible for funding are:

- A. Purchase or lease of new hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the CARB as meeting established super ultra low emission vehicle (SULEV), partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards.
- B. Purchase or lease of new electric neighborhood vehicles (NEV) as defined in the California Vehicle Code.
- C. CARB emissions-compliant vehicle system retrofits that result in reduced petroleum use (e.g., plug-in hybrid systems).

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funds. Funds are not available for non-fuel system upgrades, such as transmission and exhaust systems, and should not be included in the incremental cost of the project.

23. Alternative Fuel Medium Heavy-Duty and Heavy Heavy-Duty Service Replacement Vehicles (low-mileage utility trucks in idling service):

Eligibility: For TFCA purposes, medium and heavy-duty service vehicles are on-road motor vehicles with a GVWR of 14,001 lbs. or heavier. Eligible alternative fuel service vehicles are only those vehicles in which engine idling is required to perform the vehicles' primary service function (for example, trucks with engines to operate cranes or aerial buckets). In order to qualify for this incentive, each new vehicle must be placed into a service route that

has a minimum idling time of 520 hours/year, and a minimum mileage of 500 miles/year. Eligible MHDV and HHDV vehicle types for purchase or lease are:

- A. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB or that are listed by the IRS as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005.

Scrapping Requirements: Grantees with a fleet that includes model year 1998 or older heavy-duty diesel vehicles must scrap one model year 1998 or older heavy-duty diesel vehicle for each new vehicle purchased or leased under this grant. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

24. Alternative Fuel Heavy-Duty Replacement Vehicles (high mileage):

Eligibility: For TFCA purposes, Alternative Fuel Heavy-Duty Vehicles are defined as follows: Light-heavy-duty vehicles (LHDV) are those with a GVWR between 8,501 lbs. and 14,000 lbs., medium-heavy-duty vehicles (MHDV) are those with a GVWR between 14,001 lbs. and 33,000 lbs., and heavy-heavy-duty vehicles (HHDV) are those with a GVWR equal to or greater than 33,001 lbs. Eligible LHDV, MHDV and HHDV vehicle types for purchase or lease are:

- A. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB or that are listed by the IRS as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005.

TFCA funds may not be used to pay for non-fuel system upgrades such as transmission and exhaust systems.

Scrapping requirements are the same as those in Policy #23.

25. Alternative Fuel Bus Replacement:

Eligibility: For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than 15 persons, including the driver. A vehicle designed, used, or maintained for carrying more than 10 persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus. Buses are subject to the same eligibility requirements listed in Policy #24 and the same scrapping requirements listed in Policy #23.

26. Alternative Fuel Infrastructure:

Eligibility: Eligible refueling infrastructure projects include new dispensing and charging facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel fueling/charging sites (e.g., electric vehicle, CNG). This includes upgrading or modifying private fueling/charging sites or stations to allow public and/or shared fleet access. TFCA funds may be used to cover the cost of equipment and installation. TFCA funds may also be used to upgrade

infrastructure projects previously funded with TFCA-generated funds as long as the equipment was maintained and has exceeded the duration of its years of effectiveness after being placed into service.

TFCA-funded infrastructure projects must be available to and accessible by the public. Equipment and infrastructure must be designed, installed and maintained as required by the existing recognized codes and standards and approved by the local/state authority.

TFCA funds may not be used to pay for fuel, electricity, operation, and maintenance costs.

27. Ridesharing Projects: Eligible ridesharing projects provide carpool, vanpool or other rideshare services. Projects that provide a direct or indirect financial transit or rideshare subsidy are also eligible under this category.

28. Shuttle/Feeder Bus Service:

These projects link a mass transit hub (i.e., rail or Bus Rapid Transit (BRT) station, ferry or bus terminal, airport) to or from a final destination. These projects are intended to reduce single-occupancy, commonly-made vehicle trips (e.g., commuting or shopping center trips) by enabling riders to travel the remaining, relatively short, distance between a mass transit hub and the nearby final destination. The final destination must be a distinct commercial, employment or residential area. The project's route must operate to or from a mass transit hub and must coordinate with the transit schedules of the connecting mass transit's services. Project routes cannot replace or duplicate an existing local transit service. These services are intended to support and complement the use of existing major mass transit services.

Shuttle/feeder bus service applicants must be either:

- 1) a public transit agency or transit district that directly operates the shuttle/feeder bus service; or
- 2) a city, county, or any other public agency.

The project applicant must submit documentation from the General Manager of the transit district or transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency service.

The following is a listing of eligible vehicle types that may be used for service:

- A. a zero-emission vehicle (e.g., electric, hydrogen)
- B. an alternative fuel vehicle (CNG, liquefied natural gas, propane);
- C. a hybrid-electric vehicle;
- D. a post-1998 diesel vehicle with a CARB Verified Diesel Emission Control Strategy (e.g., retrofit); or
- E. a post-1990 gasoline-fueled vehicle.

Pilot shuttle/feeder bus service projects are required to meet a cost-effectiveness of \$125,000/ton during the first two years of operation (see Policy #2). A pilot project is a defined route that is at least 70% unique and has not previously been funded through TFCA. Applicants must provide data supporting the demand for the service, letters of support from potential users and providers, and plans for financing the service in the future.

29. Bicycle Projects:

New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. Eligible projects are limited to the following types of bicycle facilities for public use that result in motor vehicle emission reductions:

- A. New Class-1 bicycle paths;
- B. New Class-2 bicycle lanes;
- C. New Class-3 bicycle routes;
- D. New bicycle boulevards;
- E. Bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels;
- F. Bicycle lockers;
- G. Capital costs for attended bicycle storage facilities;
- H. Purchase of two-wheeled or three-wheeled vehicles (self-propelled or electric), plus mounted equipment required for the intended service and helmets; and
- I. Development of a region-wide web-based bicycle trip planning system.

All bicycle facility projects must, where applicable, be consistent with design standards published in the California Highway Design Manual.

30. Arterial Management:

Arterial management grant applications must identify a specific arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funds. Incident management projects on arterials are eligible to receive TFCA funds. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more (counting volume in both directions). Each arterial segment must meet the cost-effectiveness requirement in Policy #2.

31. Smart Growth/Traffic Calming:

Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions:

- A. The development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan; and
- B. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards. Pedestrian projects are eligible to receive TFCA funds.
- C. The project must have a completed and approved environmental plan.

Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential retail, and employment areas.

**~~BOARD-ADOPTED~~ TFCA COUNTY PROGRAM MANAGER FUND
POLICIES FOR FYE 2014~~3~~**

The following ~~P~~olicies apply only to the Transportation Fund for Clean Air (TFCA) County Program Manager Fund.

BASIC ELIGIBILITY

- 1. Reduction of Emissions:** Only projects that result in the reduction of motor vehicle emissions within the Air District's jurisdiction are eligible.

Projects must conform to the provisions of the California Health and Safety Code (HSC) sections 44220 et seq. and these Air District Board of Directors adopted TFCA County Program Manager Fund Policies for FYE 2014~~3~~.

Projects must achieve surplus emission reductions, i.e., reductions that are beyond what is ~~currently~~ required through regulations, ordinances, contracts, ~~and/or~~ other legally binding obligations at the time of the execution of a funding grant agreement between the County Program Manager and the granteesub-awardee. Projects must also achieve surplus emission reductions at the time of an amendment to a grant agreement if the amendment modifies the project scope or extends the project completion deadline.

- 2. TFCA Cost-Effectiveness:** Projects must achieve TFCA cost-effectiveness, on an individual project basis, equal to or less than \$90,000 of TFCA funds per ton of total of emissions reduced, unless a different value is specified in the ~~below~~ policy for that project type. (See "Eligible Project Categories" below.) Cost-effectiveness is based on the ratio of TFCA funds ~~awarded~~ divided by the sum total tons of reactive organic gases (ROG), oxides of nitrogen (NOx), and weighted particulate matter 10 microns in diameter and smaller (PM10) reduced (\$/ton). All TFCA-generated funds (e.g., TFCA Regional Funds, reprogrammed TFCA funds) that are awarded or applied to a project must be included in the evaluation. For projects that involve more than one independent component (e.g., more than one vehicle purchased, more than one shuttle route, etc.), each component must achieve this cost-effectiveness requirement.

County Program Manager administrative costs are excluded from the calculation of a project's TFCA cost-effectiveness.

- 3. Eligible Projects, and Case-by-Case Approval:** Eligible projects are those that conform to the provisions of the ~~California Health and Safety Code (HSC)~~ section 44241, Air District Board adopted policies and Air District guidance. On a case-by-case basis, County Program Managers must receive approval by the Air District for projects that are authorized by the HSC ~~S~~section 44241 and achieve Board-adopted TFCA cost-effectiveness but do not fully meet other Board-adopted Policies.
- 4. Consistent with Existing Plans and Programs:** All projects must comply with the transportation control measures and mobile source measures included in the Air District's most recently approved plan for achieving and maintaining State and national ambient air

quality standards, ~~which are adopted those plans and programs established~~ pursuant to ~~California Health & Safety Code (HSC)~~ sections 40233, 40717 and 40919, and, when applicable, with other adopted State, regional, and local plans and programs.

5. **Eligible Recipients:** Grant recipients must be responsible for the implementation of the project, have the authority and capability to complete the project, and be an applicant in good standing with the Air District.
 - A. Public agencies are eligible to apply for all project categories.
 - B. Non-public entities are only eligible to apply for new alternative-fuel (light, medium, and heavy-duty) vehicle and infrastructure projects, and advanced technology demonstrations that are permitted pursuant to HSC section 44241(b)(7). ~~No single non-public entity may be awarded more than \$500,000 in TFCA County Program Manager Funds in each funding cycle.~~
6. **Readiness:** Projects must commence in calendar year 201~~4~~³ or sooner. “Commence” includes any preparatory actions in connection with the project’s operation or implementation. For purposes of this policy, “commence” can mean the issuance of a purchase order to secure project vehicles and equipment, ~~commencement of shuttle and ridesharing service, the delivery of the award letter for a service contract~~ or the delivery of the award letter for a construction contract.
7. **Maximum Two Years Operating Costs:** Projects that provide a service, such as ridesharing programs and shuttle and feeder bus projects, are eligible to apply for a period of up to two (2) years. Grant applicants that seek TFCA funds for additional years must reapply for funding in the subsequent funding cycles.

APPLICANT IN GOOD STANDING

8. **Independent Air District Audit Findings and Determinations:** ~~Project sponsors~~Grantees who have failed either the fiscal audit or the performance audit for a prior TFCA-funded project ~~awarded by either County Program Managers or the Air District will be~~ are excluded from ~~receiving an award of any TFCA funds future funding~~ for five (5) years from the date of the Air District’s final audit determination in accordance with HSC section 44242, or duration determined by the Air District Air Pollution Control Officer (APCO). Existing TFCA funds already awarded to the project sponsor will not be released until all audit recommendations and remedies have been satisfactorily implemented. A failed fiscal audit means a final audit report that includes an uncorrected audit finding that confirms an ineligible expenditure of TFCA funds. A failed performance audit means that the program or project was not implemented in accordance with the applicable Funding Agreement or grant as set forth in the project funding agreement.

~~In case of a~~ A failed fiscal or performance audit of the ~~–a~~ County Program Manager or its grantee may ~~be~~ subject the County Program Manager to a reduction of future revenue in an amount equal to the amount which was inappropriately expended pursuant to the provisions of HSC ~~S~~section 44242(c)(3).

9. **Authorization for County Program Manager to Proceed:** Only a fully executed ~~f~~Funding ~~a~~Agreement (i.e., signed by both the Air District and the County Program Manager)

constitutes the Air District's award of County Program Manager Funds for a project. County Program Managers may only incur costs (i.e., an contractually obligate itself ion made to pay allocate County Program Manager Funds that cannot be refunded) after the funding agreement with the Air District has been executed.

- 10. Insurance:** EachBoth the County Program Manager and each grantee project sponsor must maintain general liability insurance, workers compensation insurance, and additional insurance as appropriate for specific projects, with estimatedrequired coverage amounts provided in Air District guidance and final amounts specified in the respective fundinggrant agreements throughout the life of the project(s).

INELIGIBLE PROJECTS

- 11. Duplication:** Grant applications for projects that provide additional TFCA funding for duplicate existing TFCA-funded projects (including e.g., Bicycle Facility Program projects) that and therefore do not achieve additional emission reductions are ineligible. Combining TFCA County Program Manager Funds with other TFCA-generated fundsRegional Funds that broaden the scope of the existing project to achieve greater emission reductions for a single project is not considered project duplication.
- 12. Planning Activities:** A grantee may not use any TFCA funding may not be used for any planning related activities feasibility studies or other planning activities unless theythat are not directly related to the implementation of a specific project or program that results in emission reductions.
- 13. Employee Subsidies:** Projects that provide a direct or indirect financial transit or rideshare subsidy or shuttle/feeder bus service exclusively to the grantee's employees of the project sponsor are not eligible.

USE OF TFCA FUNDS

- 14. Cost of Developing Proposals:** Grantees may not use TFCA funds to cover the costs The costs of developing grant applications for TFCA funding are not eligible to be reimbursed with TFCA funds.
- 15. Combined Funds:** TFCA County Program Manager Funds may be combined with other grants (e.g., with TFCA Regional Funds or State funds) to fund a project that is eligible and meets the criteria for all funding sourcesunder both. For the purpose of calculating TFCA cost effectiveness, the combined sum of TFCA County Program Manager Funds and TFCA Regional Funds shall be used to calculate the TFCA cost of the project.
- 16. Administrative Costs:** The County Program Manager may not expend more than five percent (5%) of its Administrative costs for TFCA County Program Manager Funds for its administrative costsare limited to a maximum of five percent (5%) of the actual Department of Motor Vehicles (DMV) fee revenues that correspond to each county, received for a given fiscal year. The County Program Manager's costs to prepare and execute its Funding Agreement with the Air District are eligible administrative costs. Interest earned on prior DMV funds received County Program

Manager Funds shall not be included in the calculation of the administrative costs. To be eligible for reimbursement, administrative costs must be clearly identified in the expenditure plan application and in the ~~f~~Funding ~~a~~Agreement ~~between the Air District and the Program Manager~~, and must be reported to the Air District.

17. Expend Funds within Two Years: County Program Manager Funds must be expended within two (2) years of receipt of the first transfer of funds from the Air District to the County Program Manager in the applicable fiscal year, unless a County Program Manager has made the determination based on an application for funding that the eligible project will take longer than two years to implement. Additionally, a County Program Manager may, if it finds that significant progress has been made on a project, approve no more than two ~~(2)~~ one-year ~~(1-year)~~ schedule extensions for a project. Any subsequent schedule extensions for projects can only be given on a case-by-case basis, if the Air District finds that significant progress has been made on a project, and the ~~f~~Funding ~~A~~Agreement ~~between the Program Manager and the Air District~~ is amended to reflect the revised schedule.

18. Unallocated Funds: Pursuant to HSC 44241(f), any ~~TFCA~~ County Program Manager ~~F~~unds that are not allocated to a project within six months of the Air District Board of Directors approval of the County Program Manager's Expenditure Plan may be allocated to eligible projects by the Air District. The Air District shall make reasonable effort to award these funds to eligible projects in the Air District within the same county from which the funds originated.

19. ~~Reserved for potential future use.~~ Incremental Cost (for the purchase or lease of new vehicles): For new vehicles, TFCA funds awarded may not exceed the incremental cost of a vehicle after all rebates, credits, and other incentives are applied. Such financial incentives include manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle, and its new conventional vehicle counterpart that meets the most current emissions standards at the time that the project is evaluated.

20. Reserved.

21. Reserved.

ELIGIBLE PROJECT CATEGORIES

22. Alternative Fuel Light-Duty Vehicles:

Eligibility: For TFCA purposes, light-duty vehicles are those with a gross vehicle weight rating (GVWR) of 8,500 lbs. or lighter. Eligible alternative ~~l~~ight-duty vehicle types and equipment eligible for funding ~~are~~include:

- A. Purchase or lease of nNew hybrid-electric, electric, fuel cell, and CNG/LNG vehicles certified by the CARB as meeting established super ultra low emission vehicle (SULEV),

partial zero emission vehicle (PZEV), advanced technology-partial zero emission vehicle (AT-PZEV), or zero emission vehicle (ZEV) standards.

- B. Purchase or lease of New electric neighborhood vehicles (NEV) as defined in the California Vehicle Code.
- C. CARB emissions-compliant vehicle system retrofits that result in reduced petroleum use (e.g., plug-in hybrid systems).

Gasoline and diesel (non-hybrid) vehicles are not eligible for TFCA funding. Funds are not available for non-fuel system upgrades, such as transmission and exhaust systems, and should not be included in the incremental cost of the project.

~~TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state/federal rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the new vehicle and/or retrofit, and its new conventional vehicle counterpart that meets, but does not exceed, 2011 emissions standards.~~

~~Each vehicle funded must meet the cost-effectiveness requirement.~~

23. **Alternative Fuel Medium Heavy-Duty and Heavy Heavy-Duty Service Replacement Vehicles (low-mileage utility trucks in idling service):**

Eligibility: For TFCA purposes, medium and heavy-duty service vehicles are on-road motor vehicles with a ~~Gross Vehicle Weigh Rating (GVWR)~~ of 14,001 lbs. or heavier. Eligible alternative fuel service vehicles ~~This category includes~~ are only those vehicles in which engine idling is required to perform the vehicles' primary service function (for example, trucks with engines to operate cranes or aerial buckets ~~trucks~~). In order to qualify for this incentive, each new vehicle must be placed into a service route that has a minimum idling time of 520 hours/year, and a minimum mileage of 500 miles/year. Eligible MHDV and HHDV vehicle types for purchase or lease are:

- A. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB or that are listed by the IRS as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005.

~~TFCA funds awarded may not exceed the difference in the purchase or lease price of the new clean air vehicle that surpasses the applicable emissions standards and its new conventional vehicle counterpart that meets, but does not exceed, current emissions standards (incremental cost).~~

~~Each vehicle funded must meet the cost-effectiveness requirement.~~

Scrapping Requirements: ~~Grantees~~ Project sponsors of heavy-duty clean air vehicles purchased or leased with TFCA funds with a fleet that includes ~~that have~~ model year 1998 or older heavy-duty diesel vehicles in their fleet are required to ~~must~~ scrap one model year 1998 or older heavy-duty diesel vehicle for each new clean air vehicle purchased or leased under this grant with TFCA funds. Costs related to the scrapping of heavy-duty vehicles are not eligible for reimbursement with TFCA funds.

24. Alternative Fuel Heavy-Duty Replacement Vehicles (high mileage):

Eligibility: For TFCA purposes, Alternative Fuel Heavy-Duty Vehicles are defined as follows: Light-heavy-duty vehicles (LHDV) are those with a GVWR between 8,501 lbs. and 14,000 lbs., medium-heavy-duty vehicles (MHDV) are those with a GVWR between 14,001 lbs. and 33,000 lbs., and heavy-heavy-duty vehicles (HHDV) are those with a GVWR equal to or greater than 33,001 lbs. Eligible LHDV, MHDV and HHDV vehicle types and equipment eligible for funding for purchase or lease are include the following:

A. New hybrid-electric, electric, and CNG/LNG vehicles certified by the CARB or that are listed by the IRS as eligible for a federal tax credit pursuant to the Energy Policy Act of 2005.

~~B. CARB emissions compliant vehicle system retrofits that result in reduced petroleum use.~~

TFCA funding may not be used to pay for non-fuel system upgrades such as transmission and exhaust systems.

~~TFCA funds awarded may not exceed incremental cost after all other applicable manufacturer and local/state rebates, tax credits, and cash equivalent incentives are applied. Incremental cost is the difference in cost between the purchase or lease price of the vehicle and/or retrofit, and its new conventional vehicle counterpart that meets, but does not exceed, 2011 emissions standards.~~

Scrapping requirements are the same as those in Policy #23.

~~Each vehicle funded must meet the cost effectiveness requirement.~~

25. Alternative Fuel Bus Replacement:

~~**Eligibility:** Buses are subject to the same Eligibility and Scrapping requirements listed in Policy #24. Each vehicle funded must meet the cost effectiveness requirement.~~ For purposes of transit and school bus replacement projects, a bus is any vehicle designed, used, or maintained for carrying more than ~~fifteen (15)~~ persons, including the driver. A vehicle designed, used, or maintained for carrying more than ~~ten (10)~~ persons, including the driver, which is used to transport persons for compensation or profit, or is used by any nonprofit organization or group, is also a bus. A vanpool vehicle is not considered a bus. Buses are subject to the same eligibility requirements listed in Policy #24 and the same scrapping requirements listed in Policy #23.

26. Alternative Fuel Infrastructure:

Eligibility: Eligible refueling infrastructure projects include new dispensing and charging facilities, or additional equipment or upgrades and improvements that expand access to existing alternative fuel fueling/charging sites (e.g., electric vehicle, CNG). This includes upgrading or modifying private fueling/charging sites or stations to allow public and/or shared fleet access. TFCA funding may be used to cover the cost of equipment and installation. TFCA funds may also be used to upgrade infrastructure projects previously funded with TFCA-generated funds as long

as the equipment was maintained and has exceeded the duration of its years of effectiveness after being placed into service.

TFCA-funded infrastructure projects must be available to and accessible by the public. Equipment and infrastructure must be designed, installed and maintained as required by the existing recognized codes and standards and approved by the local/state authority.

~~Project sponsors are required to maintain the equipment for at least five years after installation.~~

TFCA funding may not be used to pay for fuel, electricity, operation, and maintenance costs.

27. Ridesharing Projects: Eligible ridesharing pProjects ~~that~~ provide carpool, vanpool or other rideshare services. ~~are eligible for funding.~~ Projects that provide a direct or indirect financial transit or rideshare subsidy are also eligible under this category.

28. Shuttle/Feeder Bus Service:

These Pprojects link a mass transit hub (i.e., rail or Bus Rapid Transit (BRT) station, ferry or bus terminal, ~~or~~ airport) to or from a final destination. These projects are intended to reduce ~~that significantly lower~~ single-occupancy, ~~commonly-made~~ vehicle trips (e.g., commuting or shopping center trips) by enabling riders to travel the remaining, relatively short, distance between a mass transit hub and the nearby final destination. The final destination must be a distinct commercial, employment or residential area. ~~while minimizing emissions created by the shuttle vehicle are eligible for funding.~~ The project's route must operate to or from a ~~rail station, airport, or ferry terminal~~ mass transit hub and must coordinate with the transit schedules of the connecting rail or ferry mass transit's services-schedules. Project routes cannot replace or duplicate an existing local bus-transit -service-or serve the same route as a local bus service, but rather must connect transit facilities to local commercial, employment and residential areas. These services are intended to support and complement the use of existing major mass transit services.

Shuttle/feeder bus service applicants must be either:

- 1) a public transit agency or transit district that directly operates the shuttle/feeder bus service; or
- 2) a city, county, or any other public agency.

~~Unless the application is the transit agency or transit district that directly implements this project, t~~The project applicant must submit documentation from the General Manager of the transit district or transit agency that provides service in the area of the proposed shuttle route, which demonstrates that the proposed shuttle service does not duplicate or conflict with existing transit agency service.

The following is a listing of eligible vehicle types that may be used for service:

- A. a zero-emission vehicle (e.g., electric, hydrogen)
- B. an alternative fuel vehicle (CNG, liquefied natural gas, propane);

- C. a hybrid-electric vehicle;
- D. a post-1998 diesel vehicle with a CARB Verified Diesel Emission Control Strategy (e.g., retrofit); or
- E. a post-1990 gasoline-fueled vehicle.

Pilot shuttle/feeder bus service projects are required to meet a cost-effectiveness of \$125,000/ton during the first two years of operation (see Policy #2). A pilot project is a defined route that is at least 70% unique and has not previously been funded through TFCA. Applicants must provide data supporting the demand for the service, letters of support from potential users and providers, and plans for financing the service in the future.

29. Bicycle Projects:

New bicycle facility projects that are included in an adopted countywide bicycle plan or Congestion Management Program (CMP) are eligible to receive TFCA funds. Eligible projects are limited to the following types of bicycle facilities for public use that result in motor vehicle emission reductions:

- A. New Class-1 bicycle paths;
- B. New Class-2 bicycle lanes;
- C. New Class-3 bicycle routes;
- D. New bicycle boulevards;
- E. Bicycle racks, including bicycle racks on transit buses, trains, shuttle vehicles, and ferry vessels;
- F. Bicycle lockers;
- G. Capital costs for attended bicycle storage facilities;
- H. Purchase of two-wheeled or three-wheeled vehicles (self-propelled or electric), plus mounted equipment required for the intended service and helmets; and
- I. Development of a region-wide web-based bicycle trip planning system.

All bicycle facility projects must, where applicable, be consistent with design standards published in the California Highway Design Manual.

30. Arterial Management:

Arterial management grant applications must identify a specific arterial segment and define what improvement(s) will be made to affect traffic flow on the identified arterial segment. Projects that provide routine maintenance (e.g., responding to citizen complaints about malfunctioning signal equipment) are not eligible to receive TFCA funds^{ing}. Incident management projects on arterials are eligible to receive TFCA funds^{ing}. Transit improvement projects include, but are not limited to, bus rapid transit and transit priority projects. For signal timing projects, TFCA funds may only be used for local arterial management projects where the affected arterial has an average daily traffic volume of 20,000 motor vehicles or more, or an average peak hour traffic volume of 2,000 motor vehicles or more (counting volume in both directions). Each arterial segment must meet the cost-effectiveness requirement in Policy #2.

31. Smart Growth/Traffic Calming:

Physical improvements that support development projects and/or calm traffic, resulting in motor vehicle emission reductions, are eligible for TFCA funds, subject to the following conditions:

- A. The development project and the physical improvements must be identified in an approved area-specific plan, redevelopment plan, general plan, bicycle plan, pedestrian plan, traffic-calming plan, or other similar plan; and
- B. The project must implement one or more transportation control measures (TCMs) in the most recently adopted Air District plan for State and national ambient air quality standards. Pedestrian projects are eligible to receive TFCA funding.

C. The project must have a completed and approved environmental plan.

Traffic calming projects are limited to physical improvements that reduce vehicular speed by design and improve safety conditions for pedestrians, bicyclists or transit riders in residential retail, and employment areas.

~~Only projects with a completed and approved environmental plan may be awarded TFCA funds.~~

Comments Received and Staff Responses on Proposed FYE 2014 TFCA County Program Manager Policies

| Commenter and Agency | Comment | Staff Response |
|--|---|--|
| Matt Todd, Alameda County Transportation Commission (Alameda CTC) | Policy 1. Reduction of Emissions. Request removing proposed language requiring that emission reductions achieved be surplus at the time of a grant agreement amendment. This requirement could require <i>additional</i> surplus emission reductions beyond what was required at the time of the initial agreement, exposing a grantee to a large risk if any requirements or regulations were to change after the execution of the agreement. Costs incurred from originally approved scope or activities could become ineligible for reimbursement while a project is being implemented. | The proposed policy has been revised to clarify that this requirement only applies to substantive modification to the agreement (such as a time extension). Such a reassessment would not be required when the amendment is for a minor modification such as to correct a typographical error or to change the name of the grantee. |
| Peter Engel, Contra Costa Transportation Authority (CCTA) | Policy 2. TFCA Cost-Effectiveness. Concerned that the policy language pertaining to the “independent components” is too broad and could be interpreted to include independent project components beyond what air district staff intended. For example, there is concern that this policy could limit an option, or menu, of items that are included as rideshare options to employers. As discussed in the 9/26 teleconference, the commenter is comfortable with clarifying language being included in the Program Guidance documents. | Requiring each independent component of a project to meet the cost-effectiveness criteria at the time an application is being evaluated improves the likelihood that the project would still be cost-effective in the event that not all elements of a project are completed. As discussed with the County Program Mangers in the 9/26 teleconference, staff has committed to providing additional clarification in the Expenditure Plan Guidance. |
| Matt Todd (Alameda CTC) | Policy 2. TFCA Cost-Effectiveness. Requests additional clarification (in either the Policies or Guidance) on what is considered “independent component” for the various project types. | See response immediately above. |
| Robert Guerrero, Solano Transportation Authority (STA) | Policy 2. TFCA Cost-Effectiveness. Requests that policy be revised to explicitly state that new requirement applies to shuttle services and not other projects such as ridesharing. Concerned that without this clarification, other projects and programs would be unnecessarily subject to this requirement, resulting in a less streamlined approach. | See response immediately above. |
| Danielle Schmitz, Napa County Transportation & Planning Agency (NCTPA) | Policy 2. TFCA Cost-Effectiveness. Concerned that addition of requirement that independent components be cost-effective would adversely affect the ability to fund arterial management projects. Many such projects include an arterial or segment that is not cost-effective on its own but needs to be included because it provides a meaningful connection to the entire project. | See response immediately above. The requirement that each arterial be cost-effectiveness to be eligible for TFCA funding is also specified in Policy #30. Arterial Management. |

Comments Received and Staff Responses on Proposed FYE 2014 TFCA County Program Manager Policies

| Commenter and Agency | Comment | Staff Response |
|--|--|---|
| Lynne March, Sonoma County Transportation Authority (SCTA) | Policy 4. Consistent with Existing Plans and Programs. Requests that the Air District's most recently approved plan be specified in the policies and that a link be provided in the Guidance. | In order to ensure that the most recent Air District Plans are referenced, staff will incorporate the suggestion to add a hyperlink to the plan in the Expenditure Plan Guidance. |
| Matt Todd (Alameda CTC) | Policy 8. Independent Air District Audit Findings and Determinations. Requests that the Air District notify County Program Managers when a grantee has failed a TFCA fiscal or performance audit. | The Air District will ensure at the conclusion of each audit that it notifies each County Program Manager of any grantees within its county that have failed the audit. |
| Peter Engel (CCTA) | Policy 11. Duplication. Requests clarification that the added phrase "provide additional funding" applies only to TFCA funding by modifying the phrase to read: "provide additional <i>TFCA</i> funding." Otherwise the added phrase could be interpreted to apply to other local funding sources that area match to the project. | The suggested additional language has been incorporated into the proposed Policies. |
| Chad Rathmann, San Francisco County Transportation Authority (SFCTA) | Policy 11. Duplication. Supports the Air District's proposed language changes that further clarify which type(s) of additional funding are subject to the duplication restriction. | Comment is noted. |
| Matt Todd (Alameda CTC) | Policy 11. Duplication. Requests revisions to proposed changes; proposed policy could be interpreted to mean that an expanded scope and greater emission reductions are required to receive additional funds regardless of the project's initial cost-effectiveness. In the 9/26 conference call, Ms. Taylor expressed concern that this language change would not allow shuttle projects to be awarded both Regional Fund and County Program Manager funds since these are awarded at different times of the year. | The Policy continues to allow TFCA-generated funds to be combined to fund eligible projects as long as additional emission reductions are achieved as a result of the added funding. In the case of shuttle projects, as long as the additional funds would broaden the scope of the project (e.g., additional routes, additional hours), thus providing additional emission reductions, combining Regional Funds and County Program Manager Funds continues to be allowed. |
| Chad Rathmann (SFCTA) | Policy 17. Expend Funds within Two Years. Supports the Air District's proposed clarification of language that includes the provision for County Program Manager determination of project implementation timeframe and schedule. | Comment is noted. |
| Chad Rathmann (SFCTA) | Policy 28. Shuttle/Feeder Bus Service. Supports the Air District's proposed revisions that clarify shuttle project eligibility. | Comment is noted. |

Comments Received and Staff Responses on Proposed FYE 2014 TFCA County Program Manager Policies

| Commenter and Agency | Comment | Staff Response |
|---|--|---|
| Lynne March (SCTA) | Policy 28. Shuttle/Feeder Bus Service. Asks why gas powered vehicles are allowed. | Post-1990 gasoline-fueled vehicles may be used as long as the shuttle project meets all other TFCA funding criteria, including the cost-effectiveness criteria. |
| Lynne March (SCTA) | Policy 29. Bicycle Projects. Provided the following comments on these subheaders: A. In Sonoma County, Class-1 bicycle paths are really multi-use pathways, which has a “complete pathways” ring to it. H. What is meant by “intended service?” Are the helmets also for the intended service? Is this aimed at bike sharing? J. Is it possible to fund bicycle route designation or pedestrian wayfinding? | A. The California Highway Design Manual indicates that bike paths are intended for the use of both bicycle and pedestrians, in keeping with the commenter’s description of these facilities. H. This subheader allows for the funding of bikes (and associated and necessary equipment, such as helmets, to outfit the bikes and riders) for a specific purpose or group, such as a city’s bike fleet. J. This project type is not authorized by Health and Safety Code Section 44241. |
| Lynne March (SCTA) | Policy 29. Bicycle Projects. Requests that bicycle facility projects be consistent with the Manual on Uniform Traffic Control Devices (MUTCD) as well. | Air District staff does not recommend adding this additional requirement to the proposed Policies. County Program Managers may choose to impose this requirement within their jurisdiction. |
| Chad Rathmann (SFCTA) | Policy 29. Bicycle Projects. As noted in the 9/26 conference call, future bicycle projects in San Francisco are likely to involve protected cycletrack-type designs that are not easily classifiable within the California Highway Design Manual (HDM). | As discussed during the 9/26 conference call, the Air District will work with County Program Managers over the next year to explore options to implement this suggestion. |
| Lynne March (SCTA) | Policy 31. Smart Growth/Traffic Calming. Inquires if examples of pedestrian projects that would be eligible for TFCA funds would be useful. | The “Attributes of Cost-Effective Projects” section of the Expenditure Plan Guidance provides guidance on the preferable traits of such projects. |
| Lynne March (SCTA) | Policy 31. Smart Growth/Traffic Calming. Unclear what “environmental plan” means. Does it mean CEQA clearance? | The term “environmental plan” refers to any and all applicable and required environmental plans that must be completed and approved for the project to proceed, including CEQA clearance. |
| Bill Hough, Santa Clara Valley Transportation Authority (VTA) | Policy 31. Smart Growth/Traffic Calming. Suggested re-wording of last sentence/paragraph to read “C. The project must have a completed and approved environmental plan.” | The suggested language has been incorporated into the proposed Policies. |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 31, 2012

Re: Report of the Public Outreach Committee Meeting of October 31, 2012

RECOMMENDED ACTION:

- A) None. Informational item, receive and file.
- B) None. Informational item, receive and file.
- C) None. Informational item, receive and file.
- D) None. Informational item, receive and file.

BACKGROUND

The Public Outreach Committee met on Thursday, October 31, 2012. The Committee received and considered the following reports and recommendations:

- A) Summary of 2012 Spare the Air Every Day Season.
- B) Overview of 2012 – 2013 Winter Spare the Air Campaign.
- C) Public Participation Plan Update.
- D) Website Assessment Update.

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

Chairperson Mark Ross will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

- A) Funding for this program was included in the Fiscal Year (FY) 2011-12 and FY 2012-13 Budgets. Funding sources include Transportation Fund for Clean Air and Congestion Mitigation Air Quality funds.
- B) Funding for the outreach program was included in the FY 2012-13 Budget.

C) Funding for this project is included in the current year budget.

D) Funding for this project was included in the Fiscal Year End (FYE) 2012 and FYE 2013 budgets.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Ana Sandoval

Attachments

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Mark Ross and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 17, 2012

Re: Summary of 2012 Spare the Air Every Day Season

RECOMMENDED ACTION:

None; informational only.

BACKGROUND

Since 1991, the Spare the Air campaign has encouraged the public to adopt long-term behaviors to reduce air pollution and protect air quality. Spare the Air campaigns have targeted the general population, household decision-makers, solo drivers and most recently, young adults.

The 2012 season campaign has focused on ‘smart transportation’ alternatives to driving alone. The campaign encouraged the public to choose alternatives to driving alone two days a week through public relations messaging and active social media interaction. Advertising collateral was repurposed from the last two seasons and utilized on TV and radio throughout the season. The use of social media, engaging employers and targeted public relations campaign messaging was emphasized. Extensive surveying and planning was conducted throughout the summer to gear up for a refreshed campaign launch next spring.

DISCUSSION

Staff will present an overview of this year’s campaign elements, including advertising, media relations and promotion at events. Survey data will be presented to highlight the success of the campaign and how the Spare the Air message resonated with the Bay Area audience this year.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Funding for this program was included in the FY 2011-12 and FY 2012-13 Budgets. Funding sources include TFCA and Congestion Mitigation Air Quality (CMAQ) funds.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Kristine Roselius
Reviewed by: Lisa Fasano

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Mark Ross and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 11, 2012

Re: Overview of 2012-2013 Winter Spare the Air Campaign

RECOMMENDED ACTION:

None; informational only.

BACKGROUND

Regulation 6; Rule 3: Wood Burning Devices was adopted by the Board of Directors in July 2008. When adopted, the Air District stated this campaign is as much about outreach as it is about enforcement. The wood smoke regulatory season will run from November 1, 2012, through February 28, 2013.

DISCUSSION

The Winter Spare the Air campaign will inform residents about the Wood Burning Rule and will continue to focus on the localized health impacts from wood smoke. This year's campaign will also highlight changes to the Winter Spare the Air program while continuing to bring attention to some of the Bay Area's hot spots for wood smoke-related issues. Staff will present an overview of this year's materials and campaign strategy.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Funding for the outreach program is included in the FY 2012-13 Budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Kristine Roselius
Reviewed by: Lisa Fasano

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Mark Ross and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 31, 2012

Re: Public Participation Plan Update

RECOMMENDED ACTION:

None; informational only.

BACKGROUND

In late 2011, staff briefed the Committee on plans to develop a comprehensive, District-wide *Public Engagement Policy and Guidance Plan*. The purpose of this plan is to develop a consistent approach when engaging stakeholders through Air District public processes.

In March 2011, the Air District selected Kearns & West, a collaborative solutions firm, to assist with the development of the *Public Engagement Policy and Guidance Plan*.

Since then Kearns & West and the Air District have worked with stakeholders across the region including industry, non-profit groups, environmental activist groups and government staff in drafting a comprehensive *Public Participation Plan*. The *Public Participation Plan* outlines principles for public participation, methods of public participation used by the Air District, and strategies to implement improved public participation practices.

DISCUSSION

Staff will present a project update on the *Public Participation Plan*.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Funding for this project is included in the current year budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jim Smith
Reviewed by: Lisa Fasano

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Mark Ross and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 17, 2012

Re: Website Assessment Update

RECOMMENDED ACTION:

None; informational only.

BACKGROUND

In June 2012, the Board of Directors authorized the Executive Officer/APCO to execute agreements not to exceed \$500,000 for funding for an assessment, rebuild and redesign of the Air District website over two fiscal years, FYE 2012 and FYE 2013.

Staff completed a request for proposal (RFP) process in spring 2012 for the first phase of the project, a website assessment. Phase I includes the following:

- **Audit/Assessment of Existing Website:** A comprehensive review and analysis of the existing Air District website.
- **Research and Strategy Development:** An assessment and measurement of the effectiveness of the Air District website and development of a strategy for site redevelopment and redesign.

Staff recommended Lightmaker, Inc. to complete the website assessment and received Board approval for the selected contractor on June 6, 2012. The contract is for \$100,000.

Phase II is expected not to exceed \$400,000 and will include:

- **Rebuild/Redesign:** The rebuild and redesign of the existing Air District website based on findings from the assessment to increase functionality, usability and accessibility for the public and internal staff.

Staff plans to conduct an RFP process for Phase II, in early 2013.

DISCUSSION

Lightmaker has completed the website assessment and is currently developing the strategy for the redevelopment and redesign of the site.

The Committee will receive an update on the website assessment findings and a projected timeline for the website redesign and rebuild RFP process.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Funding for this project is included in the FYE 2012 and FYE 2013 budgets.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Kristine Roselius
Reviewed by: Lisa Fasano

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Gioia and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: October 25, 2012

Re: Particulate Matter Report and Summary of PM Planning Requirements

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

The Bay Area has made substantial progress in reducing particulate matter (PM) levels in recent years. Monitoring data show that the Bay Area currently meets national standards for both PM_{2.5} and PM₁₀. Nonetheless, health studies indicate that there are still negative health effects due to population exposure to the PM levels that are typically experienced in the Bay Area. An analysis prepared for the Bay Area 2010 Clean Air Plan identified PM as the air pollutant most detrimental to the health of Bay Area residents and found that exposure to PM accounts for more than 90% of premature mortality related to air pollution in the Bay Area. In addition, studies show that there are public health impacts related to exposure to PM_{2.5} even at levels below current state and national standards.

The Federal Clean Air Act requires the United States Environmental Protection Agency (EPA) to periodically review the National Ambient Air Quality Standards (NAAQS) for six “criteria” pollutants, including PM, to ensure that the standards protect public health with an adequate margin of safety, based upon the most recent health studies. In 2006, EPA took action to tighten the 24-hour NAAQS for PM_{2.5} (often referred to as “fine PM”) from 65 micrograms per cubic meter ($\mu\text{g}/\text{m}^3$) to 35 $\mu\text{g}/\text{m}^3$. Based on air quality monitoring data for the 2006-2008 period, EPA designated the Bay Area as non-attainment for the 24-hour PM_{2.5} NAAQS in December 2009. Non-attainment areas are required to prepare a State Implementation Plan (SIP) submittal to EPA by fall 2012 to demonstrate how they will attain the standard by December 2014.

When EPA issued the non-attainment designations, the Bay Area exceeded the 24-hour PM_{2.5} NAAQS by only a slight margin. The Bay Area’s *design value*, the metric that describes a region’s status relative to a NAAQS, was 36 $\mu\text{g}/\text{m}^3$. Since that time, Bay Area PM_{2.5} levels have declined. Monitoring data for 2008-2010 and 2009-2011 show that the Bay Area met the 24-hour PM_{2.5} NAAQS during both these periods. The current Bay Area design value is 30 $\mu\text{g}/\text{m}^3$, well below the 35 $\mu\text{g}/\text{m}^3$ standard.

The reduction in peak values of PM_{2.5} in the Bay Area can be attributed to emission reductions achieved by control programs, including the District's wood-burning rule and other regulations, as well as ARB regulations to reduce PM from mobile sources.

DISCUSSION

In December 2011, the California Air Resources Board (ARB) submitted a "clean data finding" request to EPA on behalf of the Bay Area. If EPA approves the "clean data finding", then in lieu of preparing a SIP submittal to demonstrate how the Bay Area will attain the PM_{2.5} NAAQS, the District will have the option to submit either 1) a re-designation request and maintenance plan, or 2) an abbreviated SIP submittal. Staff believes that it would be premature to submit a re-designation request and maintenance plan at this point in time. Instead, it would be more prudent to prepare an abbreviated PM_{2.5} SIP submittal, while continuing to monitor progress in reducing PM_{2.5} over the next several years. There are two required elements for an abbreviated PM_{2.5} SIP submittal:

- An emission inventory for primary PM_{2.5}, as well as precursors that contribute to secondary PM formation for the attainment year (2010), and
- Amendments to the District's New Source Review (NSR) regulation to address PM_{2.5} as a regulated pollutant.

These two elements will be presented to the Board for adoption at a public hearing on November 7, 2012.

Despite progress in reducing Bay Area PM levels, there are compelling reasons to continue and enhance our efforts to reduce emissions, ambient concentrations, and population exposure to PM. As noted above, there are still negative health effects from population exposure to the PM levels that we typically experience in the Bay Area. Further reductions in PM levels will thus provide important public health benefits. For this reason, staff has prepared a detailed informational report on PM in the Bay Area to complement the District's PM_{2.5} SIP submittal. This report, entitled *Understanding Particulate Matter: Protecting Public Health in the San Francisco Bay Area*, is intended to build on the foundation set by the 2010 CAP to continue reducing PM in the coming years.

At the November 7, 2012 Board meeting, staff will describe the District's SIP submittal for PM_{2.5}, and provide an overview of the *Understanding Particulate Matter* informational report. A summary of the report is attached. The full report is available on the Air District's website at:

http://www.baaqmd.gov/~media/Files/Planning%20and%20Research/Plans/PM%20Planning/ParticulatesMatter_Nov%207.ashx

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Resources to prepare the abbreviated PM2.5 SIP submittal and the *Understanding Particulate Matter* report were included in the FY 2011/12 budget and FY 2012/13 budgets.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: David Burch
Reviewed by: Henry Hilken

Attachment: Summary of PM Report

SUMMARY OF PM REPORT

The Bay Area Air Quality Management District (Air District) has prepared a particulate matter (PM) report entitled *Understanding Particulate Matter: Protecting Public Health in the San Francisco Bay Area*. This document summarizes key information presented in the report. The full PM report:

- describes PM and its impacts on public health, climate change, and ecosystems;
- provides technical information about how PM is emitted and formed in the Bay Area;
- describes progress in reducing PM levels in the San Francisco Bay Area in recent years;
- describes current regulations and programs to reduce PM emissions and concentrations;
- identifies future technical work needed to improve the Air District's understanding of PM; and
- explains the importance of continuing the Air District's efforts to reduce PM in order to protect public health and the environment.

INTRODUCTION

In urban environments the air is saturated with tiny particles. Even on clear days when PM levels are well within air quality standards, every breath that we take contains from 1 million to 10 million tiny particles. And that figure can jump to even higher levels near busy roadways or other major outdoor emission sources, or indoors near sources such as stoves and ovens. PM has been regulated as an air pollutant since the early 1970's. But PM has become a much greater concern in recent years, beginning in the mid-1990's, when a series of health studies linked exposure to PM with a wide range of respiratory and cardiovascular health effects, including premature death.

Every breath we take contains millions of tiny airborne particles.

The mission of the Bay Area Air Quality Management District (Air District) is to protect and improve air quality, public health, and the global climate. To fulfill its mission, the Air District recognizes that it must treat PM as an air pollutant of the highest priority. A major objective of the PM report is to describe how Bay Area residents are exposed to PM, which sources and types of PM are most harmful, and where we should focus efforts to reduce PM in order to better protect public health.

WHAT IS PM?

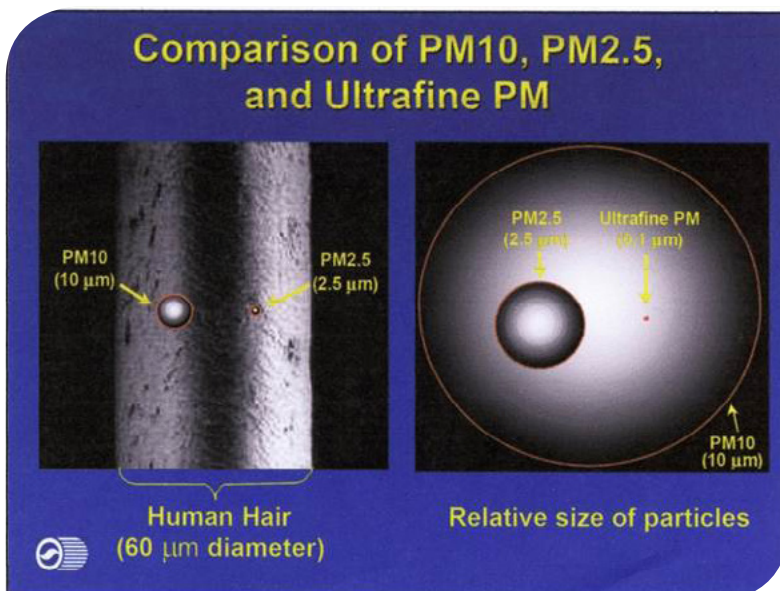
The term **particulate matter** describes a diverse assortment of extremely small airborne particles, including a mixture of solid particles and liquid droplets. Whereas most air pollutants (such as ozone or carbon monoxide) consist of a single molecule or compound, PM includes a wide range of disparate particles that vary greatly in terms of their size and mass, physical state (solid or liquid), chemical composition, and toxicity.

PM originates from a variety of man-made processes and sources such as fossil fuel combustion, residential wood burning, and cooking, as well as from natural sources such as wildfires, volcanoes, sea salt, and geological dust. PM is generated indoors as well as outdoors. Indoor sources can include stoves, heaters, fireplaces, consumer products, and cigarettes.

Particle Size

PM is commonly characterized by particle size.

- **Ultrafine PM**, or PM_{0.1}, includes the very smallest particles. These are particles less than 0.1 micron in diameter (one micron equals one-millionth of a meter).
- **Fine PM** or PM_{2.5} consists of particles 2.5 microns or smaller in diameter (including ultrafine PM).
- **Coarse PM** refers to particles between 2.5 microns and 10 microns in diameter. (But even these “coarse” particles are still very tiny, many times smaller than the diameter of a human hair.)
- **PM₁₀** consists of particles 10 microns or smaller in diameter (including ultrafine, fine, and coarse PM).



There are important differences among the ultrafine, fine, and coarse particles in terms of how they are formed and emitted; how long they remain suspended in the atmosphere and how far they travel; how easily they can evade the body's defenses; and how deeply they can penetrate into the lungs, bloodstream, and key organs.

Figure 1 shows the various particle sizes in comparison to the diameter of a human hair.

Primary PM versus Secondary PM

PM also can be categorized according to how the particles are formed and emitted. Primary PM refers to particles that are directly emitted from tailpipes and smokestacks, as well as from commercial and domestic cooking, construction activity, tilled fields, paved and unpaved roads, rock quarries, and wood-burning. Secondary PM describes particles that are not directly emitted, but are formed in the atmosphere when gaseous “PM precursor” pollutants, such as sulfur oxides (SO_x), nitrogen oxides (NO_x), reactive organic compounds (ROG), and ammonia (NH₃), react with each other in the presence of sunlight and water vapor to form ammonium nitrate and ammonium sulfate. The precursor pollutants are emitted from fuel combustion, industrial processes, household activities, agriculture, natural vegetation, and other sources. Secondary PM accounts for roughly one-third of Bay Area PM_{2.5} on an annual basis and approximately 40-45% during winter peak periods.

PM HEALTH IMPACTS

PM can penetrate deep into the body to damage the lungs, heart, circulatory system, and even the DNA in cells. Exposure to PM can trigger a wide range of negative health effects, including asthma, bronchitis, strokes, and heart attacks.

An extensive body of research provides compelling evidence that PM is harmful to public health. Researchers established long ago that exposure to PM has negative effects on the respiratory system, such as triggering asthma attacks, aggravating bronchitis, and diminishing lung function. But studies in recent years have found that PM can also harm the cardiovascular system (the heart and blood system which takes oxygen from the lungs and distributes it throughout the body). The negative cardiovascular effects include atherosclerosis (hardening of the arteries), ischemic strokes (caused by an obstruction of the blood supply to the brain), and heart attacks. Because of the serious cardiovascular effects of PM, studies have found a clear correlation between PM levels and mortality (death) rates. Studies also indicate

that exposure to PM may be related to other health effects, including impacts on the brain such as reduction in cognitive function, as well as increased risk of diabetes.

Although researchers are still trying to pinpoint which types of particles are most detrimental to public health, the available evidence indicates that smaller particles in the fine and ultrafine size ranges are generally more harmful than coarse particles. Smaller particles typically remain suspended in the air for longer periods. They can evade the body's defense mechanisms and penetrate deeply into the lungs, bloodstream and organs. And they present a large amount of reactive surface area relative to their mass, which can induce harmful responses in the body such as inflammation and oxidation.

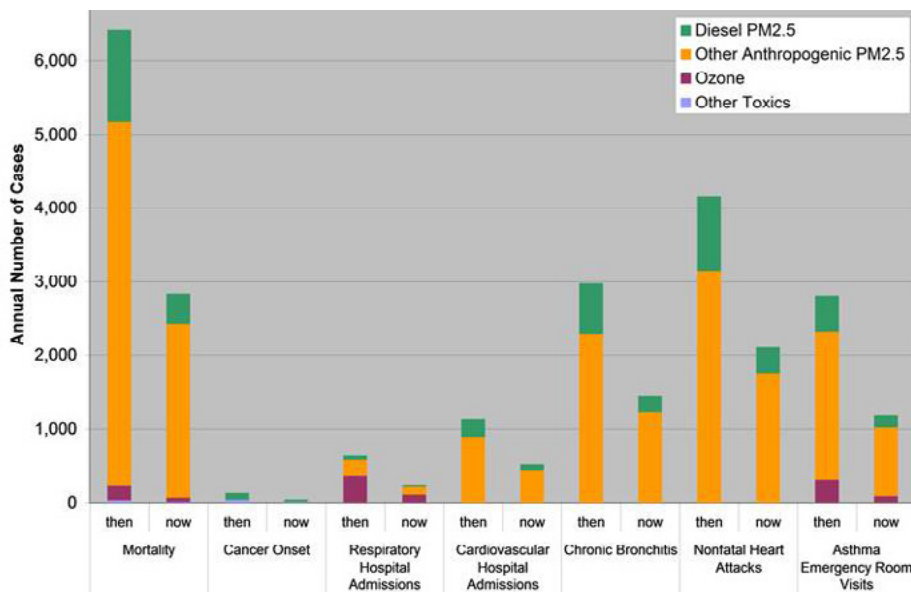
Using the best available health information, the Air District analyzed the public health impacts of PM and other air pollutants in the Bay Area for the Bay Area 2010 Clean Air Plan. Key findings from this analysis include the following:

- PM is the air pollutant that causes by far the greatest harm to public health in the Bay Area.
- Improvements in Bay Area air quality in recent decades have greatly reduced the health burden from air pollution. The reduction in PM levels accounts for the vast majority of the health benefit.
- Improved public health due to better air quality provides economic benefits to the region (in terms of reduced treatment costs, increased productivity, and longer life span) valued at multiple billions of dollars per year. This economic benefit is primarily due to progress in reducing PM levels.
- Improved air quality over the past two decades has increased average life expectancy in the Bay Area by approximately 6 months.
- Despite progress in reducing PM levels and related health impacts, exposure to fine PM remains the leading public health risk, and contributor to premature death, from air pollution in the Bay Area.

PM is the air pollutant that causes by far the greatest harm to public health in the Bay Area.

Figure 2 depicts results from the health impacts analysis presented in the Bay Area 2010 Clean Air Plan. The graph shows the estimated number of Bay Area cases per year due to air pollution for seven key health effects, compared for past and present air quality conditions, as well as the estimated contribution of key air pollutants to each of the health effects. The key points illustrated in Figure 2 are that adverse health effects have decreased sharply as air quality has improved, and that

Figure 2: Bay Area Air Pollution Health Burden: Past and Present



particulate matter (from both diesel engines and other sources) is the air pollutant responsible for the vast majority of the negative health effects.

Although researchers have made great progress in advancing our understanding of the health effects of PM in recent years, important questions remain. For example, more work is needed to identify which specific types of particles are most harmful to public health, to discover the precise biological processes by which PM damages the body, and to determine whether there is a safe PM level below which no negative health effects can be expected.

POPULATION EXPOSURE TO PM

Reducing the exposure of Bay Area residents to PM will help to protect public health and avoid the negative health effects described above. It is especially important to reduce exposure among population groups that are most sensitive to air pollution, such as children, seniors, pregnant women, and people with existing cardiovascular or respiratory conditions.

At the individual level, the amount of PM that we breathe depends on our activity patterns (where we live, work, shop, and play) and the types of PM emissions sources that we are exposed to in the course of our daily activities. Certain settings or environments may expose people to elevated levels of PM. For example, anyone who drives in traffic or walks or cycles on urban streets on a regular basis, or who lives in close proximity to a busy roadway, is likely to incur significant exposure to PM.

PM Emissions from Roadways

Numerous studies have found increased rates of respiratory and cardiovascular disease among people who live in close proximity to busy roadways. Exposure to roadway emissions has emerged as an important social equity issue because major roadways, especially those that carry a high volume of heavy-duty diesel-powered trucks, often run through or in close proximity to communities with lower incomes, higher rates of illness, and limited access to health care.

Key findings from studies regarding population exposure to PM emissions from roadways can be summarized as follows:

- PM levels may be greatly elevated near busy roadways.
- PM levels tend to decrease sharply as distance from the roadway increases. The concentration of ultrafine and fine particles drops off rapidly within the first 50 to 100 meters from the source, and generally reverts to background levels within 100-300 meters of the roadway.

Numerous studies have found increased rates of respiratory and cardiovascular disease among people who live in close proximity to busy roadways.

- When vehicle emissions are trapped in enclosed areas, such as urban street canyons and tunnels, this can lead to much higher local pollution concentrations and population exposure.

People may be exposed to high PM levels when driving, cycling, or walking on busy roadways. Exposure rates on busy roadways may be 5 to 10 times higher than average, so driving on a freeway or busy arterial road for even a modest time or distance can account for a significant portion of total daily exposure to ultrafine particles.

Indoor Exposure to PM

Studies have found that most people experience a major portion of their total PM exposure when they are indoors. This is not surprising, since people spend the majority of their time indoors. The PM that we breathe indoors is a combination of PM from outdoor sources that penetrates to the indoor environment, as well as PM emitted by indoor sources. Indoor sources of PM include fireplaces and wood stoves, cooking, gas pilot lights, cleaning products, cigarette smoking, and laser printers.

Most people experience a major portion of their exposure to PM when they are indoors.

Indoor sources of PM can cause PM levels to spike, especially because the particles are often trapped within a confined area in the indoor environment. For example, studies have found that cooking (using a stove or oven) is a leading source of ultrafine particles in many homes, and that ultrafine particle levels increase dramatically when cooking occurs.

CLIMATE AND ENVIRONMENTAL IMPACTS OF PM

In addition to its impacts on public health, PM also has environmental impacts in terms of climate change, ecosystems, and visibility. Current efforts to protect the climate have focused primarily on reducing man-made emissions of carbon dioxide, the leading “greenhouse gas” which persists in the atmosphere for many years. However, researchers have discovered that several short-lived air pollutants, including particulate matter, also affect the climate. Although the effects of particulate matter on the climate are complex, studies show that certain types of PM, especially **black carbon** (soot), can have a potent effect in heating the climate at both the local scale (in the area where PM is emitted) and the global scale. Fossil fuel combustion from diesel engines, energy production and industrial processes accounts for most black carbon in developed countries, with the greatest contribution coming from diesel engines. There is increasing recognition that climate protection efforts should incorporate strategies to reduce emissions of black carbon. Reducing emissions of black carbon can provide immediate benefits by helping to slow the rate of climate heating, while also protecting air quality and public health.

Particulate matter also can have negative effects on water quality and on the ecosystems and environment that sustain us. When airborne particles are deposited to land or water, the negative effects may include acid rain, which leads to acidification of lakes and streams; changes in the nutrient balance of coastal waters and river basins; leaching of nutrients from soil, causing reduced nutrient supply to plants; damage to forests and crops; and reduced ecosystem diversity.

In addition, PM causes haze, reducing visibility in both urban and rural areas. Haze is caused when fine particulates in the air scatter and absorb sunlight. Besides detracting from the aesthetic enjoyment of vistas and landscapes, haze also can have negative economic impacts in areas such as the Bay Area that depend on tourism.

PM IN THE BAY AREA

PM levels in the air we breathe vary geographically and over time. Changes in weather conditions are the most important factor in explaining the day-to-day and seasonal variation in PM levels. The Bay Area normally experiences its highest PM levels in the winter months from November through February. During other seasons, by contrast, Bay Area PM_{2.5} levels tend to be relatively low, due largely to the region's natural ventilation system. On an annual basis, PM_{2.5} levels in the Bay Area are among the lowest measured in major U.S. metropolitan areas.

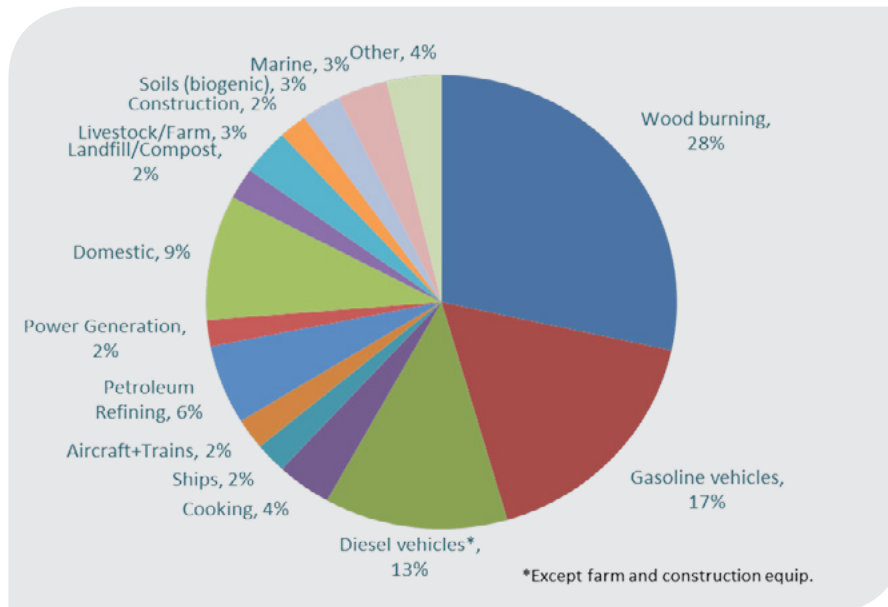
Although weather factors are the main reason that the Bay Area experiences its highest PM levels in winter months, it is important to note that winter is also the season when the most residential wood burning occurs. In some parts of the Bay Area, wood smoke accounts for the majority of airborne PM_{2.5} during high PM episodes. Secondary PM_{2.5} levels are also elevated during the winter months because cool weather is conducive to the formation of ammonium nitrate, the most prevalent type of secondary PM in the Bay Area.

Air District analysis shows that transport of PM from the Central Valley can be a significant contributor to Bay Area PM levels during the winter. A single winter weather pattern accounted for approximately 80% of all days when Bay Area PM_{2.5} levels exceeded the national 24-hour PM_{2.5} standard during the periods analyzed. This pattern is characterized by a ridge of high pressure settling over the Bay Area for a period of multiple days, leading to calm conditions within the Central Valley, coupled with persistent easterly winds from the Central Valley into the Bay Area.

Air District analysis shows that transport of PM from the Central Valley can be a significant contributor to Bay Area PM levels during the winter.

Figure 3 shows the estimated contribution to Bay Area peak (winter season) PM_{2.5} levels (for primary and secondary PM combined) by emissions source category. Wood burning is a major contributor to peak PM_{2.5} levels, contributing about 28% of the total. This is mainly from residential wood burning, but also includes wood smoke from controlled burns and wildfires. Approximately 30% of winter PM comes from on-road motor vehicles, including 17% from gasoline vehicles and 13% from diesel vehicles.

Figure 3: Estimated Source Contributions to Winter PM2.5 Concentrations



A detailed inventory of PM emissions (both primary PM and precursors to secondary PM) in the Bay Area, including estimated emissions by source category from 2010 through 2030, is provided in the full PM report.

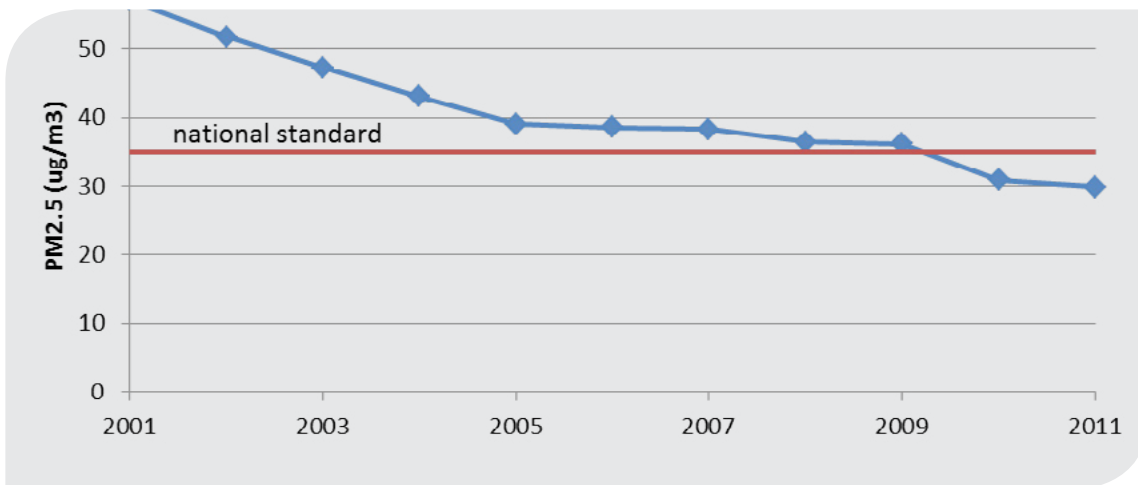
PM STANDARDS AND BAY AREA PM TRENDS

To protect public health and welfare, US EPA and the California Air Resources Board (ARB) have both adopted air quality standards for particulate matter. These standards have been strengthened over time in response to new information about the health effects of PM. Based on data from the regional PM monitoring network, the Bay Area either meets, or is close to meeting, the current national and state PM standards. A detailed discussion regarding the Bay Area’s status relative to the PM air quality standards is provided in Section 3-B of the full PM report.

Figure 4 shows the Bay Area status relative to the national 24-hour PM2.5 standard, expressed in terms of the region’s design value.¹ The Bay Area design value decreased by approximately 46% for the three-year period for 2009-2011 compared to 1999-2001 (the first period for which PM2.5 data was available).

1 Determining whether an air basin attains a given air quality standard requires comparing ambient pollutant levels with the standard to calculate the region’s *design value*. A detailed explanation of how design values are calculated is provided in Section 3-B of the full PM report.

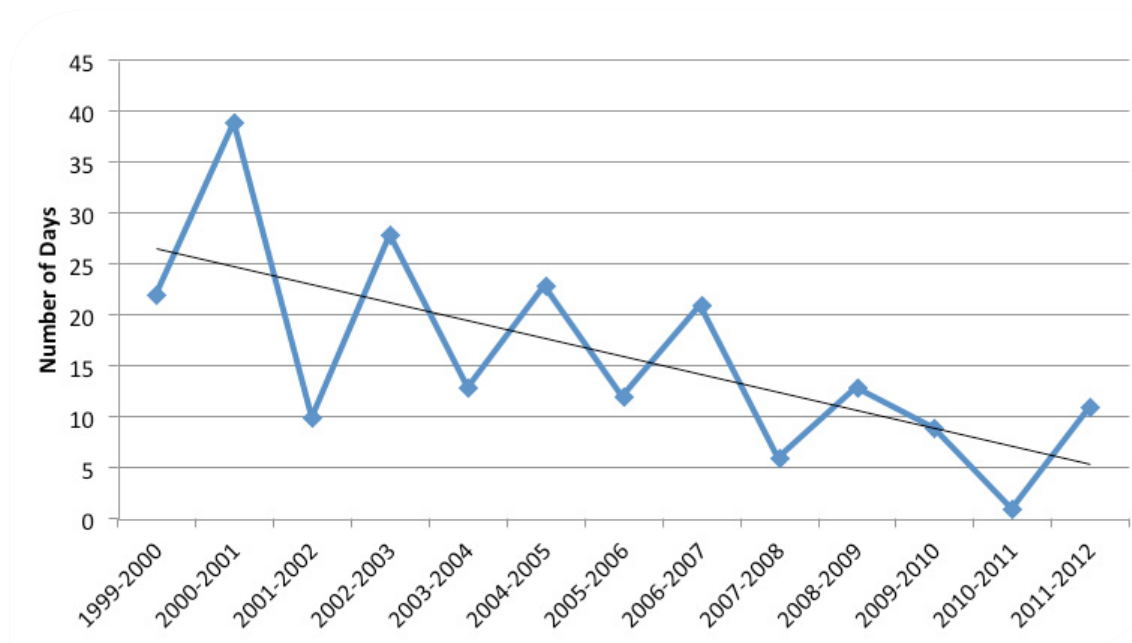
Figure 4: Bay Area PM Levels Compared to the National 24-Hour PM_{2.5} Standard: 1999-2001 through 2009-2011



Progress in reducing PM can also be measured based upon the number of days that the region exceeds the PM standards. Figure 5 shows an overall downward trend in the number of days that Bay Area PM_{2.5} levels exceeded the 24-hour national PM_{2.5} standard for each winter from 1999-2000 through 2011-2012. Although the current 35 micro-gram per cubic meter (µg/m³) standard did not take effect until 2006, the number of exceedance days per year is shown as if the 35 µg/m³ standard had been in effect for the entire period shown. The overall downward trend reflects the reduction in PM emissions in response to ARB and Air District control measures, whereas the saw-tooth pattern in the number of exceedances is primarily due to year-to-year variation in weather conditions, rather than short-term changes in emissions.

Not only is the Bay Area exceeding the national 24-hour PM_{2.5} standard less frequently than in the past, but when exceedances of the standard do occur, they are generally less severe. The combination of fewer exceedance days and lower peak values on the days when an exceedance of the standard does occur means that exposure of Bay Area residents to unhealthy levels of PM has been substantially reduced over the past 10-15 years.

Figure 5: Bay Area PM2.5 Exceedances by Winter: Number of days exceeding the 24-hour NAAQS, Nov. 15 thru Feb. 15



EFFORTS TO REDUCE PM

As noted above, there has been significant progress in reducing PM levels in the Bay Area in recent years. This progress can be attributed to the combined efforts of the Air District and the California Air Resources Board, which are described in detail in Section 4 of the full PM Report. ARB has adopted a comprehensive regulatory program to reduce emissions of primary PM and PM precursors from on-road motor vehicles (cars, trucks, buses, etc.) as well as off-road mobile sources (construction and farm equipment, cargo-handling equipment, etc.).

The Air District has developed a multi-faceted program to reduce PM emissions and population exposure to PM in the Bay Area. The Air District controls PM emissions from sources under its jurisdiction by means of regulations that apply to various types of emissions sources, as well as permit conditions to limit emissions from specific facilities. The Air District implements regulations and programs to reduce PM emissions from open burning of agricultural and non-agricultural waste; combustion sources such as boilers; cement kilns and furnaces; dust produced by earth-moving and construction/demolition operations; residential wood burning during the winter season; and other activities that generate dust or smoke.

To help reduce emissions from motor vehicles and other mobile sources under ARB jurisdiction, the Air District administers grant and incentive programs to encourage early or enhanced compliance with ARB regulations. The Air District has also entered into an agreement with ARB to enforce ARB regulations in the Bay Area, with a special emphasis on ensuring compliance in areas that are highly

impacted by emissions, such as the West Oakland community in proximity to the Port of Oakland.

We have made significant progress in reducing PM levels in the Bay Area in recent years.

Reducing Wood Smoke

Wood smoke from residential wood-burning is a major source of emissions during the winter season when the Bay Area experiences its highest PM levels, as well as a major cause of population exposure to PM in residential areas. The Air District has been working to reduce residential wood-burning by means of public outreach and education, as well as regulation and enforcement. In 2008 the Air District adopted a stringent wood-burning rule (Regulation 6-3). This rule prohibits wood burning (with certain defined exceptions) in any indoor fireplace, fire pit, wood or pellet stove or fireplace insert on specific winter days when the Air District forecasts that PM_{2.5} levels may exceed the national 24-hour PM_{2.5} standard. Analysis of filters from PM monitoring sites, as well as results from surveys of Bay Area residents, indicates that PM from wood smoke has been reduced by approximately 40% since the wood-burning rule was adopted.

PM Reductions from Control Strategy in the Bay Area 2010 Clean Air Plan

In fall 2010, the Air District adopted the **Bay Area 2010 Clean Air Plan** (2010 CAP), a multi-pollutant plan which laid out an integrated control strategy to reduce four types of air pollutants: ground-level ozone, primary PM as well as PM precursors, toxic air contaminants, and greenhouse gases that contribute to climate change. The plan's control strategy included a total of 55 measures to reduce emissions from a wide range of stationary and mobile sources. Air District staff sought to maximize reductions of PM in developing this control strategy, and to prioritize PM-reduction measures in outlining its implementation schedule. The 2010 CAP control strategy forms the backbone of the Air District's current PM control program: as its measures are implemented, emissions of primary PM and PM precursors will be reduced throughout the Bay Area.

Reducing Population Exposure to PM

The Air District has been working to analyze and reduce population exposure to toxic air contaminants and PM and to protect impacted communities through its multi-faceted **Clean Air Communities Initiative** (CACI). Key elements of the CACI include the following:

- Implementation of the **Community Air Risk Evaluation** (CARE) program to identify Bay Area communities that are disproportionately impacted by emissions from transportation and stationary sources, and to reduce emissions in these communities.²

² The CARE program has identified six disproportionately impacted communities: Concord; Richmond/San Pablo; western Alameda County; San Jose; Redwood City/East Palo Alto; and eastern San Francisco.

- Implementation of the control strategy in the Bay Area 2010 Clean Air Plan, which includes measures to reduce emissions of PM from a wide range of sources and to reduce population exposure in impacted communities.
- New or amended regulations to control emissions from stationary sources that impose disproportionate impacts in CARE communities.
- Special monitoring studies to measure concentrations of PM and toxic air contaminants, and their related health risks.³
- Providing grants and incentives for projects to reduce emissions within CARE communities.
- Public education and outreach to promote compliance with the Air District's wood smoke rule.
- Collaboration with local governments to develop **Community Risk Reduction Plans** (with initial pilot efforts in San Francisco and San Jose).
- Collaboration with regional and local agency partners to promote focused development that considers air quality issues and protects public health.
- Providing guidance documents and analytical tools to help local government agencies identify and mitigate air quality issues and impacts in their communities.

LOOKING FORWARD

Future Trends in PM Emissions

To maintain progress in reducing PM health impacts in the Bay Area, we need to continue reducing emissions of primary PM and PM precursors. Projected trends in emissions of PM and precursor pollutants that form secondary PM are provided in the full PM report through year 2030 (see Section 2 and Appendix A). The projected emissions take into account anticipated changes in population and economic activity, emission reductions from ARB and Air District regulations that have already been adopted, and turnover in the motor vehicle fleet (replacement of older, dirtier vehicles by newer, cleaner ones). Emissions of primary PM_{2.5} are projected to decrease through 2020, then to begin to rise slowly through 2030 in tandem with population and economic growth. Emission projections for PM precursors are mixed: emissions of ROG and NO_x are both expected to decrease significantly, whereas SO_x emissions are projected to increase slowly in tandem with economic growth. These projections are based on a conservative assumption that no additional regulation or policies will be adopted to reduce emissions in the future. However, if additional measures are adopted in the future, the PM emissions should be less than currently projected.

Improvements to PM Monitoring Program

The Air District's current PM monitoring program, as described in Section 3-A of the full PM report, is primarily designed to measure ambient PM levels at the regional scale in comparison to State

³ Special studies include the West Oakland Monitoring Study, the Custom Alloy Scrap Sales (CASS) metals study in West Oakland, and the UC Berkeley study of truck emissions in West Oakland.

and federal PM standards. To enhance its PM monitoring program, the Air District will pursue the following initiatives:

- Increase the density of PM_{2.5} measurements in the region, especially in most impacted communities, and near freeways and other major emission sources where PM “hot spots” are most likely to occur.
- Investigate and consider deploying technology to measure PM accurately and in real-time in response to short-term PM episodes.
- Consider expanding its ultrafine PM monitoring network, subject to the availability of resources to purchase and operate the monitors.

Future Efforts to Improve the Air District’s Understanding of PM

The Air District has been building a solid technical foundation for its efforts to control PM, performing cutting-edge work to analyze PM emissions, concentrations, population exposure, and health effects. However, because PM is such a complex pollutant, there are a number of gaps to be filled, and opportunities to enhance our technical capabilities to measure and analyze PM. This is especially true in the case of ultrafine PM, which has been linked to serious health effects, but is not yet regulated as a distinct pollutant. To further enhance its technical foundation, the Air District will work to:

- Improve its ability to measure and/or estimate PM levels at the local scale;
- Develop better information as to population exposure to PM; and
- Continue its efforts to analyze ultrafine PM in the Bay Area, including monitoring of ultrafine levels on a region-wide basis, refining its new (August 2012) ultrafine PM emissions inventory, performing photochemical modeling for ultrafine PM, and estimating population exposure to ultrafine PM in the Bay Area.

Importance of Continuing the Air District’s Efforts to Reduce PM

As discussed above, there has been substantial progress in reducing PM levels in the Bay Area over the past 10-15 years. This does not mean that we can rest easy, however. There are compelling reasons why it is important to continue and build upon our efforts to reduce PM.

- Researchers have not been able to establish a safe threshold for exposure to PM. Studies have shown that there are adverse health effects from PM_{2.5} exposure even at concentrations below current standards.
- As new information about the health effects of PM becomes available, the U.S. EPA and/or the ARB may issue more stringent standards in the future.

- Even at the relatively low PM levels that currently prevail in the Bay Area, PM is the air pollutant most harmful to public health, including premature mortality, heart attacks, chronic bronchitis and other key health effects.
- PM levels – and population exposure to PM – can vary significantly at the local scale. Even though the Bay Area currently meets national PM standards (based on the measurements from the regional PM monitoring network), some communities and individuals are exposed to higher concentrations of PM.
- In addition to its detrimental impacts on public health, PM also plays a role in climate change and has negative impacts ecosystems and visibility.

We need to continue to reduce PM in order to protect public health.

The reductions in PM levels in recent years provide significant social and economic benefits to the Bay Area in terms of improved public health, greater productivity, and longer life expectancy. This progress in reducing PM provides evidence that the current PM control efforts implemented by the Air District, the California Air Resources Board, and other partners, are working.

To maintain progress in reducing Bay Area PM levels, the Air District will continue to monitor the latest research on PM impacts to public health and the environment and to enhance its technical capabilities in regard to PM. In addition, the Air District will maintain its efforts to reduce PM by implementing the control measures described in the Bay Area 2010 Clean Air Plan and by considering potential additional measures (to be determined at a future date) in the course of developing future air quality plans.

How Bay Area Residents Can Reduce Their Exposure to PM

Despite progress in reducing PM levels in recent years, Bay Area residents continue to be exposed to PM in a wide variety of settings and environments. While the Air District and its partners continue their efforts to reduce PM in the air we breathe, there are simple steps that Bay Area residents can take to reduce their personal exposure to PM here and now.

- Minimize time spent driving on, or in close proximity to, busy roadways, especially those that carry a high volume of heavy-duty diesel vehicles.
- Avoid opening vents and windows while driving on busy roadways.
- Avoid smoke from tobacco products, incense, and candles.
- Avoid exposure to wood smoke. Don't burn wood in a fireplace or stove. Avoid campfires, bonfires, and charcoal fires. Replace your wood-burning fireplace with a natural gas insert.

- Reduce exposure to PM from cooking by ventilating the kitchen when cooking and switching to electric pilot lights.
- Change filters in furnaces and range hoods on a regular basis.
- To reduce exposure to PM and other air pollutants from cleaning products, ventilate work areas while cleaning and dispose of used rags promptly.

There are simple steps that Bay Area residents can take to reduce their exposure to PM.