



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS REGULAR MEETING

February 18, 2015

A meeting of the Bay Area Air Quality Management District Board of Directors will be held 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.

This meeting will be webcast. To see the webcast, please visit <http://www.baaqmd.gov/The-Air-District/Board-of-Directors/Agendas-and-Minutes.aspx> at the time of 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
FEBRUARY 18, 2015
9:45 A.M.

BOARD ROOM
7TH FLOOR

CALL TO ORDER

Chairperson, Carole Groom

1. **Opening Comments**
Roll Call
Pledge of Allegiance

The Chair shall call the meeting to order and make opening comments. The Clerk of the Boards shall take roll of the Board members. The Chair shall lead the Pledge of Allegiance.

PUBLIC COMMENT ON NON-AGENDA MATTERS

2. **Public Comment on Non-Agenda Items, 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 Board at the location of the meeting and prior to commencement of the meeting.

COMMENDATIONS/PROCLAMATIONS/AWARDS

3. *The Board of Directors will recognize outgoing Advisory Council Member John Holtzclaw for his service, leadership and dedication to protecting air quality in the Bay Area.*

CONSENT CALENDAR (ITEMS 4 – 12)

Staff/Phone (415) 749-

4. Minutes of the Board of Directors Special Meeting and Retreat of January 21, 2015 and Amend the Approved Minutes of the Board of Directors Meeting of December 17, 2014

Clerk of the Boards/5073

The Board of Directors will consider approving the draft minutes of the Board of Directors Special Meeting and Retreat of January 21, 2015 and amend the approved minutes of the Board of Directors Regular Meeting of December 17, 2014.

5. Board Communications Received from January 21, 2015 through February 17, 2015
J. Broadbent/5052
jbroadbent@baaqmd.gov

A copy of communications directed to the Board of Directors received by the Air District from January 21, 2015 through February 17, 2015, if any, will be at each Board Member's place.

6. 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.

7. Notice of Violations Issued and Settlements in Excess of \$10,000 in the month of January 2015
B. Bunger/4920
bbunger@baaqmd.gov

In accordance with Resolution No. 2012-08, the Board of Directors will receive a list of all Notices of Violation issued, and all settlements for amounts in excess of \$10,000 during the month of January 2015.

8. Quarterly Report of Executive Office and Division Activities
J. Broadbent/5052
jbroadbent@baaqmd.gov

A summary of Board of Directors, Hearing Board and Advisory Council meeting activities for the second quarter is provided for information only. Also included is a summary of the Executive Office and Division Activities for the months of October 2014 – December 2014.

9. Notice of Proposed Amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6:, Board of Directors, Committees, Section 6.2:, Standing Committees
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider proposed amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees.

10. Update on the Air District Advisory Council
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider the appointment of Stan Hayes to the Advisory Council effective July 1, 2015.

11. Increase in Cylogy, Inc. contract by \$70,000 for Website Content Migration and Custom Integrations
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to increase the contract for Cylogy, Inc. (Cylogy) from \$180,000 to \$250,000 (\$70,000) for custom integrations and content migration to the My Air Online website.

12. Selection of Translation Service for Air District Website

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to execute a contract with Avantpage, not to exceed \$100,000 for the initial translation of the air districts website content, with an optional time and materials extension for the translation of future web content.

COMMITTEE REPORTS

13. Report of the **Mobile Source Committee** Meeting of January 22, 2015

CHAIR: S. Haggerty

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Projects and Contracts with Proposed Awards over \$100,000

- 1) *Approve Carl Moyer Program (CMP) and Transportation Fund for Clean Air (TFCA) projects with proposed grant awards over \$100,000; and*
- 2) *Authorize the Executive Officer/APCO to enter into agreements for the recommended projects.*

B) Participation in the Year 17 of the Carl Moyer Program

- 1) *Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (ARB) relating to the Air District's receipt of Carl Moyer Program (CMP) funds and Multi-District funds for fiscal year 2014-2015 (Program Year 17); and*
- 2) *Allocate \$5 million in Mobile Source Incentive Funding (MSIF) to provide the required match funding and additional monies for projects eligible for funding under the CMP.*

C) Selection of an Auditor for District's Financial and Grants Program Audits

- 1) *Approve the selection of Gilbert Associates, Inc. to conduct the Air District's 2014-15 Financial Audit, the 2013-14 TFCA Audit for Projects and Programs, and a review of Carbon Offset Project;*
- 2) *Authorize the Executive Officer/APCO to execute a contract with Gilbert Associates, Inc. for audit services in an amount not to exceed \$217,022; and*
- 3) *Authorize the Executive Officer/APCO to extend the contract with Gilbert Associates, Inc. in an amount not to exceed \$217,022 annually for up to an additional two years under the terms of the current request for proposals.*

D) Air District Grant Programs Overview

1) *None; receive and file.*

14. Report of the **Personnel Committee** Meeting of January 26, 2015
CHAIR: B. Wagenknecht

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Update on the Air District Advisory Council

1) *None; receive and file.*

B) Strategic Staffing Plan Update

1) *None; receive and file.*

C) Closed Session Conference with Labor Negotiators

1) *None; receive and file.*

15. Report of the **Personnel Committee** Meeting of February 18, 2015
CHAIR: B. Wagenknecht

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Strategic Staffing Plan Update

1) *None; receive and file.*

B) Closed Session Conference with Labor Negotiators

1) *None; receive and file.*

16. Report of the **Budget and Finance** Meeting of January 28, 2015
CHAIR: C. Groom

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Air District Financial Audit Report Fiscal Year Ending 2014

1) *None; receive and file.*

B) Second Quarter Financial Report – Fiscal Year Ending 2015

1) *None; receive and file*

C) Selection of a Contractor for Upgrade of the Air District Financial System

- 1) *Approve the selection of Denovo, a contractor to upgrade the Air District's Financial System.*
- 2) *Authorize the Executive Officer/ APCO to enter into all necessary agreements with Denovo to upgrade the financial system amount not to exceed \$1,358,036; and*
- 3) *Amend the Program 701 budget by the corresponding amount transferring \$1,000,000 from the reserve for JD Edwards Software Upgrade and \$358,036 from the Undersigned Fund Balance for this purpose.*

CLOSED SESSION

17. CONFERENCE WITH LABOR NEGOTIATORS (Government Code § 54957.6(a))

*Agency Negotiators: Jack P. Broadbent, Executive Officer/APCO
Rex Sanders, Director of Executive and Administrative
Resources Division*

*Employee Organizations: Bay Area Air Quality Employee's Association, Inc.
Non-Represented Confidential Employees
Non-Represented Management Employees*

OPEN SESSION

18. 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.

19. 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

20. Report of the Executive Officer/APCO
21. Chairperson's Report

22. Time and Place of Next Meeting:

Wednesday, March 4, 2015, 939 Ellis Street, San Francisco, California 94109 at 9:45 a.m.

23. Adjournment

The Board meeting shall be adjourned by the Board Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
939 ELLIS STREET, SAN FRANCISCO, CA 94109
mmartinez@baaqmd.gov

(415) 749-5016
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the “Members of the Board of Directors” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Board meeting. Any correspondence received after that time will be presented to the Board at the following 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 Clerk’s Office should be given in a timely manner, 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 District’s offices 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.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109
FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

FEBRUARY 2015

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	11	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month) - CANCELLED</i>	Monday	16	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets 3rd Monday of each Month)</i> - CANCELLED	Monday	16	10:30 a.m.	Board Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Wednesday	18	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	25	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	Board Room
Board of Directors Legislative Committee <i>(At the Call of the Chair)</i>	Thursday	26	10:30 a.m.	Board Room

MARCH 2015

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	4	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	11	9:00 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	10:30 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of Every Other Month)</i>	Thursday	19	9:30 a.m.	Board Room

MARCH 2015

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	25	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	26	9:30 a.m.	Board Room

APRIL 2015

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	1	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	8	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	20	9:30 a.m.	Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	20	10:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	22	9:30 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	23	9:30 a.m.	Board Room

HL – 2/4/15 (11:35 a.m.)

P/Library/Forms/Calendars/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: February 4, 2015

Re: Minutes of the Board of Directors Special Meeting and Retreat of January 21, 2015,
and Amend the Approved Minutes of the Board of Directors Regular Meeting on
December 17, 2014

RECOMMENDED ACTION

Approve the attached

1. Draft minutes of the Board of Directors Special Meeting and Retreat of January 21, 2015;
and
2. Amendments to the approved minutes of the Board of Directors Regular Meeting of
December 17, 2014.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Special Meeting and Retreat of January 21, 2015, and the amendments to the approved minutes of the Board of Directors Regular Meeting of December 17, 2014.

The revised minutes of December 17, 2014, were prepared at the request of the speaker whose comments were revised on page 7 and conform with the audio recording of the meeting. A copy of the amended approved minutes of the Board of Directors Regular Meeting of December 17, 2014, with redline edits are included.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

- Attachment A: Draft Minutes of the Board of Directors Special Meeting and Retreat of January 21, 2015
- Attachment B: Approved Minutes of the Board of Directors Regular Meeting of December 17, 2014
- Attachment C: Draft Revised Minutes of the Board of Directors Regular Meeting of December 17, 2014, with Redline Showing Revisions

AGENDA 4 – ATTACHMENT A

Draft Minutes - Board of Directors Special Meeting & Retreat of January 21, 2015

Bay Area Air Quality Management District
City of South San Francisco Municipal Services Building
33 Arroyo Drive
South San Francisco, CA 94080
(415) 749-5073

Board of Directors Special Meeting & Retreat
Wednesday, January 21, 2015

DRAFT MINUTES

1. CALL TO ORDER

Outgoing Chairperson Nate Miley called the meeting to order at 9:52 a.m.

Opening Comments: None.

Roll Call:

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

Absent: Directors Tom Bates and Margaret Fujioka.

Pledge of Allegiance: Outgoing Chairperson Miley led the Pledge of Allegiance.

2. PUBLIC COMMENT ON NON-AGENDA MATTERS

Don Cuffel, Valero, addressed the Board of Directors (Board) to inquire whether refinery emissions have been proven scientifically to be more dangerous than the same emissions from other sources; to suggest that industry does not want to harm the public or its own employees; and to volunteer to be a participant in advancing a rational dialogue regarding refinery emissions.

Sylvia Gray-White, Communities for a Better Environment (CBE), submitted written material, *Stop Spraying California!*, and addressed the Board urging the Air District to engage with the federal government to stop the chemtrail program.

Guy Bjerke, Western State Petroleum Association, addressed the Board regarding a desire to advance the dialogue on refinery emissions rulemaking through the Clean Air Plan and the established rulemaking process.

NOTED PRESENT: Director Kniss was noted present at 10:00 a.m.

Bill Quinn, California Council for Environmental and Economic Balance (CCEEB), addressed the Board to explain the history, membership and mission of CCEEB and to encourage an open and transparent rulemaking process.

Joseph Weinstein, Odor Group, addressed the Board regarding the persistent, odor in Milpitas and the effectiveness of the Air District complaint line.

NOTED PRESENT: Director Mar was noted present at 10:05 a.m.

Raymond Wong addressed the Board regarding the odor in Milpitas and over 500 phone calls to the Air District hotline regarding the same; to suggest that the staff reports on the topic are inaccurate and the inspectors take several hours to respond; to suggest that inspectors be required to provide their name and phone number when responding to public reports; and to suggest the current monitoring of hydrogen sulfide is inadequate.

Andrés Soto, CBE, addressed the Board to express his gratitude to Outgoing Chairperson Miley and Chairperson-Elect Groom; to cite the letter delivered to the Board on January 16, 2015, by Diane Bailey, Natural Resources Defense Council, on behalf of a number of organizations; and to request an Air District response to the claim of two different permits to operate being issued to Kinder Morgan.

NOTED PRESENT: Director Haggerty was noted present at 10:12 a.m.

Ratha Lai, Sierra Club San Francisco Bay Chapter, addressed the Board in support of Mr. Soto's comments regarding refinery issues; to relay a community concern relative to petroleum coke emissions; and to suggest that the Kinder Morgan permit process is an example of Air District operations with room for improvement.

Marinell Daniel, CBE, addressed the Board to encourage action in response to the reports from the residents of Milpitas; to echo the comments of Messrs. Soto and Lai; to report that the Kinder Morgan facility whose permit is the subject of discussion is located within five blocks of an elementary school in Richmond, an area with asthma rates that indicate a need for change; and to request the reconsideration of the Kinder Morgan permit in a process that includes an environmental impact report.

Steve Nadel, Sunflower Alliance, addressed the Board regarding the need for faster Air District action; to note the static greenhouse gas (GHG) level in the Bay Area for the last 15 years; and to suggest that the question of how to get necessary GHG reductions is one that requires an immediate answer.

Jack Broadbent, Executive Officer/Air Pollution Control Officer (APCO), said staff will further investigate the reports coming out of Milpitas, arrange a meeting with their city manager and report out to the Stationary Source Committee and Director Chavez.

3. COMMENDATION / PROCLAMATIONS / AWARDS

Chairperson-Elect Groom and Mr. Broadbent, in turn, each recognized Outgoing Chairperson Miley for his outstanding leadership as Chairperson of the Board of Directors in 2014.

Outgoing Chairperson Miley commended staff for the work of the Air District in 2014 and thanked the Board, public and staff for their involvement and efforts.

Outgoing Chairperson Miley passed the gavel to Chairperson-Elect Groom.

NOTED PRESENT: Director Gioia was noted present at 10:25 a.m.

Chairperson Groom recognized Susan Adams, Carol Klatt and Supervisor Mary Piepho, in absentia, for their outstanding leadership as members of the Board of Directors.

Chairperson Groom recognized Councilmember Ash Kalra for his outstanding leadership as a member of the Board of Directors.

CONSENT CALENDAR (ITEMS 4 – 10)

- 4. Minutes of the Regular Board Meeting of December 17, 2014;**
- 5. Board Communications Received from December 17, 2014 through January 20, 2015;**
- 6. Air District Personnel on Out-of-State Business Travel;**
- 7. Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of December 2014;**
- 8. Adoption of Amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 7 Advisory Council (Council);**
- 9. Consider Authorizing the Executive Officer/APCO to Execute a Contract, in an Amount Not to Exceed \$100,000, for the Development of an Expanded 60th Anniversary Annual Report; and**
- 10. Update on the My Air Online Program.**

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Wagenknecht made a motion, seconded by Director Ross, to approve Consent Calendar Items 4 through 10, inclusive; and the motion carried by the following vote of the Board:

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

COMMITTEE REPORTS

11. Report of the Mobile Source Committee (MSC) Meeting of December 18, 2014

Committee Chairperson Haggerty

The MSC met on Thursday, December 18, 2014, without establishing a quorum.

The MSC reviewed and discussed the staff presentation *Transportation Fund for Clean Air (TFCA) Cost-Effectiveness Report*, including background and the expenditures, emissions reductions, and cost-effectiveness of programs and projects closing in fiscal year ending (FYE) 2014.

The MSC then reviewed and discussed the staff presentation *Acceptance of Funds from the National Fish and Wildlife Foundation (NFWF) for a Commercial Lawn and Garden Equipment Replacement Program*, including background, project description and recommendations. The consensus recommendation of the MSC members present is for the Board to:

1. Accept \$470,000 in funds from the NFWF to implement a commercial lawn and garden equipment replacement program in Alameda and Contra Costa counties; and
2. Authorize the Executive Officer/APCO to enter into all necessary agreements to implement the program and expend the \$470,000 in funds from the NFWF for the commercial lawn and garden equipment replacement program.

The Committee then reviewed and discussed the staff presentation *Consideration of Amendments to the FYE 2015 TFCA Regional Fund Policies*, including background; prior Board approvals and the public comment process; proposed updates that will allow funding for three new project categories; and recommendations. The consensus recommendation of the MSC members present is for the Board to:

1. Approve of changes to the FYE 2015 TFCA Regional Fund Policies to include light-duty zero and partial zero emissions vehicles for fleets, heavy-duty zero emissions vehicles, and alternative fuel infrastructure (hydrogen and CNG) projects as eligible project types; and
2. Authorize the Executive Officer/APCO to enter into contracts for eligible projects.

The next meeting of the MSC is on Thursday, January 22, 2015, at 9:30 a.m.

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Haggerty made a motion, seconded by Director Hudson, to approve the consensus recommendation of the MSC members present; and the motion carried by the following vote of the Board:

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

12. Report of the Climate Protection Committee (CPC) Meeting of January 15, 2015
Committee Chairperson Avalos

The CPC met on Thursday, January 15, 2015, and approved the minutes of December 1, 2014.

The CPC received the presentation *Climate Protection Program Update*, including background; overviews of the Regional Climate Protection Strategy, technical program, local government assistance, policy approaches, rule development and staffing resources; and next steps.

The CPC then received and discussed the presentation *Observing CO₂ [Carbon Dioxide] in the Bay Area: Documenting Emissions Changes as They Happen* by Dr. Ronald C. Cohen, Professor of Chemistry, Professor of Earth and Planetary Science, University of California Berkeley, including climate, emissions, CO₂ plans, mapping of CO₂ emissions in the Bay Area, an exploration of the number of measurements needed to verify CO₂ emissions from a source or area, an overview of the Berkeley Atmospheric CO₂ Observing Network and the instruments being utilized, and initial air quality measurements data.

The next meeting of the CPC is on Thursday, March 19, 2015, at 9:30 a.m.

Board Comments: None.

Public Comments: No requests received.

Board Action: None; receive and file.

BOARD RETREAT

13. Opening Comments

Chairperson Groom welcomed those present; thanked the City of South San Francisco for the use of the facility for today's meeting; welcomed new Directors Canepa, Mitchoff, Rice and Sinks; and commented on the number of recent Air District achievements and the amount of work remaining.

Board Comments: Directors Canepa, Mitchoff, Rice and Sinks each briefly introduced themselves.

Public Comments: No requests received.

Board Action: None; receive and file.

14. State of the Air District

Mr. Broadbent addressed the Board regarding the State of the Air District.

Board Comments: None.

Public Comments: No requests received.

Board Action: None; receive and file.

15. Air Quality Summary

Mr. Broadbent gave the staff presentation *Air Quality Summary*, including ozone exceedance, air toxics, and fine particulate matter (PM_{2.5}) trends over the years; a comparison of PM_{2.5} levels in 2007 and 2013; an overview of Winter Spare the Air PM_{2.5} reductions; Bay Area GHG emissions trends from 1990 to 2050; and pathways to improving Bay Area air quality.

The Board and staff discussed, at slide 8, *Ozone Exceedance Trends 1968 to Present*, the relevance of the slide for long-term residents of the Bay Area; how much federal standards are expected to change with the anticipated amendments and how the Air District intends to comply; current state and federal ambient air quality standards; the nature of the air quality index and the healthy/unhealthy messaging that results.

Mr. Broadbent continued the presentation.

The Board and staff discussed, at slide 9, *Air Toxics Trends 1990 – 2001 – 2014*, whether the current or new-but-not-yet-issued Office of Environmental Health Hazard Assessment (OEHHA) thresholds were used for the calculations in this slide; the importance of stating the scientific source of the data in light of statements from representatives of the petroleum industry; clarification that the decreases in various air toxics and average levels is not true of each and all of the air toxics; and an approximate timeline relative to rulemaking by the Air District to incorporate OEHHA's changes.

Mr. Broadbent continued the presentation.

The Board and staff discussed, at slide 12, *Winter Spare the Air PM_{2.5} Reductions*, the possibility of a grant program to incentivize the upgrading of residential fireplaces and the existence of a small grant program already in place in Marin County, a joint venture between the Air District and County.

Mr. Broadbent concluded the presentation.

Board Comments: None.

Public Comments: No requests received.

Board Action: None; receive and file.

16. Administrative and Financial Overview

Jeff McKay, Deputy APCO (DAPCO), gave the staff presentation *Administrative & Financial Overview*, including summaries of the recent financial history, topics for Fiscal Year Ending 2016 budget discussions, personnel costs and purchase of 375 Beale Street.

Board Comments: None.

Public Comments: No requests received.

Board Action: None; receive and file.

17. Update on Council Restructure

Mr. McKay gave the staff presentation *Update on Council Restructure*, including summaries of the Health and Safety Code amendments under Senate Bill 1415 and the Council restructure.

Board Comments:

The Board and staff discussed the ex officio membership of the Board Chair on the current Council and whether representatives or deputies can attend Council meetings on behalf of the Board Chair or APCO; the importance of screening prospective members of the restructured Council for conflicts of interest; the suggestion to appoint health officers from the Bay Area county governments to the restructured Council; the future delivery of a work plan with more details on the restructuring; the likelihood that the Health and Science Officer position on Air District staff will soon be filled; the possibility of staff recommending the appointment of one current Council member to the restructured Council for the sake of continuity; concerns about maintaining a democratic body that adequately provides geographic representation with a membership scaling from twenty seats down to seven; whether community input would be considered relative to the appointment of the subject matter experts; and the potential establishment of a Community Council.

Public Comments: No requests received.

Board Action: None; receive and file.

18. Update on Community Programs

Jean Roggenkamp, DAPCO, gave the staff presentation *Update on Community Programs*, including a summary of the community engagement program.

Board Comments:

The Board and staff discussed where the business community and prospective Community Council fit within the existing Air District structure relative to staff and the Board and its committees; the importance of meeting accessibility through a variety of tools, such as webcasting or meeting locations throughout the Bay Area; the vision of the prospective Community Council as an additional

channel for public interaction with the Board and staff; and the timelines for the appointment of the Community Engagement Manager and the proposed change of name and mission for the Public Outreach Committee.

Public Comments: No requests received.

Board Action: None; receive and file.

19. Update on 375 Beale Street

Damian Breen, DAPCO, gave the staff presentation *375 Beale Street Regional Agency Headquarters Status Report*, including a status report; construction, furniture procurement and move coordinator updates; internal move strategy; construction photos; and an artist's rendering of the main entrance.

Board Comments:

The Board and staff discussed changes planned for the elevators; a staff offer to make tour arrangements for interested members of the Board; which areas will be shared space and the variety of meeting rooms available; a comparison of the current and expected Board rooms; the facilities and technology that will be available in the various meeting rooms; and the ongoing work by Air District staff to make available the necessary equipment to enable remote participation, as previously discussed.

Public Comments: No requests received.

Board Action: None; receive and file.

20. Production System and Website Project Update

Mr. Breen introduced Jaime Williams, Information Technology Officer, who gave the staff presentation *Production System & Website Project Update*, including My Air Online 2014-2015 plan; My Air Online Roadmap; new website design samples; public website and public data access next steps; and a permitting and compliance system overview and next steps.

Board Comments:

The Board and staff discussed information security and the reliability of the public and Air District data exchange; whether real time exchanges between the public and staff will be possible; the possibility of providing complaint information as publicly accessible data; the public's appreciation for tailored and personalized updates; whether photographs can be uploaded as a component of a public complaint; the importance of accepting multimedia information given how much insight it provides; and that information relative to overall and specific staff response times should be available as a result of this new system.

Public Comments: No requests received.

Board Action: None; receive and file.

21. Key Policy Initiatives

Mr. Broadbent introduced Ms. Roggenkamp, who gave the staff presentation *Key Policy Initiatives*, including refinery emissions reduction strategy, climate action work program and other rulemaking.

The Board and staff discussed, at slide 55, *Refinery Emission Reduction Strategy*, whether the goal of a 20% reduction in health risk will be based on the current or expected new guidelines.

Ms. Roggenkamp concluded the presentation.

Board Comments:

The Board and staff discussed the meaning of “Explore Bay Area’s Energy Future” on slide 56, *Climate Action Work Program*; whether new rules can be expected in 2015 that will address the GHG trends shown in slide 13, *Bay Area GHG Emission Trends 1990 – 2050*; the need at the city and county level for help and support in not only establishing policy objectives but in holding them accountable for achieving them; the timeline for and likely components of the refinery emission reduction strategy; and the possibility of inviting Richard Corey, Executive Officer, California Air Resources Board, to present first to the CPC and then the Board on local opportunities to achieve regional and statewide goals.

Public Comments:

Mr. Soto addressed the Board to request the implementation of refinery emission reductions, a 20% GHG reduction and toxic air contaminants reduction as soon as possible; to argue that the science of air quality is established well enough for immediate action; to provide notice that the U.S. Chemical Safety Board (CSB) is expected to issue its final report on the 2012 Chevron refinery incident in the immediate future; and to suggest the Air District take up the recommendations from the CSB report.

Mr. Lai addressed the Board in support of Mr. Soto’s comments; to request work be done on petroleum coke emissions as soon as possible; and to request the review of the Kinder Morgan permit be made an urgent item.

Claire Broome, 350 Bay Area, addressed the Board regarding the positive progress shown in the presentation with the exception of GHGs, which were revealed to be trending upward; the significant discussion of wood-burning stoves and fireplaces coupled with little or no discussion of permitted sources, a group that accounts for approximately one third of Bay Area pollutants; to suggest acceptance of the urgency of the situation and engagement with any aspects in which the Air District can effect change; to request an evaluation of the permitting process in order to incorporate reductions; to advocate for the prioritization of clean power to decrease GHG emissions; and to propose that reduction opportunities currently exist in residential and commercial building.

Andy Katz, Breathe California, addressed the Board regarding the commendable leadership and accomplishments of the Air District, as well as the work remaining; to suggest the current Council is difficult to engage in a meaningful way and to urge for the inclusion of community-based expertise on the restructured council, stating the Community Air Risk Evaluation Task Force is an example of the success of that model; the importance of openness and transparency; the positive development of strengthened thresholds and the appropriateness of a broader discussion; to echo the prior public

speakers relative to refineries; the expectation of Bay Area residents for bold action on climate change; and the importance of California Environmental Quality Act thresholds and serious concerns about the offsets program established by the California Association of Air Pollution Control Officers, specifically its compatibility with future regional work and reductions achieved in the past.

Board Action: None; receive and file.

22. Upcoming Committee Assignments and Goals

Chairperson Groom stated that the committee assignments will be delivered to the Board members in the next forty-eight hours.

Board Comments: None.

Public Comments: No requests received.

Board Action: None; receive and file.

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

24. BOARD MEMBERS' COMMENTS:

Director Hudson commended the new Winter Spare the Air campaign that focuses on the impacts of wood-burning fires on indoor air quality and urged for more of the same and inquired about a correlation between air quality and exercise-induced asthma.

Director Gioia noted that the Consent Calendar routinely includes a report on Notices of Violations Issued and Settlements in Excess of \$10,000 and asked that a few word description be inserted for each item in the future.

OTHER BUSINESS

25. Report of the Executive Officer/APCO: None.

26. Chairperson's Report:

Chairperson Groom announced the cancellation of the Board meeting on February 4, 2015.

27. Time and Place of Next Meeting:

Wednesday, February 18, 2015, Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, California 94109 at 9:45 a.m.

28. Adjournment: The Board meeting adjourned at 12:38 p.m.

Sean Gallagher
Clerk of the Boards

AGENDA 4 – ATTACHMENT B

Approved Minutes - Board of Directors Regular Meeting of December 17, 2014

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

Board of Directors Regular Meeting
Wednesday, December 17, 2014

APPROVED MINUTES

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

1. **CALL TO ORDER:** Chairperson Nate Miley called the meeting to order at 9:54 a.m.

Opening Comments: None.

Roll Call:

Present: Chairperson Nate Miley; Vice-Chairperson Carole Groom; Secretary Eric Mar; and Directors Susan Adams, John Avalos, Teresa Barrett, Tom Bates, John Gioia, Scott Haggerty, David Hudson, Ash Kalra, Liz Kniss, Jan Pepper, Mark Ross, Jim Spring, Brad Wagenknecht and Shirlee Zane.

Absent: Directors Cindy Chavez, Margaret Fujioka, Roger Kim (on behalf of Edwin Lee), Carol L. Klatt (resigned) and Mary Piepho.

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

2. **PUBLIC COMMENT ON NON-AGENDA MATTERS:**

Andrés Soto, addressed the Board of Directors (Board) regarding the growing concern among the population, various community groups and entities of west Contra Costa County about the crude-by-rail operations and the Air District permit relative to Kinder Morgan's operations.

NOTED PRESENT: Director Avalos was noted present at 9:56 a.m.

David McCoard, Sierra Club, addressed the Board regarding the decision by the Sacramento Metropolitan Air Quality Management District to conduct an environmental review of a crude-by-rail project and to encourage the same by the Air District relative to the Kinder Morgan permit.

Sylvia Gray-White, Communities for a Better Environment (CBE), addressed the Board regarding the air quality in and around Richmond.

Bill Pinkham, 350 Bay Area / Sunflower Alliance / Richmond Environmental Justice Coalition, addressed the Board regarding the urgency of the decisions being made.

Diane Bailey, Natural Resources Defense Council (NRDC), addressed the Board to reiterate messages of grave concern from a coalition of the Bay Area population, various community groups and organizations relative to the Kinder Morgan crude-by-rail permit and to urge consideration of public safety with such significant infrastructure in close proximity to railways within the Bay Area and a response to the City of Richmond's letter request for revocation of the same permit.

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

Ratha Lai, Sierra Club SF Bay, addressed the Board to echo the comments of Ms. Bailey relative to public concern about the Kinder Morgan crude-by-rail project and to ask why the permit has not yet been revoked in the name of community safety and public health.

Marie Walcek, California Nurses Association (CNA), addressed the Board regarding the danger of the recent train derailment in Richmond and the implications for the community had it been transporting crude oil and to ask for the revocation of the Kinder Morgan crude-by-rail permit.

Pilar Schiavo, CNA, addressed the Board regarding the series of incidents at the Chevron Richmond refinery and the need to take action now to prevent additional incidents in the future and to request responses to the City of Richmond's and CNA's requests for revocation of the Kinder Morgan crude-by-rail permit.

Carolyn Bowden read from a written statement by the CNA regarding the health impacts of air pollution.

Michelle Veneziano, D.O., addressed the Board regarding the health impacts of refinery emissions and the reliance of the public on regulatory bodies to mitigate those impacts due to their inability to do so on an individual basis.

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

Eduardo Martinez addressed the Board to announce the successful election to the Richmond City Council of three candidates supported by the Richmond Progressive Alliance and to request the revocation of the Kinder Morgan permit and a moratorium on permits for crude-by-rail projects.

Charles Davidson addressed the Board to request review and revocation of the Kinder Morgan permit and to relay detailed chemistry information regarding the volatility and flammability of the materials involved in the refining process.

CONSENT CALENDAR (ITEMS 3 – 8)

- 3. Minutes of the Regular Board Meeting of December 3, 2014;**
- 4. Board Communications Received from December 3, 2014 through December 16, 2014;**
- 5. Air District Personnel on Out-of-State Business Travel;**
- 6. Notice of Violations Issued and Settlements in Excess of \$10,000 in the month of November 2014;**
- 7. Proposed Regulatory Agenda for 2015; and**

8. Notification of Proposed Future Adoption of Amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 7 Advisory Council.

Board Action:

Director Wagenknecht made a motion, seconded by Director Hudson, to approve Consent Calendar Items 3 through 8, inclusive.

Public Comments:

Jed Holtzman, 350 Bay Area, addressed the Board regarding Agenda Item 7, *Proposed Regulatory Agenda for 2015*, to praise the wide range of topics and, specifically, those relating to climate protection efforts; to suggest strong climate action, instead of monitoring, in the face of the knowledge that global fossil fuel reserves will generate carbon emissions well in excess of the carbon budget suggested by climate scientists.

Greg Karras, CBE, , addressed the Board regarding Agenda Item 7, *Proposed Regulatory Agenda for 2015*, to note that over 100 rules are slated for adoption in 2015 with only three making mention of greenhouse gases (GHG) and to echo the comment of Mr. Holtzman regarding fossil fuel reserves.

Mark Roest, Bay Climate Action Plan / Seawave Battery, submitted written material and addressed the Board regarding Agenda Item 7, *Proposed Regulatory Agenda for 2015*, to urge the Air District to follow the lead of local jurisdictions that have mandated the transition from wood to electricity and the reduction of energy and water use, to incentivize solar and to suggest that with near cost parity of fossil and renewable fuels, there is no public need to continue with business as usual.

Steven Nadel, Sunflower Alliance, addressed the Board regarding Agenda Item 7, *Proposed Regulatory Agenda for 2015*, to request greater democratization of the Air District processes, reduced energy demand through electrification, increased analysis of implementation of best available control technology (BACT), replacement of all possible combustion with electrical power, development of programs that promote new technology and greater protections of community health and safety.

Board Comments:

Director Gioia clarified that all of the rules and regulations scheduled for possible work in 2015 are on the list prepared by staff.

Board Action (continued):

The motion carried by the following vote of the Board:

AYES:	Adams, Avalos, Barrett, Gioia, Groom, Haggerty, Hudson, Kalra, Kniss, Mar, Miley, Pepper, Ross, Spering, Wagenknecht and Zane.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Bates, Chavez, Fujioka, Kim, Klatt and Piepho.

COMMITTEE REPORTS

9. Report of the Personnel Committee (PC) Meeting of December 15, 2014

Committee Chairperson Wagenknecht

The PC met on Monday, December 15, 2014, and approved the minutes of September 22, 2014.

The PC received and discussed the staff presentation *Discussion Regarding Advisory Council (Council) Structure for 2015*, including a summary of the recently adopted Senate Bill 1415; future Council Structure and function; and next steps.

The PC then received the staff report *Consider Recommending Board Approval of Incumbent Reappointments to the Air District's Council* and the PC recommends Board approval of incumbent reappointments to the Council.

The PC then received and discussed the staff presentation *Equal Employment Opportunity and Plan (EEOP)*, including the purpose of EEOPs; the history of the EEOP at the Air District; Air District recruitment process; and other equal employment opportunity-related provisions at the Air District.

The next meeting of the PC is at the call of the Chairperson.

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Wagenknecht made a motion, seconded by Director Adams, to approve the recommendations of the PC; and the motion carried by the following vote of the Board:

AYES: Adams, Avalos, Barrett, Bates, Gioia, Groom, Haggerty, Hudson, Kalra, Kniss, Mar, Miley, Pepper, Ross, Spring, Wagenknecht and Zane.

NOES: None.

ABSTAIN: None.

ABSENT: Chavez, Fujioka, Kim, Klatt and Piepho.

10. Report of the Ad Hoc Building Oversight Committee (AHBOC) Meeting of December 15, 2014

Committee Chairperson Miley

The AHBOC met on Monday, December 15, 2014, and approved the minutes of June 18, 2014.

The AHBOC received and discussed the staff presentation *Regional Agency Headquarters – 375 Beale Street, Project Status Report*, including a construction update and future schedule and photographs of construction and schematics of floor designs.

The AHBOC then received and discussed *Regional Agency Headquarters – 375 Beale Street, Construction, Furniture, and Network Redesign Costs*, including background; progress on

construction and shared services to date; fiscal year ending (FYE) 2015 shared services and construction project budget plan; and staff recommendations. The AHBOC recommends the Board:

1. Authorize the Executive Officer/Air Pollution Control Officer (APCO) to reimburse the Bay Area Headquarters Authority an additional \$500,000 for building redesign and construction; furniture; network redesign and consulting work associated with the Air District's tenant improvements and shared services costs at 375 Beale Street; and
2. Increase the FYE 2015, Program 702, budget by a corresponding \$500,000, to be transferred from the Air District's Building and Facilities reserve.

The next meeting of the AHBOC is at the call of the Chairperson.

Board Action:

Chairperson Miley made a motion, seconded by Director Spring, to approve the recommendations of the AHBOC.

Board Comments:

The Board and staff agreed to postpone the staff presentation, *Regional Agency Headquarters – 375 Beale Street, Project Status Report*, until the Board's annual Special Meeting and Retreat on January 21, 2015, and discussed the level of reserves remaining after the proposed transfer.

Public Comments: No requests received.

Board Action (continued):

The motion carried by the following vote of the Board:

AYES:	Adams, Avalos, Barrett, Bates, Gioia, Groom, Haggerty, Hudson, Kalra, Kniss, Mar, Miley, Pepper, Ross, Spring, Wagenknecht and Zane.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Chavez, Fujioka, Kim, Klatt and Piepho.

PRESENTATIONS

11. Bay Area Refinery Emissions Reduction Strategy

Jack Broadbent, Executive Officer/APCO, introduced the topic and Gregory Nudd, Rule Development Manager of the Planning, Rules and Research Division, who gave the staff presentation *Bay Area Refinery Emissions Reduction Strategy*, including background; evaluation criteria; Bay Area RECLAIM [REgional CLean Air Incentives Market]; community/worker; WSPA [Western States Petroleum Association]; periodic control technology review; BARCT [Best Available Retrofit Control Technology]/focused toxics; “grandfathered” sources and high emitters; identifying emission reduction opportunities for Clean Air Plans; opportunities for emission reductions; summary of evaluation; proposed approach; and next steps.

The Board and staff discussed, at slide 11, “*Grandfathered*” Sources and High Emitters, the impact of and total emissions for the less than 3% that are not subject to either BARCT or BACT.

Mr. Nudd continued the presentation.

The Board and staff discussed, at slide 13, *Opportunities for Emission Reductions*, the definitions of the terminology and color coding used; the amount of emissions avoided through control technology that are not reported in the chart; whether red areas leave room for improvement; how and when control technologies are further enhanced; whether refinery opportunities for sulfur oxides (SO_x) emissions reductions means there are no rules relative to SO_x at this time and whether other SO_x opportunities exist among non-refinery emitters; the public health impact of SO_x; the best prioritization of opportunities and whether the emission types will be dealt with sequentially or collectively; and the impact of emissions limits and regulations on “grandfathered” sources.

Mr. Nudd concluded the presentation.

Mr. Broadbent commented on the staff process of exchanging proposals and thanked the stakeholder participants; suggested the staff proposal is comprised of the best aspects of each proposal; explained that the staff proposal does not address GHGs based on the staff recommendation that the Air District wait for the results of the State’s cap-and-trade program to avoid potential conflicts; and suggested that adoption of the staff proposal would represent a historic decision that will lead to significant reductions.

Board Comments:

The Board and staff discussed the proposals as very specific strategies for addressing a very complex situation and operations; the importance of developing rules in tandem, not serially, and the likely timeline under that approach; the likelihood that proposed rules would be bundled for development and approval and then refined further later as part of an overall package around the end of 2015; the noteworthiness of the significant reductions achieved under the Air District’s stewardship and the Air District as the first agency in the United States to impose fees on GHGs; the importance of addressing SO_x and nitrogen oxides (NO_x) emissions from both refinery and non-refinery sources simultaneously; the recent emergency declaration in Sonoma County as evidence of the importance of Air District reductions of GHGs to avoid climate impacts; who conducts the required health risk assessments (HRAs) for refineries and who reviews or approves them; the importance of independent review in place of guidelines and protocols; the possibility of asking the California Office of Environmental Health Hazard Assessment to comment on each HRA; whether self-monitoring by refiners relative to continuous improvement and additional controls is an acceptable substitute for Air District evaluations; gratitude for public participation; clarification that the continuous improvement process, when finalized, will include Air District evaluation and how that will likely work; the meaning of “strive to achieve” on slide 15, *Proposed Approach*, and how that will transpire in light of the applicable Health and Safety Code (HSC) and the rule-making process; and the likely impact of 20% reductions on the numbers provided on slide 13, *Opportunities for Emission Reductions*.

Public Comments:

Guy Bjerke, WSPA, addressed the Board to suggest the current proposal prejudices and subverts the clean air plan prepared by staff, that the Board should let the traditional rule-making process occur instead and that SOx was not addressed by staff in the past because the Air District is in attainment of the state and federal standards.

Kathy Wheeler, Shell, addressed the Board to opine that “grandfathered sources” is a misunderstood term relative to Bay Area refineries and that none of the Shell operations fall under the definition provided in today’s staff presentation; that thirty Air District rules apply to each and all of the Bay Area refineries, which taken together represent the most stringent standards in the nation and cover all of the sources; and that every source is regulated and will be further regulated by the refinery emissions tracking rule.

David Farabee, Pillsbury Winthrop Shaw Pittman on behalf of WSPA, addressed the Board to suggest that the key criterion for evaluation of strategies is compatibility with HSC and to provide a reminder of the legal requirements for Board actions.

Matthew Buell, Tesoro, addressed the Board regarding the significant improvements made through past rule-making; the Proposed Regulatory Agenda for 2015 shows further reductions are forthcoming; and to support the WSPA strategy based on its compatibility with HSC.

Bill Quinn, California Council for Environmental and Economic Balance (CCEEB), addressed the Board in support of the WSPA strategy based on its compatibility with HSC and regulatory transparency.

Don Cuffel, Valero, addressed the Board regarding his and his employer’s commitment to air quality and their support for a fact-based discussion and suggested the statements by CBE do not align with air quality information provided by the U.S. Environmental Protection Agency.

Greg Karras, CBE, addressed the Board to suggest the statements alluded to be Mr. Cuffel are drawn from Air District material; in support of and to compliment the staff proposal along with a request for direction to staff to adopt the rule in 2015; to request a strengthening of the study language; to suggest that additional GHG reductions will actually help, not conflict with, the cap-and-trade market; and to suggest that further reductions are possible.

Ms. Bailey addressed the Board to echo the comments by Mr. Karras and to suggest that while public health has improved, more work remains and that refinery emissions have a disproportionate impact for fence-line communities and federal ambient air quality standards do not speak accurately to this impact.

Mr. Soto addressed the Board to suggest that refinery self-evaluation is not a good policy given their track record and that federal ambient air quality standards are an inadequate final standard.

Nancy Rieser, Crockett-Rodeo United to Defend the Environment, addressed the Board to opine that jubilant WSPA representatives in the audience prior to the meeting being called to order implies a public loss and in support of imposing emission limits today that include GHGs.

Jed Holtzman, 350 Bay Area, addressed the Board in support of the staff proposal with reservations about the exclusion of GHGs; to note Air District literature suggests options for the public to minimize air quality impacts without equal demands on industry; to suggest that more is needed from Air District regulations than tracking, reviewing and reporting; and to request that GHGs are not ignored.

Ethan Buckner, Forest Ethics, addressed the Board to thank Director Kalra for his service; to suggest the public is disappointed with the staff proposal to leave railcars in the hands of the federal government; and to request the revocation of the Kinder Morgan permit.

Jeff Kilbreth, Richmond Planning Commission, addressed the Board regarding his lack of understanding about why the staff presentation being focused on only three of the hundreds of actual criteria air pollutants; to suggest there is no reason to believe that GHG reductions beyond 20% are not easily attainable; in support of increased transparency about the BACT for each emission; to opine that the health risk data and factors are completely unacceptable in the model; and to suggest there is a need to both determine where emissions tracking is adequate or inadequate and know the lead time for refinery updates.

Eduardo Martinez addressed the Board to suggest the WSPA proposal is obviously concerned with profitability, not health impacts, and there is a need to be concerned about global, not just local health.

Mr. McCoard addressed the Board to request retrofitting of the BACT for fluid catalytic crackers as soon as possible as there is no excuse for their continued toxic emissions; in support of 20% reductions by 2020; and to suggest the staff proposal is timid relative to GHGs and deserves another hard look at what can be achieved.

Mr. Lai addressed the Board to thank the staff and Board and to request the inclusion of GHGs.

Ms. Walcek addressed the Board to thank the staff and Board; to suggest that more can be done; to report that the impacts of air quality can be seen firsthand by nurses; and to opine that the cost-benefit analysis for the public is relative to the cost of their own health, not a profit.

Nick Despota, Sunflower Alliance, addressed the Board in gratitude and to question the statement by staff that a GHG proposal now may negatively impact the implementation of the State cap-and-trade program.

Colin Murphy addressed the Board to echo the statements by representatives of CBE and NRDC; and to suggest that international leaders are failing to combat climate change and the public depends on regional leaders to bring about the necessary change and that a social justice component is present in this debate.

Kristin Connelly, East Bay Leadership Council, addressed the Board in appreciation of the complexity of the issues and to urge all involved to work towards the promotion of economic vitality in balance with quality of life.

Heather MacLeod addressed the Board regarding her education on the topic being in preparation for educating her elementary school students; to report their concerns as relative to GHG-related impacts; and to suggest that many options exist to get away from fossil fuels now.

Jan Cecil, 350 / Sunflower Alliance, addressed the Board to suggest the State cap-and-trade program may worsen the air quality situation in the Bay Area and to ask whether the billion-dollar oil companies are the ones who get to determine what is cost effective.

Board Comments (continued):

The Board and staff discussed the great work that has been done and remains outstanding; that all of the measures discussed will create jobs, not eliminate them; to clarify that GHGs are an important concern, which the California Air Resources Board (ARB) indicates the state is on track to achieve the 20% target reductions by 2020, but that toxic air contaminants are the focus of this process because of their impacts for neighboring communities; encouraging industry representatives to cease obstructing GHG progress at the state level in light of comments made locally that GHGs are being dealt with at the state level; clarification of the timing of the staff proposed approach; and that the emissions tracking rule is in process for Board consideration in the spring of 2015 which will address many of the concerns raised today.

Board Action:

Director Gioia made a motion, seconded by Director Ross, to approve the staff proposed strategy.

Board Comments (continued):

The Board and staff discussed the context for a 20% reduction and the meaning of “strive to achieve” in slide 15, *Proposed Approach*, as it applies to various categories; the need for latitude in measures that acknowledges the challenges of achieving goals and a history of being sued by parties over measures they supported in public meetings; the inclusion of socio-economic impact reports in staff analyses; the history of reductions through the traditional rule-making approach and concern about deviating and remaining effective; the commendable targets despite industry dissatisfaction; encouragement of third-party independent review of HRAs; whether the proposed periodic technology reviews will be a public process and the possible complications that could arise under “business confidential” claims; what the Air District would do if there was a decision to regulate GHGs immediately and staff’s recommendation relative to the timing of GHG proposals; whether the Air District will be monitoring the rolling out of the State cap-and-trade program; whether staff can provide a number of potential opportunities and proposals in the interim; the commendable staff approach; whether and how Air District work relative to climate protection compliments the strategy being discussed; and whether Richard Corey, Executive Officer, ARB, might be able to present to the Board on the State cap-and-trade program and concerns relative to aligning it with other regulations and programs.

Board Action (continued):

The motion carried by the following vote of the Board:

- | | |
|----------|---|
| AYES: | Avalos, Barrett, Bates, Gioia, Groom, Haggerty, Hudson, Kalra, Kniss, Miley, Pepper, Ross, Spering, Wagenknecht and Zane. |
| NOES: | None. |
| ABSTAIN: | None. |

ABSENT: Adams, Chavez, Fujioka, Kim, Klatt, Mar and Piepho.

Chair Miley clarified that the just carried motion was to direct staff to develop the staff proposed strategy, to which there was no objection.

12. Resolution Regarding Safety of Transporting Crude Oil by Rail

The Board postponed this item to a future meeting date.

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

14. BOARD MEMBERS' COMMENTS:

Director Kalra thanked the Board, staff and community for their service and encouraged continued boldness from the Air District.

Director Barrett reported that the City of Petaluma joined Sonoma Clean Power and encouraged more to do the same.

OTHER BUSINESS

15. Report of the Executive Officer/APCO:

Mr. Broadbent gave the staff presentation *Winter PM_{2.5} [Fine Particulate Matter] Seasons*.

16. Chairperson's Report:

Chairperson Miley announced the cancellation of the Board meeting on January 7, 2015; that departing Directors Adams, Kalra and Klatt will be recognized at the annual Board retreat; the appointment of City of Cupertino Vice Mayor Rod Sinks to succeed Director Kalra on the Board; Sonoma County may get another seat on the Board; and the staff annual retreat is on December 18, 2014.

17. Time and Place of Next Meeting:

Wednesday, January 21, 2015, City of South San Francisco Municipal Services Building at 33 Arroyo Drive, South San Francisco, California 94080 at 9:45 a.m.

18. Adjournment: The Board meeting adjourned at 12:46 p.m.

Sean Gallagher
Clerk of the Boards

AGENDA 4 – ATTACHMENT C

Draft Minutes - Board of Directors Regular Meeting of December 17, 2014

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

Board of Directors Regular Meeting
Wednesday, December 17, 2014

DRAFT MINUTES

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

1. **CALL TO ORDER:** Chairperson Nate Miley called the meeting to order at 9:54 a.m.

Opening Comments: None.

Roll Call:

Present: Chairperson Nate Miley; Vice-Chairperson Carole Groom; Secretary Eric Mar; and Directors Susan Adams, John Avalos, Teresa Barrett, Tom Bates, John Gioia, Scott Haggerty, David Hudson, Ash Kalra, Liz Kniss, Jan Pepper, Mark Ross, Jim Spring, Brad Wagenknecht and Shirlee Zane.

Absent: Directors Cindy Chavez, Margaret Fujioka, Roger Kim (on behalf of Edwin Lee), Carol L. Klatt (resigned) and Mary Piepho.

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

2. **PUBLIC COMMENT ON NON-AGENDA MATTERS:**

Andrés Soto, addressed the Board of Directors (Board) regarding the growing concern among the population, various community groups and entities of west Contra Costa County about the crude-by-rail operations and the Air District permit relative to Kinder Morgan's operations.

NOTED PRESENT: Director Avalos was noted present at 9:56 a.m.

David McCoard, Sierra Club, addressed the Board regarding the decision by the Sacramento Metropolitan Air Quality Management District to conduct an environmental review of a crude-by-rail project and to encourage the same by the Air District relative to the Kinder Morgan permit.

Sylvia Gray-White, Communities for a Better Environment (CBE), addressed the Board regarding the air quality in and around Richmond.

Bill Pinkham, 350 Bay Area / Sunflower Alliance / Richmond Environmental Justice Coalition, addressed the Board regarding the urgency of the decisions being made.

Diane Bailey, Natural Resources Defense Council (NRDC), addressed the Board to reiterate messages of grave concern from a coalition of the Bay Area population, various community groups and organizations relative to the Kinder Morgan crude-by-rail permit and to urge consideration of public safety with such significant infrastructure in close proximity to railways within the Bay Area and a response to the City of Richmond's letter request for revocation of the same permit.

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

Ratha Lai, Sierra Club SF Bay, addressed the Board to echo the comments of Ms. Bailey relative to public concern about the Kinder Morgan crude-by-rail project and to ask why the permit has not yet been revoked in the name of community safety and public health.

Marie Walcek, California Nurses Association (CNA), addressed the Board regarding the danger of the recent train derailment in Richmond and the implications for the community had it been transporting crude oil and to ask for the revocation of the Kinder Morgan crude-by-rail permit.

Pilar Schiavo, CNA, addressed the Board regarding the series of incidents at the Chevron Richmond refinery and the need to take action now to prevent additional incidents in the future and to request responses to the City of Richmond's and CNA's requests for revocation of the Kinder Morgan crude-by-rail permit.

Carolyn Bowden read from a written statement by the CNA regarding the health impacts of air pollution.

Michelle Veneziano, D.O., addressed the Board regarding the health impacts of refinery emissions and the reliance of the public on regulatory bodies to mitigate those impacts due to their inability to do so on an individual basis.

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

Eduardo Martinez addressed the Board to announce the successful election to the Richmond City Council of three candidates supported by the Richmond Progressive Alliance and to request the revocation of the Kinder Morgan permit and a moratorium on permits for crude-by-rail projects.

Charles Davidson addressed the Board to request review and revocation of the Kinder Morgan permit and to relay detailed chemistry information regarding the volatility and flammability of the materials involved in the refining process.

CONSENT CALENDAR (ITEMS 3 – 8)

- 3. Minutes of the Regular Board Meeting of December 3, 2014;**
- 4. Board Communications Received from December 3, 2014 through December 16, 2014;**
- 5. Air District Personnel on Out-of-State Business Travel;**
- 6. Notice of Violations Issued and Settlements in Excess of \$10,000 in the month of November 2014;**
- 7. Proposed Regulatory Agenda for 2015; and**

8. Notification of Proposed Future Adoption of Amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 7 Advisory Council.

Board Action:

Director Wagenknecht made a motion, seconded by Director Hudson, to approve Consent Calendar Items 3 through 8, inclusive.

Public Comments:

Jed Holtzman, 350 Bay Area, addressed the Board regarding Agenda Item 7, *Proposed Regulatory Agenda for 2015*, to praise the wide range of topics and, specifically, those relating to climate protection efforts; to suggest strong climate action, instead of monitoring, in the face of the knowledge that global fossil fuel reserves will generate carbon emissions well in excess of the carbon budget suggested by climate scientists.

Greg Karras, CBE, , addressed the Board regarding Agenda Item 7, *Proposed Regulatory Agenda for 2015*, to note that over 100 rules are slated for adoption in 2015 with only three making mention of greenhouse gases (GHG) and to echo the comment of Mr. Holtzman regarding fossil fuel reserves.

Mark Roest, Bay Climate Action Plan / Seawave Battery, submitted written material and addressed the Board regarding Agenda Item 7, *Proposed Regulatory Agenda for 2015*, to urge the Air District to follow the lead of local jurisdictions that have mandated the transition from wood to electricity and the reduction of energy and water use, to incentivize solar and to suggest that with near cost parity of fossil and renewable fuels, there is no public need to continue with business as usual.

Steven Nadel, Sunflower Alliance, addressed the Board regarding Agenda Item 7, *Proposed Regulatory Agenda for 2015*, to request greater democratization of the Air District processes, reduced energy demand through electrification, increased analysis of implementation of best available control technology (BACT), replacement of all possible combustion with electrical power, development of programs that promote new technology and greater protections of community health and safety.

Board Comments:

Director Gioia clarified that all of the rules and regulations scheduled for possible work in 2015 are on the list prepared by staff.

Board Action (continued):

The motion carried by the following vote of the Board:

AYES:	Adams, Avalos, Barrett, Gioia, Groom, Haggerty, Hudson, Kalra, Kniss, Mar, Miley, Pepper, Ross, Spring, Wagenknecht and Zane.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Bates, Chavez, Fujioka, Kim, Klatt and Piepho.

COMMITTEE REPORTS

9. Report of the Personnel Committee (PC) Meeting of December 15, 2014

Committee Chairperson Wagenknecht

The PC met on Monday, December 15, 2014, and approved the minutes of September 22, 2014.

The PC received and discussed the staff presentation *Discussion Regarding Advisory Council (Council) Structure for 2015*, including a summary of the recently adopted Senate Bill 1415; future Council Structure and function; and next steps.

The PC then received the staff report *Consider Recommending Board Approval of Incumbent Reappointments to the Air District's Council* and the PC recommends Board approval of incumbent reappointments to the Council.

The PC then received and discussed the staff presentation *Equal Employment Opportunity and Plan (EEOP)*, including the purpose of EEOPs; the history of the EEOP at the Air District; Air District recruitment process; and other equal employment opportunity-related provisions at the Air District.

The next meeting of the PC is at the call of the Chairperson.

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Wagenknecht made a motion, seconded by Director Adams, to approve the recommendations of the PC; and the motion carried by the following vote of the Board:

AYES: Adams, Avalos, Barrett, Bates, Gioia, Groom, Haggerty, Hudson, Kalra, Kniss, Mar, Miley, Pepper, Ross, Spring, Wagenknecht and Zane.

NOES: None.

ABSTAIN: None.

ABSENT: Chavez, Fujioka, Kim, Klatt and Piepho.

10. Report of the Ad Hoc Building Oversight Committee (AHBOC) Meeting of December 15, 2014

Committee Chairperson Miley

The AHBOC met on Monday, December 15, 2014, and approved the minutes of June 18, 2014.

The AHBOC received and discussed the staff presentation *Regional Agency Headquarters – 375 Beale Street, Project Status Report*, including a construction update and future schedule and photographs of construction and schematics of floor designs.

The AHBOC then received and discussed *Regional Agency Headquarters – 375 Beale Street, Construction, Furniture, and Network Redesign Costs*, including background; progress on

construction and shared services to date; fiscal year ending (FYE) 2015 shared services and construction project budget plan; and staff recommendations. The AHBOC recommends the Board:

1. Authorize the Executive Officer/Air Pollution Control Officer (APCO) to reimburse the Bay Area Headquarters Authority an additional \$500,000 for building redesign and construction; furniture; network redesign and consulting work associated with the Air District's tenant improvements and shared services costs at 375 Beale Street; and
2. Increase the FYE 2015, Program 702, budget by a corresponding \$500,000, to be transferred from the Air District's Building and Facilities reserve.

The next meeting of the AHBOC is at the call of the Chairperson.

Board Action:

Chairperson Miley made a motion, seconded by Director Spring, to approve the recommendations of the AHBOC.

Board Comments:

The Board and staff agreed to postpone the staff presentation, *Regional Agency Headquarters – 375 Beale Street, Project Status Report*, until the Board's annual Special Meeting and Retreat on January 21, 2015, and discussed the level of reserves remaining after the proposed transfer.

Public Comments: No requests received.

Board Action (continued):

The motion carried by the following vote of the Board:

AYES:	Adams, Avalos, Barrett, Bates, Gioia, Groom, Haggerty, Hudson, Kalra, Kniss, Mar, Miley, Pepper, Ross, Spring, Wagenknecht and Zane.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Chavez, Fujioka, Kim, Klatt and Piepho.

PRESENTATIONS

11. Bay Area Refinery Emissions Reduction Strategy

Jack Broadbent, Executive Officer/APCO, introduced the topic and Gregory Nudd, Rule Development Manager of the Planning, Rules and Research Division, who gave the staff presentation *Bay Area Refinery Emissions Reduction Strategy*, including background; evaluation criteria; Bay Area RECLAIM [REgional CLean Air Incentives Market]; community/worker; WSPA [Western States Petroleum Association]; periodic control technology review; BARCT [Best Available Retrofit Control Technology]/focused toxics; “grandfathered” sources and high emitters; identifying emission reduction opportunities for Clean Air Plans; opportunities for emission reductions; summary of evaluation; proposed approach; and next steps.

The Board and staff discussed, at slide 11, “*Grandfathered*” *Sources and High Emitters*, the impact of and total emissions for the less than 3% that are not subject to either BARCT or BACT.

Mr. Nudd continued the presentation.

The Board and staff discussed, at slide 13, *Opportunities for Emission Reductions*, the definitions of the terminology and color coding used; the amount of emissions avoided through control technology that are not reported in the chart; whether red areas leave room for improvement; how and when control technologies are further enhanced; whether refinery opportunities for sulfur oxides (SOx) emissions reductions means there are no rules relative to SOx at this time and whether other SOx opportunities exist among non-refinery emitters; the public health impact of SOx; the best prioritization of opportunities and whether the emission types will be dealt with sequentially or collectively; and the impact of emissions limits and regulations on “grandfathered” sources.

Mr. Nudd concluded the presentation.

Mr. Broadbent commented on the staff process of exchanging proposals and thanked the stakeholder participants; suggested the staff proposal is comprised of the best aspects of each proposal; explained that the staff proposal does not address GHGs based on the staff recommendation that the Air District wait for the results of the State’s cap-and-trade program to avoid potential conflicts; and suggested that adoption of the staff proposal would represent a historic decision that will lead to significant reductions.

Board Comments:

The Board and staff discussed the proposals as very specific strategies for addressing a very complex situation and operations; the importance of developing rules in tandem, not serially, and the likely timeline under that approach; the likelihood that proposed rules would be bundled for development and approval and then refined further later as part of an overall package around the end of 2015; the noteworthiness of the significant reductions achieved under the Air District’s stewardship and the Air District as the first agency in the United States to impose fees on GHGs; the importance of addressing SOx and nitrogen oxides (NOx) emissions from both refinery and non-refinery sources simultaneously; the recent emergency declaration in Sonoma County as evidence of the importance of Air District reductions of GHGs to avoid climate impacts; who conducts the required health risk assessments (HRAs) for refineries and who reviews or approves them; the importance of independent review in place of guidelines and protocols; the possibility of asking the California Office of Environmental Health Hazard Assessment to comment on each HRA; whether self-monitoring by refiners relative to continuous improvement and additional controls is an acceptable substitute for Air District evaluations; gratitude for public participation; clarification that the continuous improvement process, when finalized, will include Air District evaluation and how that will likely work; the meaning of “strive to achieve” on slide 15, *Proposed Approach*, and how that will transpire in light of the applicable Health and Safety Code (HSC) and the rule-making process; and the likely impact of 20% reductions on the numbers provided on slide 13, *Opportunities for Emission Reductions*.

Public Comments:

Guy Bjerke, WSPA, addressed the Board to suggest the current proposal prejudices and subverts the clean air plan prepared by staff, that the Board should let the traditional rule-making process occur instead and that SOx was not addressed by staff in the past because ~~there are no~~ Air District is in attainment of the state and federal standards.

Kathy Wheeler, Shell, addressed the Board to opine that “grandfathered sources” is a misunderstood term relative to Bay Area refineries and that none of the Shell operations fall under the definition provided in today’s staff presentation; that thirty Air District rules apply to each and all of the Bay Area refineries, which taken together represent the most stringent standards in the nation and cover all of the sources; and that every source is regulated and will be further regulated by the refinery emissions tracking rule.

David Farabee, Pillsbury Winthrop Shaw Pittman on behalf of WSPA, addressed the Board to suggest that the key criterion for evaluation of strategies is compatibility with HSC and to provide a reminder of the legal requirements for Board actions.

Matthew Buell, Tesoro, addressed the Board regarding the significant improvements made through past rule-making; the Proposed Regulatory Agenda for 2015 shows further reductions are forthcoming; and to support the WSPA strategy based on its compatibility with HSC.

Bill Quinn, California Council for Environmental and Economic Balance (CCEEB), addressed the Board in support of the WSPA strategy based on its compatibility with HSC and regulatory transparency.

Don Cuffel, Valero, addressed the Board regarding his and his employer’s commitment to air quality and their support for a fact-based discussion and suggested the statements by CBE do not align with air quality information provided by the U.S. Environmental Protection Agency.

Greg Karras, CBE, addressed the Board to suggest the statements alluded to be Mr. Cuffel are drawn from Air District material; in support of and to compliment the staff proposal along with a request for direction to staff to adopt the rule in 2015; to request a strengthening of the study language; to suggest that additional GHG reductions will actually help, not conflict with, the cap-and-trade market; and to suggest that further reductions are possible.

Ms. Bailey addressed the Board to echo the comments by Mr. Karras and to suggest that while public health has improved, more work remains and that refinery emissions have a disproportionate impact for fence-line communities and federal ambient air quality standards do not speak accurately to this impact.

Mr. Soto addressed the Board to suggest that refinery self-evaluation is not a good policy given their track record and that federal ambient air quality standards are an inadequate final standard.

Nancy Rieser, Crockett-Rodeo United to Defend the Environment, addressed the Board to opine that jubilant WSPA representatives in the audience prior to the meeting being called to order implies a public loss and in support of imposing emission limits today that include GHGs.

Jed Holtzman, 350 Bay Area, addressed the Board in support of the staff proposal with reservations about the exclusion of GHGs; to note Air District literature suggests options for the public to minimize air quality impacts without equal demands on industry; to suggest that more is needed from Air District regulations than tracking, reviewing and reporting; and to request that GHGs are not ignored.

Ethan Buckner, Forest Ethics, addressed the Board to thank Director Kalra for his service; to suggest the public is disappointed with the staff proposal to leave railcars in the hands of the federal government; and to request the revocation of the Kinder Morgan permit.

Jeff Kilbreth, Richmond Planning Commission, addressed the Board regarding his lack of understanding about why the staff presentation being focused on only three of the hundreds of actual criteria air pollutants; to suggest there is no reason to believe that GHG reductions beyond 20% are not easily attainable; in support of increased transparency about the BACT for each emission; to opine that the health risk data and factors are completely unacceptable in the model; and to suggest there is a need to both determine where emissions tracking is adequate or inadequate and know the lead time for refinery updates.

Eduardo Martinez addressed the Board to suggest the WSPA proposal is obviously concerned with profitability, not health impacts, and there is a need to be concerned about global, not just local health.

Mr. McCoard addressed the Board to request retrofitting of the BACT for fluid catalytic crackers as soon as possible as there is no excuse for their continued toxic emissions; in support of 20% reductions by 2020; and to suggest the staff proposal is timid relative to GHGs and deserves another hard look at what can be achieved.

Mr. Lai addressed the Board to thank the staff and Board and to request the inclusion of GHGs.

Ms. Walcek addressed the Board to thank the staff and Board; to suggest that more can be done; to report that the impacts of air quality can be seen firsthand by nurses; and to opine that the cost-benefit analysis for the public is relative to the cost of their own health, not a profit.

Nick Despota, Sunflower Alliance, addressed the Board in gratitude and to question the statement by staff that a GHG proposal now may negatively impact the implementation of the State cap-and-trade program.

Colin Murphy addressed the Board to echo the statements by representatives of CBE and NRDC; and to suggest that international leaders are failing to combat climate change and the public depends on regional leaders to bring about the necessary change and that a social justice component is present in this debate.

Kristin Connelly, East Bay Leadership Council, addressed the Board in appreciation of the complexity of the issues and to urge all involved to work towards the promotion of economic vitality in balance with quality of life.

Heather MacLeod addressed the Board regarding her education on the topic being in preparation for educating her elementary school students; to report their concerns as relative to GHG-related impacts; and to suggest that many options exist to get away from fossil fuels now.

Jan Cecil, 350 / Sunflower Alliance, addressed the Board to suggest the State cap-and-trade program may worsen the air quality situation in the Bay Area and to ask whether the billion-dollar oil companies are the ones who get to determine what is cost effective.

Board Comments (continued):

The Board and staff discussed the great work that has been done and remains outstanding; that all of the measures discussed will create jobs, not eliminate them; to clarify that GHGs are an important concern, which the California Air Resources Board (ARB) indicates the state is on track to achieve the 20% target reductions by 2020, but that toxic air contaminants are the focus of this process because of their impacts for neighboring communities; encouraging industry representatives to cease obstructing GHG progress at the state level in light of comments made locally that GHGs are being dealt with at the state level; clarification of the timing of the staff proposed approach; and that the emissions tracking rule is in process for Board consideration in the spring of 2015 which will address many of the concerns raised today.

Board Action:

Director Gioia made a motion, seconded by Director Ross, to approve the staff proposed strategy.

Board Comments (continued):

The Board and staff discussed the context for a 20% reduction and the meaning of “strive to achieve” in slide 15, *Proposed Approach*, as it applies to various categories; the need for latitude in measures that acknowledges the challenges of achieving goals and a history of being sued by parties over measures they supported in public meetings; the inclusion of socio-economic impact reports in staff analyses; the history of reductions through the traditional rule-making approach and concern about deviating and remaining effective; the commendable targets despite industry dissatisfaction; encouragement of third-party independent review of HRAs; whether the proposed periodic technology reviews will be a public process and the possible complications that could arise under “business confidential” claims; what the Air District would do if there was a decision to regulate GHGs immediately and staff’s recommendation relative to the timing of GHG proposals; whether the Air District will be monitoring the rolling out of the State cap-and-trade program; whether staff can provide a number of potential opportunities and proposals in the interim; the commendable staff approach; whether and how Air District work relative to climate protection compliments the strategy being discussed; and whether Richard Corey, Executive Officer, ARB, might be able to present to the Board on the State cap-and-trade program and concerns relative to aligning it with other regulations and programs.

Board Action (continued):

The motion carried by the following vote of the Board:

AYES: Avalos, Barrett, Bates, Gioia, Groom, Haggerty, Hudson, Kalra, Kniss, Miley, Pepper, Ross, Spering, Wagenknecht and Zane.
NOES: None.
ABSTAIN: None.

ABSENT: Adams, Chavez, Fujioka, Kim, Klatt, Mar and Piepho.

Chair Miley clarified that the just carried motion was to direct staff to develop the staff proposed strategy, to which there was no objection.

12. Resolution Regarding Safety of Transporting Crude Oil by Rail

The Board postponed this item to a future meeting date.

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

14. BOARD MEMBERS' COMMENTS:

Director Kalra thanked the Board, staff and community for their service and encouraged continued boldness from the Air District.

Director Barrett reported that the City of Petaluma joined Sonoma Clean Power and encouraged more to do the same.

OTHER BUSINESS

15. Report of the Executive Officer/APCO:

Mr. Broadbent gave the staff presentation *Winter PM_{2.5} [Fine Particulate Matter] Seasons*.

16. Chairperson's Report:

Chairperson Miley announced the cancellation of the Board meeting on January 7, 2015; that departing Directors Adams, Kalra and Klatt will be recognized at the annual Board retreat; the appointment of City of Cupertino Vice Mayor Rod Sinks to succeed Director Kalra on the Board; Sonoma County may get another seat on the Board; and the staff annual retreat is on December 18, 2014.

17. Time and Place of Next Meeting:

Wednesday, January 21, 2015, City of South San Francisco Municipal Services Building at 33 Arroyo Drive, South San Francisco, California 94080 at 9:45 a.m.

18. Adjournment: The Board meeting adjourned at 12:46 p.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 4, 2015

Re: Board Communications Received from January 21, 2015, through February 17, 2015

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Copies of communications directed to the Board of Directors received by the Air District from January 21, 2015, through February 17, 2015, if any, will be at each Board Member's place at the February 18, 2015, Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marjorie Villanueva
Reviewed by: Maricela Martinez

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 3, 2015

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

RECOMMENDED ACTION:

None; 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 of District personnel who have traveled on out-of-state business.

The report covers the out-of-state business travel for the month of January 2015. The monthly out-of-state business travel report is presented in the month following travel completion.

DISCUSSION

The following out-of-state business travel activities occurred in the month of January 2015:

- Eric Stevenson, Technical Services Division Director, attended NACAA Air Monitoring Steering Committee Meeting in Research Triangle Park, NC January 13, 2015 - January 15, 2015
- Marco Hernandez, AQ Engineer, attended 2015 Measurement Technology Workshop in Research Triangle Park, NC January 26, 2015 – January 30, 2015
- Elaine Ko, AQ Engineer, attended 2015 Measurement Technology Workshop in Research Triangle Park, NC January 26, 2015 – January 30, 2015

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 9, 2015

Re: Notices of Violation Issued and Settlements in Excess of \$10,000 in the month of
January 2015

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

In accordance with Resolution No. 2012-08, attached to this Memorandum is a listing of all Notices of Violation issued, and all settlements for amounts in excess of \$10,000 during the calendar month prior to this report.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The amounts of civil penalties collected are included in the Air District's general fund budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian C. Bunger

Attachments

NOTICES OF VIOLATION ISSUED

The following Notice(s) of Violation were issued in January 2015:

Alameda						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Barberick Family Trust	X0378	Livermore	A55469A	1/15/15	6-3-301	Wood smoke violation
Carlos/Maria Flores	X0471	Castro Valley	A55496A	1/22/15	6-3-301	Wood smoke violation
Christine Solley/Claudette Fountain	X0095	Oakland	A53596A	1/7/15	6-3-301	Wood smoke violation
Horacio/Ruth Huajardo	X0470	Castro Valley	A55495A	1/22/15	6-3-301	Wood smoke violation
Julie/Glenn Cox	X0377	Livermore	A55468A	1/15/15	6-3-301	Wood smoke violation
Julie/Glenn Cox	X0377	Livermore	A55519A	1/27/15	6-3-301	Wood smoke violation
Kathy/Rowan Tucker	X0398	Livermore	A55486A	1/16/15	6-3-301	Wood smoke violation
Mark/Dorothea Baldwin	X0084	San Leandro	A53591A	1/7/15	6-3-301	Wood smoke violation
Michael Oneal	X0167	Fremont	A55420A	1/9/15	6-3-301	Wood smoke violation
Michael Oneal	X0167	Fremont	A55518A	1/27/15	6-3-301	Wood smoke violation
Port of Oakland	A0678	Oakland	A53281A	1/16/15	9-7-506	No Periodic Testing

Port of Oakland	A0678	Oakland	A53282A	1/16/15	9-7-506	No Periodic Testing
Raymond/Deborah Vincent	X0082	San Leandro	A53590A	1/7/15	6-3-301	Wood smoke violation
Recipient	X0231	Castro Valley	A55436A	1/12/15	6-3-301	Wood smoke violation
Recipient	X0397	Fremont	A55485A	1/16/15	6-3-301	Wood smoke violation
Susan/William Lytle	X0468	Livermore	A55493A	1/21/15	6-3-301	Wood smoke violation

Contra Costa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Alvin/Roxanna Simas	X0115	Brentwood	A53597A	1/8/15	6-3-301	Wood smoke violation
Ameresco Keller Canyon LLC	B7667	Pittsburg	A54061A	1/29/15	2-6-307	Failed source test OS-5454 Formaldehyde S#1
Chevron Products Company	A0010	Richmond	A53861A	1/27/15	8-10-302.1	Dev #3834, PVD monitoring not conducted
Concord Cascade	B8596	Martinez	A53982A	1/20/15	2-1-302	Delinquent permit fees
Kathryn Beck	X0091	Antioch	A53594A	1/7/15	6-3-301	Wood smoke violation
Maria Grilho	X0092	Antioch	A53595A	1/7/15	6-3-301	Wood smoke violation
Michael/Dawn Thurston	X0178	Antioch	A55425A	1/12/15	6-3-301	Wood smoke violation

AGENDA: 7

Mikhail Tsargorodsky/Olga Vakhnyanskay	X0313	Discovery Bay	A54060A	1/15/15	5-301.1	Illegal burn and mandatory curtailment
Mikhail Tsargorodsky/Olga Vakhnyanskay	X0313	Discovery Bay	A54060B	1/15/15	5-302	Illegal burn and mandatory curtailment
Oscar/Billmore/Ara cely Quintanilla	X0089	Antioch	A53593A	1/7/15	6-3-301	Wood smoke violation
Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A53834A	1/13/15	8-18-301	Total organic compound leak > 100 ppm (65,000 ppm) at heater pilot venturi
Recipient	X0016	Brentwood	A53582A	1/2/15	6-3-301	Wood smoke violation
Recipient	X0086	Bethel Island	A53592A	1/7/15	6-3-301	Wood smoke violation
Recipient	X0579	Oakley	A55504A	1/23/15	6-3-301	Wood smoke violation
Robert Chyr	X0386	Walnut Creek	A55475A	1/15/15	6-3-301	Wood smoke violation
Shell Martinez Refinery	A0011	Martinez	A53981A	1/7/15	8-5-307.5	PRV leak >500ppm
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A53095A	1/30/15	2-1-307	Used fuel gas at pilot; no curtailment
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A53263A	1/14/15	9-2-301	H2S > 60ppb/3 min Waterfront GLM
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A53264A	1/14/15	8-10-501	2 vessels @ #3 Crude not monitored/3 days after opening
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A53265A	1/14/15	8-5-307.3	PWS found leaking > 500 ppm
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A53266A	1/28/15	2-6-307	Failed ST OS-5442, NOx > 25ppm

Tesoro Refining & Marketing Company LLC	B2758	Martinez	A53267A	1/28/15	9-2-301	H2S > 60ppb/3 min Waterfront GLM
Wayne/Carol Gailey	X0335	Antioch	A55458A	1/15/15	6-3-301	Wood smoke violation

Marin						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Barbara Larkey	X0390	Lagunitas	A55478A	1/16/15	6-3-301	Wood smoke violation
Dixie Westgate	X0372	San Rafael	A55462A	1/15/15	6-3-301	Wood smoke violation
Dixie Westgate	X0372	San Rafael	A55510A	1/27/15	6-3-301	Wood smoke violation
Elena/Evencio Gonzalez-Rodriguez	V6879	Novato	A55463A	1/15/15	6-3-301	Wood smoke violation
James Woodward	X0132	Novato	A55412A	1/8/15	6-3-301	Wood smoke violation
Recipient	X0229	Novato	A55434A	1/12/15	6-3-301	Wood smoke violation
Recipient	X0294	Olema	A55449A	1/13/15	6-3-301	Wood smoke violation
Recipient	X0339	Novato	A55460A	1/15/15	6-3-301	Wood smoke violation
Recipient	X0642	San Rafael	A55461A	1/15/15	6-3-301	Wood smoke violation
Recipient	X0572	San Geronimo	A55466A	1/15/15	6-3-301	Wood smoke violation

Recipient	X0389	Lagunitas	A55477A	1/16/15	6-3-301	Wood smoke violation
Recipient	X0574	Lagunitas	A55487A	1/20/15	6-3-301	Wood smoke violation
Recipient	X0642	San Rafael	A55513A	1/27/15	6-3-301	Wood smoke violation
Recipient	W3272	Novato	A55514A	1/27/15	6-3-301	Wood smoke violation
Steve/Laura Olmanson	X0476	Novato	A55501A	1/22/15	6-3-301	Wood smoke violation
Steve/Laura Olmanson	X0476	Novato	A55511A	1/27/15	6-3-301	Wood smoke violation
Steve/Laura Olmanson	X0476	Novato	A55512A	1/27/15	6-3-301	Wood smoke violation
Wendy Aquilino	X0130	Novato	A55411A	1/8/15	6-3-301	Wood smoke violation
Wesley/Maryanna Bell	X0267	Mill Valley	A55454A	1/13/15	6-3-301	Wood smoke violation
Wesley/Maryanna Bell	X0267	Mill Valley	A55455A	1/13/15	6-3-301	Wood smoke violation

Napa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Ariana Connell	X0385	Napa	A55474A	1/15/15	6-3-301	Wood smoke violation
Craig/Amy Warren	X0382	Napa	A55473A	1/15/15	6-3-301	Wood smoke violation

Debra/Rodney Raines	X0472	Napa	A55497A	1/22/15	6-3-301	Wood smoke violation
Paul/Michelle Warnock	X0467	Napa	A55492A	1/21/15	6-3-301	Wood smoke violation
Recipient	X0640	Calistoga	A55508A	1/27/15	6-3-301	Wood smoke violation
Recipient	X0641	Calistoga	A55509A	1/27/15	6-3-301	Wood smoke violation

San Francisco						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Edward Knox/Zestar Margare	X0379	San Francisco	A55470A	1/15/15	6-3-301	Wood smoke violation
Recology San Francisco	A4173	San Francisco	A52626A	1/8/15	6-1-301	Visible emissions greater than Ringelmann 1 for 9 minutes
Recology San Francisco	A4173	San Francisco	A52626B	1/8/15	2-1-307	Water mister sprayer system is not working as required by permit condition #19726

San Mateo						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Browning-Ferris Industries of CA, Inc	A2266	Half Moon Bay	A53959A	1/29/15	2-6-307	Failed source test OS-5417; TRS emissions > 150 ppm
Chad/Tanya Guido	X0393	Pacifica	A55481A	1/16/15	6-3-301	Wood smoke violation
Doreen Avery	X0067	Half Moon Bay	A53584A	1/6/15	6-3-301	Wood smoke violation

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Gerald Lee Hoffman	X0241	El Granada	A55441A	1/12/15	6-3-301	Wood smoke violation
Gregory/Bridget Collaco	X0181	San Bruno	A55426A	1/12/15	6-3-301	Wood smoke violation
Helen/ Robert Ramsey	X0068	Pacifica	A53585A	1/6/15	6-3-301	Wood smoke violation
John Blanpied/Eva Nowakowska	X0190	Burlingame	A55428A	1/12/15	6-3-301	Wood smoke violation
Lisa Zhang/Raymond Won	X0071	Millbrae	A53587A	1/7/15	6-3-301	Wood smoke violation
Mark/Janet Lee Trust	X0072	Millbrae	A53588A	1/7/15	6-3-301	Wood smoke violation
Marybeth Tahar	X0245	Belmont	A55442A	1/12/15	6-3-301	Wood smoke violation
Michael/Christine Schindler	X0188	San Bruno	A55427A	1/12/15	6-3-301	Wood smoke violation
Michael/Sherri Hall	X0191	Montara	A55429A	1/12/15	6-3-301	Wood smoke violation
Patricia Erickson	W2753	Moss Beach	A55488A	1/20/15	6-3-301	Wood smoke violation
Recipient	X0081	Millbrae	A53589A	1/7/15	6-3-301	Wood smoke violation
Recipient	X0168	Montara	A55421A	1/9/15	6-3-301	Wood smoke violation
Recipient	X0171	Montara	A55422A	1/9/15	6-3-301	Wood smoke violation
Recipient	X0175	Montara	A55423A	1/9/15	6-3-301	Wood smoke violation

Recipient	X0193	Moss Beach	A55431A	1/12/15	6-3-301	Wood smoke violation
Recipient	X0228	El Granada	A55433A	1/12/15	6-3-301	Wood smoke violation
Resident	W2750	Half Moon Bay	A53583A	1/6/15	6-3-301	Wood smoke violation
Scott Clemens/Mary Etcheverry	X0192	Moss Beach	A55430A	1/12/15	6-3-301	Wood smoke violation
Showa Sahle	X0227	El Granada	A55432A	1/12/15	6-3-301	Wood smoke violation
Steven Marinella/Jennifer Moody	X0298	Pacifica	A55447A	1/13/15	6-3-301	Wood smoke violation
Steven Poggi/Jaclyn Lucas	X0394	Pacifica	A55482A	1/16/15	6-3-301	Wood smoke violation
Steven/Linda Rutherford	X0304	El Granada	A55424A	1/12/15	6-3-301	Wood smoke violation
Tammy/Michael Zapata	X0380	San Bruno	A55471A	1/15/15	6-3-301	Wood smoke violation
Thomas/Michele Ferro Trust	X0070	Pacifica	A53586A	1/7/15	6-3-301	Wood smoke violation

Santa Clara						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Bruce/Sharon Andrews	X0396	Palo Alto	A55484A	1/16/15	6-3-301	Wood smoke violation
Ian Irwin/Carol Kiparsky	X0395	Palo Alto	A55483A	1/16/15	6-3-301	Wood smoke violation

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International Disposal Corp of CA	A9013	Milpitas	A52021A	1/6/15	1-301	4 confirmed complaints on 12/23/2014
International Disposal Corp of CA	A9013	Milpitas	A52022A	1/6/15	1-301	5 confirmed complaints on 12/27/2014
International Disposal Corp of CA	A9013	Milpitas	A52025A	1/20/15	1-301	5 garbage odor complaints confirmed on 1/17/2015
Jason/Surai Jones	X0392	Palo Alto	A55480A	1/16/15	6-3-301	Wood smoke violation
Newby Island - Organics	A5472	Milpitas	A52023A	1/20/15	1-301	5 rotting garbage odor complaints confirmed on 1/8/2015
Newby Island - Organics	A5472	Milpitas	A52024A	1/20/15	1-301	5 rotting garbage odor complaints confirmed on 1/9/2015
Newby Island - Organics	A5472	Milpitas	A52026A	1/29/15	2-1-301	No A/C & P/O for MRF building & diesel engines
Newby Island - Organics	A5472	Milpitas	A52026B	1/29/15	2-1-302	No A/C & P/O for MRF building & diesel engines
Recipient	X0376	Los Altos	A55467A	1/15/15	6-3-301	Wood smoke violation
Recipient	X0391	San Jose	A55479A	1/16/15	6-3-301	Wood smoke violation

Solano						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Gene Morgan	X0464	Benicia	A55489A	1/21/15	6-3-301	Wood smoke violation
Jeremy/Kristina Johnson	X0334	Fairfield	A55457A	1/15/15	6-3-301	Wood smoke violation

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Kelly Bowling	X0388	Fairfield	A55476A	1/16/15	6-3-301	Wood smoke violation
Robert Kirchgessner	X0465	Benicia	A55490A	1/21/15	6-3-301	Wood smoke violation
Roberto Perez	X0381	Fairfield	A55472A	1/15/15	6-3-301	Wood smoke violation
Valero Refining Company - California	B2626	Benicia	A54078A	1/8/15	2-6-307	(Excess ID-06Q33) - TRS > 100 ppm / 24-hour rolling avg & Late Reporting
Valero Refining Company - California	B2626	Benicia	A54078B	1/8/15	1-522.7	(Excess ID-06Q33) - TRS > 100 ppm / 24-hour rolling avg & Late Reporting
Valero Refining Company - California	B2626	Benicia	A54079A	1/8/15	2-6-307	(Excess ID-06P59) - CO > 100 ppm/day

Sonoma						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Al/Stella Siedentopf	X0124	Santa Rosa	A55405A	1/8/15	6-3-301	Wood smoke violation
Chris Young	X0133	Windsor	A55413A	1/8/15	6-3-301	Wood smoke violation
David Wise	X0301	Rohnert Park	A55452A	1/13/15	6-3-301	Wood smoke violation
Deborah Chandler	V7421	Santa Rosa	A53598A	1/8/15	6-3-301	Wood smoke violation
Diane Donham Trust	X0129	Santa Rosa	A55410A	1/8/15	6-3-301	Wood smoke violation
Donna McKenna/Leonard Metro	X0645	Petaluma	A55515A	1/27/15	6-3-301	Wood smoke violation

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Donna/Alton McCracken	X0116	Windsor	A53599A	1/8/15	6-3-301	Wood smoke violation
Fred/Janet Arnold	X0117	Windsor	A53600A	1/8/15	6-3-301	Wood smoke violation
Griselda Gudino/Antonio Ruiz	X0249	Rohnert Park	A55443A	1/12/15	6-3-301	Wood smoke violation
Helana Fitzgerald	X0469	Petaluma	A55494A	1/22/15	6-3-301	Wood smoke violation
Hilario/Ana Hernandez	X0305	Rohnert Park	A55416A	1/8/15	6-3-301	Wood smoke violation
Ira/Susan Barrass	X0127	Cotati	A55408A	1/8/15	6-3-301	Wood smoke violation
Jacob Romanow	X0122	Windsor	A55404A	1/8/15	6-3-301	Wood smoke violation
Jesse Gould	X0466	Sebastopol	A55491A	1/21/15	6-3-301	Wood smoke violation
Judith Smith	X0251	Santa Rosa	A55444A	1/12/15	6-3-301	Wood smoke violation
Kelly Jo Newman	X0475	Sonoma	A55499A	1/22/15	6-3-301	Wood smoke violation
Kristine/Aaron Behrens	X0580	Santa Rosa	A55505A	1/23/15	6-3-301	Wood smoke violation
Lawrence Armstrong	X0577	Santa Rosa	A55502A	1/23/15	6-3-301	Wood smoke violation
Linda Aldrich	X0578	Santa Rosa	A55503A	1/23/15	6-3-301	Wood smoke violation
Mabel Jensen- Juncker	X0120	Windsor	A55403A	1/8/15	6-3-301	Wood smoke violation

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Marie Ann Frediani	X0234	Kenwood	A55439A	1/12/15	6-3-301	Wood smoke violation
Mark/Jeannie Thomas	X0134	Windsor	A55414A	1/8/15	6-3-301	Wood smoke violation
Michael Newman/Phyllis Evans	W3494	Sonoma	A55500A	1/22/15	6-3-301	Wood smoke violation
Michael/Michelle Caalim	X0302	Rohnert Park	A55453A	1/13/15	6-3-301	Wood smoke violation
Omar Paz	X0646	Kenwood	A55516A	1/27/15	6-3-301	Wood smoke violation
Patricia/Jorge Rivas	X0303	Santa Rosa	A55417A	1/9/15	6-3-301	Wood smoke violation
Phillips Family Trust	X0341	Petaluma	A55464A	1/15/15	6-3-301	Wood smoke violation
Recipient	X0125	Windsor	A55406A	1/8/15	6-3-301	Wood smoke violation
Recipient	X0126	Cotati	A55407A	1/8/15	6-3-301	Wood smoke violation
Recipient	X0135	Santa Rosa	A55415A	1/8/15	6-3-301	Wood smoke violation
Recipient	X0238	Kenwood	A55440A	1/12/15	6-3-301	Wood smoke violation
Recipient	X0252	Kenwood	A55445A	1/12/15	6-3-301	Wood smoke violation
Recipient	W3334	Graton	A55446A	1/12/15	6-3-301	Wood smoke violation
Recipient	X0295	Graton	A55450A	1/13/15	6-3-301	Wood smoke violation

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Recipient	X0296	Santa Rosa	A55451A	1/13/15	6-3-301	Wood smoke violation
Recipient	X0238	Kenwood	A55456A	1/13/15	6-3-301	Wood smoke violation
Recipient	X0473	Glen Ellen	A55498A	1/22/15	6-3-301	Wood smoke violation
Recipient	X0638	Sonoma	A55506A	1/27/15	6-3-301	Wood smoke violation
Recipient	X0639	Sonoma	A55507A	1/27/15	6-3-301	Wood smoke violation
Recipient	X0473	Glen Ellen	A55517A	1/27/15	6-3-301	Wood smoke violation
Richard Behrens	X0163	Santa Rosa	A55418A	1/9/15	6-3-301	Wood smoke violation
Richard/Lynn Tacla	X0232	Santa Rosa	A55437A	1/12/15	6-3-301	Wood smoke violation
Robert Schalich	X0292	Santa Rosa	A55448A	1/13/15	6-3-301	Wood smoke violation
Robert/Terry Fistolera	X0233	Santa Rosa	A55438A	1/12/15	6-3-301	Wood smoke violation
Ron/Bobbi Tyler	X0230	Santa Rosa	A55435A	1/12/15	6-3-301	Wood smoke violation
Rose Marie White	X0342	Petaluma	A55465A	1/15/15	6-3-301	Wood smoke violation
Syar Industries Inc	A2157	Santa Rosa	A53730A	1/13/15	6-301	Excess visible emissions - S #22
Tanya/Michael Thurman	X0128	Rohnert Park	A55409A	1/8/15	6-3-301	Wood smoke violation

Thomas/Anna Westman	X0336	Santa Rosa	A55459A	1/15/15	6-3-301	Wood smoke violation
William/Anna Ricioli	X0118	Windsor	A53601A	1/8/15	6-3-301	Wood smoke violation

SETTLEMENTS FOR \$10,000 OR MORE REACHED

There were no settlement(s) for \$10,000 or more completed in January 2015.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 4, 2015

Re: Quarterly Report of Executive Office and Division Activities

EXECUTIVE AND ADMINISTRATIVE RESOURCES DIVISION – R. SANDERS, DIRECTOR

Executive Office

The Executive Office held 11 committee meetings and four Board meetings. Resolution # 2014-07 Addressing Emissions from Bay Area Petroleum Refineries was adopted in October 2014. Two Advisory Council meetings and five Hearing Board meetings took place during this reporting period.

Human Resources Office

The Human Resources Office coordinated the following 12 recruitment exams: Accounting Assistant, Administrative Analyst, Air Quality Inspector, Air Quality Technician, Executive Secretary, Human Resources Manager, Information Systems Manager, Manager of Executive Operations, Senior Air Quality Engineer, Senior Air Quality Instrument Specialist, Supervising Air Quality Instrument Specialist, and Supervising Air Quality Engineer. In addition, training sessions for Performance Management and Social Media were conducted. The department also continues to administer payroll, benefits, safety, and labor/employee relations. There are currently 309 regular employees, 12 temporary employees and interns, and 56 vacant positions. There were 3 new employees, 7 promotions and 8 employee separations from October to December 2014.

Business Office

The Business Office process 412 purchase orders. Fleet services outsourced 34 vehicles which included body shop repair. Also, 2 leases were executed and 63 contracts were executed. No requests for proposals were completed but four closed in the second quarter, and award determinations occurred or were still in progress in the third quarter.

Facilities Report

Construction Update

The DEA is expected to begin move out at the end of January and fully moved out by Mid-February, 2015. The 8th floor space is due to be decommissioned by March 1, 2015 to maintain the December 2015 move by the agencies to 375 Beale Street.

Construction is ongoing at [375 Beale Street](#). Specifically, on the 1st floor scaffolding is in place in the atrium for completion of the storefront build out. The Board room dias and tiered seating concrete has been poured. On the 2nd floor the back of house framing is underway, and the Air District Laboratory build out is underway. The 6th floor walls are being closed in; framing, electrical outlets, and telecom outlets for offices and conferences has begun on the 7th floor.



Board room dias and tiered seating concrete poured in December, 2014

Furniture Procurement – Agency representatives have been working with Hogue the furniture dealer and TEF to install mock-up furniture for staff tours in early February. A mock-up office has been installed on the 6th floor and two workstations on the 5th floor. Agency representatives have begun preliminary review and selection of the furniture finishes, fabrics colors, glass options etc., prior to presenting to the 375 Committee for approval; a review of options for task chair sit test is underway; and follow up interviews with executive management staff on executive office configurations has been scheduled.



Samples of fabrics and colors

The assignment of offices and workstations, and the selection of employee office and workstation furniture have been completed with the exception of the executive suites, and other ancillary furniture for the agency unique spaces, and shared agency spaces.

The Air District's Board of Directors at its December 17, 2014 meeting authorized the Executive Officer/Air Pollution Control Officer (APCO) to reimburse the Bay Area Headquarters Authority an additional \$500,000 for building redesign and construction; furniture; network redesign and consulting work associated with the Air District's tenant improvements and shared services costs at 375 Beale Street; and increased the FYE 2015, Program 702, budget by a corresponding \$500,000, to be transferred from the Air District's Building and Facilities reserve. A shared cost formula for shared services amongst the agencies has been agreed upon.

Move Coordinator Update

The 3-agency project team began meeting with the vendor (ReloConnect) in early December and began meeting bi-weekly on Tuesday, January 6, 2015. A draft timeline and move activities was prepared with a December, 2015 move-in date. Agency site visits will begin late January to allow the vendor to familiarize themselves with the agencies and the scope of the moves.

Technology Update

The technology elements selected for a decentralized redesign and specified for procurement and implementation. The network equipment purchase has been completed and delivery is expected in March, 2015. The webcasting and video conferencing technology design as well as the conference room layout and technology in the conference rooms is moving forward for the first floor. The conference rooms on Levels 6, 7, and 8 will be wired for video conferencing, discussions are ongoing to finalize requirements.

COMPLIANCE AND ENFORCEMENT – W. KINO, DIRECTOR

Enforcement Program

Air District staff documented 129 air pollution violations that resulted in Notices of Violation and responded to 626 general air pollution complaints. These activities addressed noncompliance with applicable federal, state and Air District regulations, and provided a mechanism for the public to voice their concerns about air pollution issues that might be in noncompliance. Additionally, highlighted enforcement activities for the quarter are as follows:

- The Air District issued 6 Winter Spare the Air Alerts (WSTA) (on November 9, 2014, November 25, 2014, November 26, 2014, November 27, 2015 and December 28, 2014 and December 29, 2014), resulting in 17 first time Notices of Violation and 2 repeat Notices of Violation issued on WSTA days. In addition, staff issued 1 visible emissions violation for excess visible smoke from a chimney.
- Air District staff met with Lehigh Southwest Cement's management team on October 8, 2014, to discuss a breach of the District/Lehigh September 16, 2013, Compliance and Settlement Agreement that required Lehigh to limit its clinker production to less than or equal to 1.1275 million short tons per year. Lehigh did not dispute that it exceeded the clinker limit, but claimed their most recent Health Risk Assessment (HRA) submission demonstrated they could produce substantially more clinker and remain in compliance with the Air Toxics Hot Spots Information and Assessment Act requirements contained within the District's Portland Cement Regulation (Regulation 9, Rule 13). The parties did

not reach an agreement on Lehigh's assessment but did commit to having regular monthly teleconferences to discuss ongoing issues.

- Air District staff met with Los Esteros Critical Energy Facility (LECEF) representatives on November 20, 2014 to discuss carbon monoxide (CO) compliance issues with LECEF's 309-megawatt combined cycle power plant in San Jose. The reps outlined an engineering solution that they believed would lower CO emissions and achieve compliance. On December 1, 2014, the Air District and LECEF entered into an enforcement agreement that sets a penalty and allows continued operation while working towards compliance.
- The Air District entered into an Enforcement Agreement with K2 Solutions on October 10, 2014. K2 produces chlorine for commercial sale and supplies bleach on a continuous basis to public wastewater treatment facilities. K2 is required to conduct preventative maintenance every three years. K2 planned its 3 year inspection to take place during the period of October 11, 2014, to October 15, 2014 which corresponds to the shutdown of the Dow Chemical Plant which supplies power to K2. During the maintenance period all utility supplied power to K2 was turned off. To maintain power to the chlorine system's safety equipment K2 obtained an Enforcement Agreement to operate its standby diesel engine as a prime source of power as a means of insuring systems are in place to prevent/or abate an unforeseen chemical release.
- Tesoro has recorded thirteen (13) Hydrogen Sulfide (H₂S) Ground Level Monitor (GLM) emission excesses at their facility since October 1, 2014. Tesoro has implemented various mitigation measures to reduce H₂S emissions; however, they have not been effective. Air District staff is working with the Air District's Technical and Legal Divisions to address these recorded emissions.
- Air District staff worked with Air District Counsel to complete an Enforcement Agreement with the City of Vallejo Fleming Hill Water Treatment Plant signed November 26, 2014. The agreement allows them to upgrade seven non-compliant diesel pump engines with new electric pumps over the next three years.
- Staff worked with CalRecycle and the LEA (Local Enforcement Agency) regarding Milpitas odor issues from the International Disposal Corporation of California (aka Newby Island Landfill) and its associated MRF (materials recovery facility), San Jose, which are owned by Republic Services. A sharp increase in odor complaints alleged against the facilities occurred in December 2014 after CalRecycle and the City of San Jose Planning Commission held public meetings regarding the landfill's application for expansion. The landfill was cited for creating a public nuisance for December 23, 2014, and December 27, 2014.

Compliance Assurance Program

Air District staff conducted over 2,233 inspections including permitted facilities, gasoline stations, asbestos, open burning, portable equipment and mobile sources. Additionally, highlighted inspection activities for the quarter are as follows:

- Air District staff conducted 204 grant inspections for the Strategic Incentives Division.
- On October 9, 2014, staff met with AmCal Pacific Pointe Fund, LP (AmCal) representatives to discuss their proposed Asbestos Dust Mitigation Plan (ADMP) for Block 49 within the Lennar Parcel A', Phase I Development. The ADMP would mimic Lennar's current ADMP for Parcel A' and be subject to the same air monitoring and dust mitigation measures.

- Air District staff hosted the California Air Pollution Control Officers Association (CAPCOA) Vapor Recovery Sub-committee meeting in Oakland on October 15, 2014–October 16, 2014. Air District staff participated with the Committee and the California Air Resources Board (CARB) to strategize on goals and objectives for the coming year; heard from CARB that the expected above ground storage tank enhanced vapor recovery (AST EVR) rule amendments slated for consideration by the CARB Board were postponed to a later date for further study; and participated in the CAPCOA - CARB Over Pressure working groups studying the retail gasoline station over pressurization phenomenon.
- On October 28, 2014–October 30, 2014, staff attended the Ship Air Emissions Conference in Long Beach, California. The focus of the conference was air emissions from ships and technologies, both emerging and established which could reduce air pollution and fuel consumption.
- Air District staff worked with Davey Tree Expert Company to complete contract language to provide free chipping services for the Agricultural Waste Chipping Program. The program will allow qualifying property owners to have agricultural waste materials (e.g. pruning's) chipped instead of open burned. Once approved the program will run through December 2015, or until the budgeted funds (\$150,000) are exhausted, whichever comes first.
- Air District staff approved Asbestos Dust Mitigation Plans (ADMPs) for the following projects: 1) RIN # 0100, Block 49 Vertical Development- Parcel A' Phase 1 Hunters Point Shipyard, San Francisco 2) RIN #0101, HGST SBI Phase 1 Development Project, San Jose 3) RIN #0102, San Jose Flea Market KB Home Phase 3, San Jose 4) RIN #0103, Alice Griffith Block 1, 2, & 4 Development, San Francisco. All of these NOA projects are required to perform asbestos ambient perimeter air monitoring and submit results to the District on a bi-weekly basis.

Compliance Assistance and Operations Program

Air District staff received and evaluated over 1,794 plans, petitions, and notifications required by the asbestos, coatings, open burn, tank and flare regulations. Air District staff received and responded to over 74 compliance assistance inquiries and green business review requests. Additionally, highlighted compliance assistance activities for the quarter included:

- Air District staff attended meetings with MTC and 511.org staff to coordinate details associated with the implementation of Regulation 14: Mobile Source Emissions Reduction Measures, Rule 1: Bay Area Commuter Benefits Program, approved by the Board of Directors on March 19, 2014.
- An advisory was mailed to all employers with more than 50 employees regarding the registration deadline for Regulation 14: Mobile Source Emissions Reduction Measures, Rule 1: Bay Area Commuter Benefits Program.
- The Fall Marsh Management Burn Season (September 1, 2014 to October 15, 2014) ended. Staff received and approved 2 SMPs for burn projects in Solano County. A total of 55 of 60 acres were actually burned for the season.
- Air District staff approved 3 prescribed burn smoke management plans in San Mateo County and Santa Clara County.
- The *Winter Spare the Air* season began November 1. The 877-4NO-BURN line was switched to the winter messaging notifying callers of the daily burn forecast. Staff mailed out 321 informational packets to residences that received complaints regarding wood

burning. During the last quarter of 2014, the District received 62,647 calls to the 1-877-4NO-BURN line, and 1,204 complaints regarding wood burning.

- Staff completed the data verification and posting of refinery flare monitoring data through October 2014.
- On November 13, 2014, staff provided compliance assistance to owner/operators of stationary agricultural diesel engines at the Napa Rootstock Expo in Napa in preparation of the upcoming January 1, 2015, tier 4 upgrade deadline in the state’s Air Toxic Control Measure (ATCM) §93115. The regulatory upgrade lowers emission limits for engines greater than 175 horsepower.
- On November 13, 2014, Air District staff provided compliance assistance on open burn requirements (Regulation 5) to attendees at the Santa Clara County Fire Training Officers meeting in Morgan Hill.

(See Attachment for Activities by County)

ENGINEERING DIVISION – J. KARAS, DIRECTOR

Permit Activity Statistics

The following tables summarize permit activity in the 4th quarter:

Permit Activity			
New applications received	274	New facilities added	119
Authorities to Construct issued	184	Permit Exemptions (entire applications deemed exempt)	1
Permits to Operate issued (new and modified)	260	Annual update packages completed	1402
Registrations (new)	52		

Title V Permits Issued			
Initial	1	Administrative amendments	1
Renewals	0	Minor revisions	1
Cancellation initial	1	Synthetic minor	1

Health Risk Screen Analysis (HRSA): 95 HRSA’s were completed during the reporting period.

Permit Evaluation for Energy Projects

Staff continues to meet with regulatory agencies and community groups to discuss permitting issues associated with proposed energy projects, which include Valero Crude by Rail, WesPac Energy – Pittsburg Terminal, Phillips 66 Propane/Butane Recovery, Phillips 66 Marine Terminal, Chevron Hydrogen and Sulfur Recovery, and Shell Greenhouse Gas Reduction.

Phillips 66 Propane Butane Recovery Project: The project proposes refinery processing equipment improvements to recover for sale propane and butane from refinery fuel gas (RFG) and other process streams; and to decrease sulfur dioxide emissions from the refinery as a result of removing sulfur compounds from RFG streams at the Phillips 66 Rodeo refinery. Staff participated in a Contra Costa County public hearing on November 17 to accept comments on the

Recirculated Draft EIR for the Phillips 66 Propane Recovery Project. The public review period for the Recirculated Draft Environmental Impact Report (RDEIR) ended on December 5th. The Public Hearing to consider the RDEIR at the Contra Costa County Board of Supervisors has been continued from December 16, 2014 to February 3, 2015. Between December 16, 2014 and February 3, 2015, County staff has prepared the Final REIR.

Shell Greenhouse Gas Reduction Project: Staff discussed the proposed CEQA review for the project with Contra Costa County and Shell Martinez Refinery. The project proposes to permanently shut down the Refinery’s Flexicoker Unit and also includes installing new energy-efficient equipment and modifying existing equipment in order to process lighter crude oil. The Project does not propose to increase the Refinery’s total production or refining capacity. The District has not yet received a permit application for this project and staff is reviewing modeling for the project.

Chevron Modernization Project: Staff initiated a 30-day Public Comment period for the proposed reissuance of the Authority to Construct for the Chevron Modernization Project at the Richmond refinery. Staff’s Addendum to the original Engineering Evaluation Report for Application #12842 and revised permit conditions incorporate proposed changes due to the reduced scope of the project and the City of Richmond Resolution 67-14. Relevant documents are posted on the District website. The comment period ends January 26, 2015.

CEQA Projects

- Staff discussed the preliminary air quality methodology and analysis for BP West Coast Product’s proposed Richmond Terminal Neat Ethanol Project with the City of Richmond. The project is located at BP’s existing organic liquid loading marine terminal in Richmond. BP is proposing to receive and distribute lower carbon ethanol for blending with fuels with the goal of complying with the State’s Low Carbon Fuel Standard. BP is seeking a Design Review Permit from the City of Richmond for receiving “neat” ethanol at its terminal.
- Staff reviewed and submitted comments on the Draft EIR for the Tesoro Avon Marine Terminal Lease Consideration Project. The proposed project involves Tesoro entering into a new 30-year lease with the California State Lands Commission to continue operating the Avon Terminal.

California Air Pollution Control Officers Association (CAPCOA):

CAPCOA Greenhouse Gas Reduction Exchange (GHG Rx) Review - “Methodology for Compost Additions to Grazed Grasslands”: The Marin Carbon Project (MCP) was established in 2006 for the purpose of demonstrating of carbon sequestration on range and agricultural lands. A single application of a one-half inch layer of compost on grazed rangelands can significantly increase plant growth, water retention in the soil, and soil carbon sequestration. The CAPCOA Board approved the protocol for inclusion in the GHG Rx. The credits can be used as a source of mitigation for land use or other projects subject to CEQA or for other GHG mitigation needs.

CAPCOA Engineering Managers Committee: The committee selected Chris Collins from Mojave Desert APCD to serve as its new Chair and Frank DeMaris from Yolo-Solano APCD to serve as its new Vice- Chair. The Committee also approved the GHG Rx Protocol titled “Draft Revisions – Compliance Offset Protocol – Livestock Projects”. Topics included composting, gasoline dispensing facility issues, CAPCOA GHG Reduction Exchange (GHG Rx) protocol

reviews, EPA's EJSCREEN (a proposed environmental justice screening tool), and the implementation of the new OEHHA Draft HRA Guidance Manual.

CalRecycle Proposed Composting Regulations: California Department of Resources Recycling and Recovery (CalRecycle) proposed regulations related to: composting, odor/compliance/enforcement, land application of compostable materials, and in-vessel digestion requirements. The CAPCOA Engineering Managers Committee reviewed the proposed regulations and provided written comments to CalRecycle including specific comments on odors and nuisance, metal limits, seasonal storage compliance, odor impact minimization plan, biogas control, and on-site composting.

Engineering Permitting and Projects

Toxic Risk Management Guidelines: Staff is working with ARB, CAPCOA, Industry and other Districts to develop joint implementation guidelines for Permitting, AB2588 Hot Spots and CEQA programs. A presentation will be made to the ARB Board in April, 2015.

Board Presentation:

- On November 17, 2014, engineering staff presented the Health Risk Assessment Guideline Revisions proposed by the Office of Environmental Health Hazard Assessment (OEHHA) to the Board of Directors. These guidelines were revised to address the protection of children's health. The overall effect of these revisions is an increase in cancer risk by a factor of 2 to 5 times for same level of emissions. With the new guidelines, we anticipate an additional 150 permit applications requiring risk assessment. Under our AB2588 Program, we anticipate 750 existing facilities requiring further prioritization and approximately 300 requiring health risk assessments. The revisions are likely to be finalized early 2015. Any District rule and policy amendments to implement these revised guidelines will begin in 2015.

National Association of Clean Air Agencies Meetings: Staff participated in two NACAA committee conference calls: (1) New Source Review and Permitting Committees and (2) Global Warming Committee. The main items discussed at the New Source Review and Permitting Committees call were EPA's current effort to update its Cost Control Manual, EPA's proposed EJSCREEN Environmental Justice Screening Tool, and an updated NACAA survey on Title V permit fees. The main items discussed at the Global Warming Committee call were EPA's Climate Adaptation Plan and modeling the impacts of EPA's Clean Power Plan.

Proposed EPA Clean Power Plan Section 111(d) of the Clean Air Act for Carbon Dioxide (CO₂) limits at existing power plants:

- Staff has provided input into EPA's proposed rule to limit CO₂ emissions from existing power plants. The target date to issue a final rule is June 1, 2015.
- Staff provided input to the National Association of Clean Air Agencies (NACAA) regarding the methodology and setting of state targets for renewable energy. California should be able to meet the targets presently proposed.
- EPA announced that a 111(d) implementation workgroup is being formed at headquarters and at the regional level to discuss resolution of double counting issues for renewable energy, aggressive June 2018 deadline and enforcement of a multistate plan approach.

Proposed EPA Petroleum Refinery Sector Risk and Technology Review and New Source Performance Standards (NSPS): Staff has submitted comments on EPA’s rule revisions, issued on June 30, 2014, that propose additional emission control requirements for tanks, flares and coking units. The proposal will also require fence-line monitoring of pollutants and amendments to the National Emission Standards for Hazardous Air Pollutants (NESHAPs) for new monitoring, recordkeeping and reporting requirements at refineries.

Refinery Emissions Tracking and Reduction Rules: Staff is leading an effort with stakeholders to finalize the Refinery Emissions Protocol for Regulation 12-15. Staff is participating in the development of the companion rule: Regulation 12, Rule 16, Petroleum Refining Emissions Analysis, Thresholds, and Mitigation.

Lehigh Southwest Cement Company (Cupertino):

- Kiln and Cooler stacks are already in place. Lehigh is scheduled to tie-in the new vent systems during 2015 winter plant outage, tentatively scheduled to begin on January 14th, ending on February 10th, 2015. The new stacks will be operational when the plant starts back up.
- Lehigh submitted an updated health risk assessment (HRA) for its facility on 10/31/14 to evaluate health risks from emissions revisions made since the 2013 HRA. The District posted this HRA Addendum on the web site and accepted public comments through 12/22/14. Three members of the public commented. Engineering staff is reviewing the comments and will provide responses prior to approval of the HRA Addendum.

Department of Toxic Substance Control (DTSC) Project: On December 11, 2014, staff met with DTSC, the Regional Water Quality Control Board (RWQCB), and the site owner, TRC, to discuss proposed changes to the groundwater and soil vapor remediation processes for the GBF/Pittsburg Landfill located in Antioch, CA. This closed landfill contains both hazardous waste and municipal solid waste. TRC is proposing a pilot scale project followed by a full scale project that involve excavation of soil and refuse near the landfill boundaries and installation of a sub-grade barrier walls, settling basins, and soil vapor extraction systems. The full scale project will involve a temporary change of the landfill’s closed status to active status to enable the site to dispose of excavated soil and refuse at another location within the existing landfill. The District will need to conduct a HRSA for these projects to ensure that potential air emissions will comply with District toxic new source review limitations. The applicant is planning to submit permit applications during the first quarter of 2015.

LEGAL DIVISION – B. BUNGER, DISTRICT COUNSEL

The District Counsel’s Office received 91 violations reflected in Notices of Violation (NOVs) for processing.

Mutual Settlement Program staff initiated settlement discussions regarding civil penalties, or passing the Wood Smoke Awareness Course, for 28 violations reflected in NOVs. In addition, 3 Final 30 Day Letters were sent regarding civil penalties for 4 violations reflected in NOVs. Finally, settlement negotiations resulted in collection of \$50,350 in civil penalties for 52 violations reflected in NOVs. *Four (4) NOVs were settled by passing the Wood Smoke Awareness Course.*

Counsel in the District Counsel's Office initiated settlement discussions regarding civil penalties for 99 violations reflected in NOV's. Settlement negotiations by counsel resulted in collection of \$677,000 in civil penalties for 90 violations reflected in NOV's.

(See Attachment for Penalties by County)

COMMUNICATIONS AND PUBLIC INFORMATION– L. FASANO

News Releases

The Air District issued 19 press releases and/or media advisories during the last quarter:

- 10/2/2014 [Spare the Air Alert called for Friday, October 3](#)
- 10/8/2014 [Permissive burn season closes for fall marsh management fires](#)
- 10/15/2014 [Air District Board passes resolution addressing refinery emissions](#)
- 10/30/2014 [Winter Spare the Air Season Begins November 1](#)
- 10/30/2014 [Permissive burn periods for orchard pruning and attrition fires and forest management fires open](#)
- 11/6/2014 [Air District asks public to voluntarily not burn wood today](#)
- 11/8/2014 [First Winter Spare the Air Alert of season called Sunday, November 9](#)
- 11/14/2014 [Air District settles case with Tesoro](#)
- 11/24/2014 [Second Winter Spare the Air Alert called for Tuesday, November 25](#)
- 11/25/2014 [Third Winter Spare the Air Alert of season called for Wednesday, November 26](#)
- 11/26/2014 [Winter Spare the Air Alert called for Thursday, November 27](#)
- 12/3/2014 [Bay Area Air District inspector wins prestigious award](#)
- 12/9/2014 [CAPCOA releases California's Clean Air Legacy video](#)
- 12/17/2014 [Air District embarks on refinery emissions reduction strategy](#)
- 12/18/2014 [Award-Winning YES Conference Returns to the San Francisco Bay Area](#)
- 12/19/2014 [Air District launches investigation into Chevron Refinery flaring incident](#)
- 12/23/2014 [Permissive burn season closes for stubble fires](#)
- 12/27/2014 [Winter Spare the Air Alert called for Sunday, December 28](#)
- 12/28/2014 [Winter Spare the Air Alert called for Monday, December 29](#)

Media Inquiries

Staff responded to 52 media inquiries during this quarter. Topics included:

- Bay Area air monitoring and air quality
- Bay Area Bike Share
- CARE program
- Cap and trade
- Chevron refinery flaring
- Climate Summit
- Commuter Benefits program
- Crude oil by rail
- Kinder Morgan
- Napa County air monitor
- Russell City
- Summer Spare the Air
- Tesoro settlement
- Vallejo warehouse fire
- Winter Spare the Air

Media Highlights

The Air District and/or Spare the Air was mentioned in approximately 661 print/online stories and 1,780 video clips in the last quarter. Below are the last quarter's media coverage highlights:

- [NatLawReview.com: The San Francisco Bay Area Commuter Benefits Program Starts Today!](#)
- [Mercurynews.com: Sunnyvale's BPAC considers bike share program](#)
- [SanFrancisco.cbslocal.com: Sweltering Heat, Unhealthy Ozone Pollution Prompts Spare the Air Alert for Friday](#)
- [Santa Cruz Sentinel.com: Bay Area residents mostly unfazed by start of heat wave](#)
- [ContraCostaTimes.com: Bay Area Air Quality Management District approves plan to cut pollution at oil refineries](#)
- [NapaValleyRegister.com: County decides fireplace grant program worth the administrative cost](#)[SFGate.com: Despite cold, air board bars wood fires](#)
- [SanFrancisco.CBSlocal.com: Richmond Official Blasts Chevron For Calling Huge Flare At Plant 'Routine'](#)
- [SFExaminer.com: Candlestick's possible implosion raises dust plume health fears in Bayview](#)
- [NBCBayArea.com: Flaring at Richmond Chevron Refinery: City Leaders Call For Investigation](#)
- [Pleasantonweekly.com: Winter 'Spare the Air' alert issued for today](#)
- [Mercurynews.com: San Jose delays review of Newby Island Landfill expansion](#)
- [ContraCostaTimes.com: East Bay Chevron refinery incident draws criticism, raises concerns about emergency-response capabilities](#)
- [VirtualPressOffice.com: Award-Winning YES Conference Returns to the San Francisco Bay Area](#)

- [SanFrancisco.CBSlocal.com: Richmond Makes New Push To Stop Crude-By-Rail Deliveries Amid Concerns Over Derailments](#)
- [MercuryNews.com: Wood burning ban in effect Tuesday and possibly Thanksgiving Day](#)
- [SFGate.com: Bay Area in store for sunny Thanksgiving week](#)
- [NapaValleyRegister.com: Tuesday is a 'Spare the Air' day](#)
- [ContraCostaTimes.com: Bay Area air a little smoggier in 2014; heat blamed](#)
- [InsideBayArea.com: Flames, smoke from Chevron Richmond came from unplanned flare, officials say](#)
- [NapaValleyRegister.com: Napan questions placement of air quality station](#)
- [NapaValleyRegister.com: Napa to begin composting overhaul near airport](#)
- [InsideBayArea.com: Fire or no fire: Rodeo refinery says what resident saw was really just a light shining through steam](#)
- [SFExaminer.com: Bay Area Bike Share ready to expand with better equipment](#)
- [ABC7News.com: Bay Area Residents Asked Not To Burn Wood](#)
- [ContraCostaTimes.com: Tesoro refinery fined \\$260,000 for air quality violations](#)
- [SanFrancisco.cbslocal.com: New Owners Promise More Bikes For Bay Area BikeShare](#)
- [ContraCostaTimes.com: Barnidge: There’s nothing easy about declaring a ‘No Burn’ day](#)
- [Martinez News-Gazette: Tesoro ordered to pay for 2011 air quality violations](#)
- [TheEpochTimes.com: Bike-Share Pricing Could Slow Trend’s Rapid Expansion](#)
- [Insidebayarea.com: Alameda County prepares to spend billions from increased sales tax](#)
- [SFWeekly.com: Bay Area Bike Share Got Bought: So Now What?](#)
- [GasBuddy.com: California tightens emissions regulations on refineries... again](#)
- [NapaValleyRegister.com: Burn season begins for vineyard prunings](#)
- [Digitaljournal.com: Walnut Creek to Host Free Electric Vehicle Test-Drive Event](#)
- [MorganHillTimes: Tempers flare over concrete appeal](#)
- [NorthBayBusinessJournal.com: Bay Area employers with 50+ employees must adopt commuter program](#)
- [SFExaminer.com: Spare the Air alert issued for Bay Area on Friday](#)

Public Inquiries by Email

Staff responded to the following phone calls and emails from the public:

Phone Calls 702
 E-mails 89 (feedback@baaqmd.gov)

Community Events

NVIDIA Commuter Fair	10/2/2014	Santa Clara
Monument Carnival of Health	10/4/2014	Concord
Home Front Festival	10/11/2014	Richmond
Berkeley Sunday Streets	10/12/2014	Berkeley
Half Moon Bay Art & Pumpkin	10/18-19/2014	Half Moon Bay
Sunday Streets Valencia	10/19/2014	San Francisco
SCU Campus Sustainability Day Fair	10/22/2014	Santa Clara
Nektar	10/23/2014	San Francisco
San Jose Fall Home Show	11/1-2/2014	San Jose
WSTA Door to Door Sunnyvale	11/8/2014	Sunnyvale

Lung Force Walk	11/8/2014	San Francisco
SF Green Festival	11/14-16/2014	San Francisco
WSTA Door to Door Fairfax	11/14/2014	Fairfax
WSTA Door to Door Napa	11/14/2014	Napa
WSTA Door to Door Pleasanton	12/6/2014	Pleasanton

Publications

Air Currents

The November issue of the Bay Area Air District’s electronic Air Currents newsletter was published on October 30th. The issue had articles about the Air District’s Winter Spare the Air program, the Refinery Emissions Resolution and the Commuter Benefits program. Other articles reviewed the Summer Spare the Air season, recent settlements and current grant opportunities.

Campaigns

Summer Spare the Air

Spare the Air advertising ran robust multi-media campaigns. Spare the Air Bike Outreach was at farmers markets throughout the quarter and the Treasure Island banner was on display through the end of October.

Spare the Air’s “Andy Washburn” and “The Beard” television commercials ran on Comcast, NBC, and KTSF. “The Beard” was dubbed into four languages in July, just prior an increase in advertising to coincide with the start of the school year and the end of the summer vacation season in August.

Over the season, the Spare the Air website was visited 38,861 times.

Winter Spare the Air

Broad media and social advertising using the new creative for the 2014-15 Winter Spare the Air season began running in the beginning of November. The strong messaging that included an image of a house with a cigarette chimney, resonated well with the public and included a revamped Winter Spare the Air tagline to complement the new messaging: “*It’s your air. Protect it.*”

Air District staff conducted door-to-door outreach to hundreds of homes in four communities during this quarter using updated door hangers and postcards. These communities included: Napa, Fairfax, Sunnyvale, and Pleasanton. Additional door-to-door outreach was scheduled for January 2015 in Danville and Rohnert Park.

TV, outdoor, online, radio, and multicultural advertisements ran in November and December. Bike outreach was conducted at community events, pedestrian friendly shopping districts and farmers’ markets around the region.

Staff developed a script for a short video demonstrating how a Winter Spare the Air Alert is called. An Air District meteorologist will be featured and the video will be on the Spare the Air YouTube channel as well as the Spare the Air video podcast page.

Commuter Benefits Program

Communications staff developed and provided four tutorials for the Commuter Benefits Program, describing each option and how companies can register. These four tutorials are up on the program [website](#) under “What’s New.” Staff also worked with the Enforcement division to draft compliance letters to send out to businesses.

Staff reviewed a low cost outreach plan developed by Air District Communications, MTC and reviewed by Enforcement.

Administrative

Social Media Policy

Staff revised a draft version of the Social Media Plan, protocol and policy.

COMMUNITY OUTREACH – J. ROGGENKAMP, DAPCO
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OUTREACH PROGRAMS

Spare the Air Youth

- **October 14, 2014 and October 22, 2014 - Spare the Air Youth Meeting, Conference Call**
The committee discussed planning logistics for the Spare the Air Youth’s YES Conference, the remaining Spare the Air Youth program budget and upcoming Spare the Air Youth grantee kick-off events
- **October 28, 2014 – Spare the Air Youth Meeting, Conference Call**
The committee discussed planning logistics for the Spare the Air Youth’s YES Conference, the remaining Spare the Air Youth program budget and scheduled the next Spare the Air Youth Technical Advisory Committee meeting for Thursday, December 4.
- **December 4, 2014 – Spare the Air Youth Technical Advisory Committee Meeting, Oakland**
The committee received an update on all the Phase II grant programs funded through the Spare the Air Youth Program, received an update on State and regional active transportation programs, reviewed the final Spare the Air Youth guidebooks and discussed the Spare the Air Youth conference scheduled for Saturday, February 7, 2015.
- **December 9, 2014 – Spare the Air Youth Meeting, Conference Call**
The committee identified additional Spare the Air Youth Guidebook topics and continued discussing logistics for the Spare the Air Youth’s YES Conference. The Spare the Air Youth YES Conference is scheduled for Saturday, February 7, 2015.
- **December 23, 2014 – Spare the Air Youth Meeting, Conference Call**
The Spare the Air Youth committee met on Tuesday, December 23 via conference call. The committee discussed logistics for the Spare the Air Youth’s YES Conference. The YES

Conference RSVP link is live and the conference shuttles have been confirmed. The Spare the Air Youth YES Conference is scheduled for Saturday, February 7, 2015.

Public Participation Plan Implementation

Throughout October to December, staff continued to work on Implementation strategies, working with various divisions to plan workshops and events in Spring 2015. Staff began evaluating the ongoing feasibility of providing simultaneous translation at Air District events.

Air District staff continued to develop and improve guidance documents for staff to implement public outreach activities more effectively. Air District staff worked with different divisions to ensure fliers and workshop materials were distributed in a timely manner.

Air District staff submitted a proposal to present on the Public Participation Plan at the 2015 California Public Information Officers Annual Conference.

COMMUNITY OUTREACH

Resource Team Meetings

- **Thursday, October 9, 2014 – San Jose Green Vision Resource Team Meeting, Conference Call** – Team members met via conference call to discuss how the team will participate and support Santa Clara University’s Sustainability Day on October 22, 2014.
- **Friday, October 10, 2014 – Napa Clean Air Coalition Meeting, Napa** – The team met on October 10, 2014, and reviewed the Napa County Travel Behavior Study, discussed the Napa Valley Car-Free website and discussed the Live Health Napa County presentation. The next Napa Clean Air Coalition meeting is tentatively scheduled for Friday, December 5, 2014.
- **Thursday, October 16, 2014 – San Francisco Spare the Air Resource Team, San Francisco** – The team met on October 16, 2014, and debriefed on the Sustainable Business Travel Project, discussed a Nektar’s FitBit Wellness Challenge and brainstormed new project ideas. The next San Francisco Spare the Air Resource Team is tentatively scheduled for Thursday, December 11.
- **Monday, October 27, 2014 – Santa Clara Spare the Air Resource Team, Sunnyvale** – The team met on October 27, 2014, in Sunnyvale. The team will collaborate with 511 and host a commuter event on December 9, 2014, at Juniper Networks in Sunnyvale to encourage alternative modes of transportation to their employees. The team will also work with Moffett Business Park to encourage and facilitate employee discussion around ridesharing. The next meeting of the Santa Clara Spare the Air Resource Team will be on December 1, 2014.
- **Friday, November 7, 2014, – Napa Clean Air Coalition, Conference Call** – The team met on November 7, 2014, via conference call to discuss hosting an event for Napa employers in December. The event will target Napa employers who selected Option 1 – the pre-tax benefit through the Commuter Benefits Program. The team will host an “open house” at the Napa County Transportation Planning Agency to provide employers with guidance materials on how to implement the pre-tax benefit option at their worksite.

- **Wednesday, November 12, 2014 – Contra Costa Spare the Air Resource Team, Conference Call** – The team received an update from the Boy Scouts Mount Diablo Council on progress of an Idle Free project. Additionally, team members reviewed and selected designs on Idle Free signs that can be distributed to local Contra Costa schools.
- **Thursday, November 13, 2014 – San Jose Green Vision Resource Team, San Jose** – The team met on November 13, 2014, in San Jose. The team reviewed Stop Junk Mail San Jose project milestones, received an update on 511's outreach to local employers and discussed new project ideas.
- **Monday, December 1, 2014 – Santa Clara Spare the Air Resource Team, Sunnyvale** – The team met on December 1, 2014, at NetApp's offices in Sunnyvale. The team debriefed on Sustainable Silicon Valley's WEST Summit, received an update on 511's workshop to TDM and LEED representatives and discussed ridesharing options for Moffett Business Park employees.
- **Thursday, December 4, 2014 – San Francisco Spare the Air Resource Team, San Francisco** – The team met on December 4, 2014, at the San Francisco Department of Environment's office in San Francisco. The team discussed their sustainable business travel project and brainstormed new project ideas.
- **Monday, December 15, 2014 – San Mateo County Spare the Air Resource Team, Redwood City** – The team met on December 15, 2014, at the County Center offices in Redwood City. The team debriefed on Sustainable San Mateo County's Indicators Launch event, discussed their Active Transportation Incentive Project and discussed Resource Team project next steps.

Community Meetings

- **Tuesday, October 7, 2014 – Bay Area Environmental Health Collaborative Meeting, Air District Office** – Air District staff met with members of the Bay Area Environmental Health Collaborative to provide an overview of the Air District's CARE program and an update on the CalEnviroScreen tool.
- **Thursday, October 16, 2014 – Meeting with Marianna Grossman, Air District Office** – Staff met with Marianna Grossman, Executive Director of Sustainable Silicon Valley, to discuss Sustainable Silicon Valley's WEST Summit and transportation planning logistics for Super Bowl 50.
- **Friday, October 24, 2014 – Sustainable Silicon Valley Meeting, Santa Clara** – Staff participated in the review and scoring of the Call for Solutions applications for Sustainable Silicon Valley's WEST Summit. The WEST Summit is scheduled for Wednesday, November 18 at the Lucie Stern Community Center in Palo Alto.
- **Friday, October 24, 2014 – Website Redesign Community Meeting, Air District** – Staff hosted a meeting for stakeholders to review wireframes and designs of the Air District's new website.

- **Monday, October 27, 2014 – Meeting with American Lung Association (ALA), Conference Call** – Staff met with Jenny Bard and Dina Bartello, with ALA, to discuss the Air District’s sponsorship and participation in ALA’s Lung Force Walk. The Lung Force Walk is scheduled for Saturday, November 8, 2014, at Crissy Field in San Francisco.
- **Thursday, October 30, 2014 – EJSCREEN Tool Webinar** – Staff attended a webinar on EPA’s pre-decisional EJSCREEN tool that complements ongoing community engagement regarding environmental justice issues. The tool will be released to the public in late November.
- **Wednesday, November 12, 2014 – Sustainable San Mateo County Indicators Launch Event, San Mateo** – Staff attended Sustainable San Mateo County’s Indicators Launch event in San Mateo. Event participants discussed transportation and mobility issues in San Mateo County. Approximately 75 people attended the event.
- **Wednesday, November 12, 2014 – Blue Green Alliance Awards Dinner, San Francisco** – Staff attended the Blue Green Alliance Awards Dinner in part of the Air District’s sponsorship of the Blue Green Alliance. Approximately 200 people attended the event.
- **Friday, November 14, 2014 – Girl Scouts Troops of Pleasanton, Pleasanton** – Staff presented to Girl Scouts in the Pleasanton Tri-Valley area on the health effects of air pollution and answered questions on air quality monitors, Spare the Air Days and air pollution sources. Approximately 75 girl scouts attended and 15 troop leaders.
- **Wednesday, November 19, 2014 – My Air Quality: Using Sensors to Know What’s in Your Air Workshop, Oakland** – Staff assisted at the My Air Quality workshop hosted by the Air District with the California Air Pollution Control Officers Association and South Coast Air Quality Management District. Approximately 100 individuals attended.
- **Wednesday, November 19, 2014 - Sustainable Silicon Valley's WEST Summit** – Staff participated in roundtable discussions which included topics such as DIY Climate Action, “What are the critical technologies for transitioning to renewable energy at scale?”, “Breaking the Solo Driving Habit...,” and “How to make a City Net Positive.” Approximately 100 individuals attended.
- **Thursday, November 20, 2014 – CalEnviroScreen Update, Conference Call** – Staff assisted in set-up of a conference call to update interested stakeholders on the state CalEnviroScreen tool. Approximately 15 stakeholders attended the conference call.
- **Monday, December 1, 2014 – Meeting with Skyline High School Staff, Air District** – Staff met with a staff person from Skyline High School to finalize a larger presentation to approximately 40 Skyline High School students in January. In January 2015, Skyline High School students will visit the Air District to learn about different science careers. This visit will mark the second year the Green Academy program at Skyline High School has toured the Air District.
- **Thursday, December 4, 2014 – Spare the Air and Career Presentation, San Mateo** – Staff presented to an environmental science class in San Mateo on the health effects of air pollution, the Spare the Air program and answered general questions on air quality careers at the Air District. Approximately 65 students attended the presentation.

- **Thursday, December 4, 2014 – Breathe California Holiday and Volunteer Appreciation Dinner, South San Francisco** – Staff attended Breathe California’s Holiday and Volunteer Appreciation Dinner as part of the Air District’s sponsorship of Breathe California. Approximately 100 people attended the event.
- **Monday, December 8, 2014 – Presentation to Contra Costa College Students, San Pablo** – Staff presented to students at Contra Costa College about air quality in the Bay Area, the Spare the Air program, and careers in air quality. Approximately fifteen students attended the presentation.
- **Wednesday, December 10, 2014 – Meeting with WestEd, Conference Call** – Staff spoke with a coordinator at WestEd to further organize possible presentations at six Oakland schools about atmospheric data and measurement. Air District staff would provide insight on data analysis to high school students as well as information on careers in air monitoring.
- **Wednesday, December 10, 2014 – Presentation to RYSE Youth Center, Richmond** – Staff presented air quality information to a group of youth organizers at the RYSE Youth Center about the upcoming Spare the Air Youth YES Conference in February. Staff passed out YES Conference fliers and encouraged attendees to submit proposals to present their youth organizing efforts.

PLANNING DIVISION – H. HILKEN, DIRECTOR

Exposure Assessment and Emissions Inventory Program

Staff provided testimony in support of the City/County of San Francisco’s ordinance amending Health Code Article 38, Enhanced Ventilation for Sensitive Use Infill Development, to the City/County’s Land Use and Economic Development Committee. Staff met with CalEPA Deputy Secretary for Legislative Affairs to discuss the District’s suggested changes to CalEnviroScreen. Staff participated in a webinar on EJSCREEN, US EPA’s recently announced tool for evaluating health-related and other disparities within communities across the US. Staff presented at the CAPCOA conference on deploying low-cost sensors: “My Air Quality: Using Sensors to Know What’s in Your Air.” Staff participated in a panel discussion in West Oakland at the Goods Movement Roundtable sponsored by MTC and the Alameda County Transportation Commission and discussed District actions to address community health impacts. Staff met with members of the Bay Area Environmental Health Collaborative (BAEHC) to discuss next steps for the District Community Air Risk Evaluation (CARE) program. In coordination with Enforcement Division, staff responded to concerns raised by members of the African American Community Health Equity Council regarding the proposed demolition of Candlestick Park.

Staff supported the Regional Climate Protection Strategy process, including summarizing greenhouse gas (GHG) emissions by Scoping Plan sector, reviewing of the top 50 categories of GHG emissions for forecasting future growth and controls, and identifying emission reductions from adopted state programs. Staff also produced a draft black carbon emissions inventory to supplement the standard GHG emissions inventory. Staff provided a list of emissions sources for natural gas and crude oil production facilities to the District’s Rule Development Section to support amendments under consideration for Regulation 8, Rule 37, which controls emissions from natural gas and crude oil facilities. Staff supported the refinery emission reduction strategy

by assembling refinery emissions data, producing charts and tables, and participating in internal work groups. Staff reviewed and beta-tested the EMFAC2014 model, the California Air Resources Board's (CARB's) emissions model for on-road motor vehicles, released in December 2014. Staff made substantial progress on a transitional emissions inventory system to replace our current system linked to the District's legacy emissions database, Databank.

Air Quality Planning Program

Staff continued to work on developing the Regional Climate Protection Strategy, focusing on the sector-based gap analysis. This analysis involves establishing baseline inventories and business-as-usual projections of GHG emissions in each of the nine Scoping Plan Sectors. Key federal, state, regional and local policies are then evaluated to determine their impact on Bay Area GHG emissions in each sector. This sector-based GHG "gap analyses" will identify the scale of GHG emission reductions needed to achieve the Air District's regional goal of reducing GHG emissions 80% below 1990 levels by 2050. Staff is inviting outside experts in each sector to review the nine separate gap analysis reports and provide feedback on the types of policies and strategies identified in each sector. Staff convened meetings during this period of experts in the transportation, agriculture, short lived climate pollutants, and natural and working lands sectors. Staff participated in a *Bay Area Climate Indicators* webinar hosted by the Bay Area Climate & Energy Resiliency Project. Staff made a presentation at the Board of Directors' Climate Protection Committee meeting on the findings of staff's review of approximately 55 local government Climate Action Plans. Staff convened a meeting of the Carbon Cycle Institute and the Marin Carbon Project (MCP) to discuss MCP's "Methodology for Compost Additions to Grazed Grasslands," a GHG reduction protocol that was adopted by the California Air Pollution Control Officers Association's for use on their GHG Reduction Exchange.

Staff continues to conduct research on potential new measures for the 2015 Clean Air Plan (CAP). Staff continues implementation of the District's CEQA Guidelines. Staff provided a CEQA comment letter to the following lead agencies: Contra Costa County on the Phillip 66 Propane Recovery Project Recirculated Draft Environmental Impact Report (DEIR), the City of Oakland on the Coliseum Area Specific Plan DEIR, the California State Land Commission on the DEIR prepared for the Tesoro Avon Marin Terminal Lease Consideration Project and the Marin County Community Development Agency on the Draft Climate Action Plan. Staff submitted a letter to the Governor's Office of Planning and Research supporting their amendments to the CEQA Guidelines. Staff continued working to implement the Bay Area Commuter Benefits Program.

Research and Modeling Program

Staff worked with staff at the California Office of Environmental Health Hazard Assessment to prepare an ultrafine particulate matter (UFP) public health impacts report for the Bay Area, prepared a poster summarizing key findings, and presented it at the 2014 Annual Conference of the American Association for Aerosol Research in Orlando, FL. Staff continued to work with UC Davis in refining UFP emissions estimates in the Bay Area. Staff wrote computer programs to automate meteorological input preparation for AERMOD, a dispersion model used by the Engineering Division to evaluate permit applications. Staff prepared AERMOD meteorological input files from 2009 to 2013 for use in AERMOD modeling. Staff made significant progress on Bay Area 2012 and 2013 particulate matter and ozone air quality simulations. Staff participated in several State Implementation Plan Emissions Inventory Working Group conference calls with staff from CARB and other air districts. Staff continued work with the Advisory Council

members to complete the September report, receive comments on the draft October report and identify speakers for the January and February meetings. Staff continued assisting staff of the Rule Development Section with the evaluation of proposed emission reductions at petroleum refineries. Staff continued work to assess the District's methane emissions inventory. Staff continued to analyze sources and trends of elemental carbon in the Bay Area.

Rule Development Program

The Board of Directors directed staff to develop a refinery emissions reduction strategy. Staff evaluated options presented by external stakeholders and options developed internally, and briefed the Stationary Source Committee and the Board. The Board approved the recommended approach in December. Rule development is underway on the rules required to implement this strategy. The first rule, reducing sulfur dioxide emissions from coke calcining, should go to workshop in the first quarter of 2015. Additional rules in the strategy will proceed to workshop later in the year. Staff has also begun work on rules to reduce emissions of methane and black carbon, two key greenhouse gases. Staff has completed evaluation of emissions testing of stationary diesel-powered engines in the Bay Area and evaluation of data from other California air districts to produce a preliminary study recommending refinements to estimated emissions and risks associated with these engines. This report is currently under review management will inform rulemaking for this source category.

STRATEGIC INCENTIVES – A. FOURNIER, DIRECTOR

Carl Moyer Program (CMP)

- *Meetings:* Staff participated in the following meetings:
 - CARB/ CAPCOA Incentives Program Tactical Group meetings to discuss changes to the CMP/MSIF statute, 10/1, 10/24, 11/6, 11/13, 11/20, 11/25, 12/4.
 - CAPCOA Grants committee meeting, 10/8, 11/12.
 - CAPCOA/ARB IPAG meeting, 10/9.
 - ARB zero-emissions drayage truck demonstration project development workshop to be funded with Cap & Trade funds, 10/27
 - ARB/ air district meetings with EMD and GE locomotive manufacturers, 11/5.
 - CAPCOA call regarding legislative changes to the AB923 (MSIF) statute, 11/20.
 - Calstart call to discuss possible opportunities for partnership on ARB Cap & Trade applications, 11/25.
 - ARB/CAPCOA call regarding on-road VIP grant program, 12/2.
 - ARB On-Road Workgroup meeting, 12/2.
- *ARB Department of Finance (DOF) Audit:*
 - Staff conducted a webinar for ARB auditors intended as an overview of the online grants application/production system in preparation for their audit visit, 10/15.
 - ARB audit staff was onsite for review of the District's CMP, GMP, LESBP, and AQIP programs, 10/20 – 10/22.
 - ARB audit update conference call, 11/18, 12/2
 - Staff submitted audit preparation materials to DOF staff in advance of their January audit visit, 11/26.
 - Staff participated in a conference call with ARB and the DOF staff to discuss auditing questions, 12/22.

- Staff sent out final notices to CMP grantees with missing 2014 annual reports, 10/13.
- Staff sent out notification emails to grantees that have operated less than 70% of their contracted usage, 10/16.
- Staff presented District grant program information at ARB truck & bus rule training in San Leandro, 11/13.
- Staff submitted an application to ARB requesting \$10,650,000 in CMP Year 17 funds, 12/30.
- Staff drafted a summary of the CAPCOA Admin costs study for distribution and discussion at the CAPCOA Board meeting, 12/30.

Goods Movement Program (GMP)

- Inspectors completed 57 inspections for the Program and associated TFCA-funded truck replacement program.
- Staff contracted 55 projects for the TFCA-funded truck replacement program.
- Staff contracted 74 truck replacement projects for the Year 4 Program.
- The U.S. EPA-funded DERA program closed on October 15, 2014. In total, DERA-2 (2012-13) completed 54 truck replacements and DERA-3 (2013-14) completed 29 truck replacements.
- Staff submitted semi-annual reports for all GMP grants to ARB, 10/23.
- Staff submitted the quarterly DERA report to EPA, 10/27. Staff submitted the final report to EPA for the latest DERA grant that funded the replacement of 29 port trucks, 11/21.
- Staff participated in three monthly CAPCOA Grant Committee conference calls.
- Staff participated in three monthly conference calls with other air districts and ARB to discuss implementation and planning for the Year 4 Program.

Grant Development

- Workshops:
 - Staff attended a CEC Alternative and Renewable Fuels and Vehicle Technology Program grant workshop, 10/6.
 - Staff participated in the workshop introducing the FY 2014/15 AQIP Funding Plan and Greenhouse Gas Reduction Fund Investments (GGRF) Investment Pilot and Demonstration Projects, 10/14 & 11/7
 - Staff participated in the Car Sharing Pilot Project workshop to be funded through the AQIP/GGRF investments, 10/16.
 - Staff attended a meeting at the Port of Oakland regarding Freight Advanced Traveler Information System (FRATIS), 11/13.
 - Staff participated in ARB's Multi-Source Facility Demonstration Projects workshop for an upcoming solicitation funded through the AQIP/GGRF funds, 11/18.
 - Staff participated in CEC's Medium- and Heavy-Duty Advanced Vehicle Technology Demonstration Alternative and Renewable Fuel and Vehicle Technology Program workshop, 12/19.
- Submittals:
 - Staff submitted an Alternative Fuel Vehicle Deployment Initiatives application to the DOE to deploy PEVs at rental car locations in California, 10/1.
 - Staff assisted Charge Bliss and OSIsoft with the preparation of a \$5 million proposal to the CEC to demonstrate a secure, reliable microgrid at the John Muir Hospital, 11/17.
 - Staff submitted a \$300,000 proposal to the CEC for a Fuel Cell Electric Vehicle Regional Implementation Plan, 11/25.

- ARB's Zero-Emission Drayage Truck Demonstration:
 - Air District, MTC, and Port of Oakland staff met with representatives of MotivPower and TransPower (10/27), and US Hybrid and Hydrogenics (11/4), to discuss potential zero-emission drayage truck projects for the upcoming ARB solicitation, 11/14.
 - Staff participated in an ARB work group conference call for the upcoming solicitation, 11/20.
 - Air District, MTC, and Port of Oakland staff held a conference call to develop a proposal for the upcoming solicitation, 11/25.
- Commercial Lawn & Garden Equipment Exchange Program:
 - Staff submitted a draft proposal to the National Fish & Wildlife Foundation (NFWF) for a \$470,000 commercial lawn & garden exchange program, 10/3.
 - District staff received notice that we were awarded a \$470,000 grant from the NFWF to conduct a commercial lawn & garden equipment exchange program, 10/29.
- DOE Fleets & Workplace Alternative Fuels Project:
 - Staff held the monthly conference call with partners to discuss the project, 10/28.
 - Staff submitted to DOE the 3rd quarter 2014 report, 10/29.
 - All Advanced Transportation Technology and Energy program (ATTE) trainings for all the Clean Cities Coalitions completed 11/18.
 - DOE invoiced for \$340,854 for work conducted in 3rd quarter of 2014, 11/10.
 - DOE informed the Air District that they would like to recognize our subcontractor, Kevin Wood, with the California Center for Sustainable Energy, at their national convention in December 2014, for his work on this project, 11/25.
 - Staff participated in the California “Best Practices in Hydrogen Stations” webinar held by Antelope Valley Clean Cities Coalition, 12/4.
 - Staff provided DOE with two deliverables, one for the ACT Expo, and a second for the CNG/LNG Best Practices, 12/22.
- Vehicle Buy Back Program: Staff conducted inspections of six dismantling yards (10/1), four yards (10/30), three yards (11/6), and the last yard (12/3).

Lower-Emission School Bus Program (LESBP)

- Reports: Staff submitted the Final Semi-Annual report to ARB on expenditure of Proposition 1B funds detailing the expenditure of over \$5.3 million to retrofit 297 school buses and nearly \$2.9 million to replace 22 school buses between June 2010 and June 2012.
- Awards: An award of \$99,988.75 was made to replace compressed natural gas (CNG) tanks on five model year (MY) 2001 buses at Mt. Diablo Unified School District (Contra Costa County).
- Payments: Payments totaling \$2,199,352.26 were made to replace 14 diesel school buses with new, clean diesel school buses, and to replace CNG tanks on one school bus as follows:
 - A payment of \$19,912.50 was made to West County Transportation Agency (JPA of 16 public schools in Sonoma County) to replace CNG tanks on one MY 2001 school bus.
 - A payment of \$494,942.07 was made to Fremont Unified School District (Alameda County) to replace three MY 1987 buses.
 - A payment of \$1,027,048.30 was made to Vallejo City Unified School District to replace seven buses, two MY 1988, four MY 1989 and one MY 1990.

- A payment of \$327,728.40 was made to Old Adobe Union School District (Sonoma County) to replace two buses, one MY 1989 and one MY 1990.
- A payment of \$329,720.99 was made to Shoreline Unified School District (Marin County) to replace two buses, one MY 1991 and one MY 1992.

TFCA

- **Regional Fund:**

- ***Audits:*** Staff conducted the following activities to seek a contractor to conduct financial, TFCA, and Carbon Offset Fund audits:
 - Released RFP, 10/20;
 - Held a pre-bidders conference, 10/30;
 - Hosted second public workshop webinar, 11/20; and
 - RFP closed, 12/4. Four proposals were received.
- ***Plug-in Electric Vehicle (PEV) Program:***
 - **PEVC activities:**
 - * Staff held the following meetings with the representatives from the PEV Collaborative (PEVC) to conduct outreach and discuss opportunities to advance infrastructure deployment at multi-dwelling units (MuD) and workplaces:
 - ✓ IFMA (International Facility Management Association) San Francisco meeting on workplace charging, 10/2;
 - ✓ Co-chair meeting, 10/1, 10/15, 10/29, 12/18;
 - ✓ Webinar on MuD Charging, 10/1, 11/13;
 - ✓ Webinar on Workplace Charging, 10/9;
 - ✓ Contractors Meeting, 10/14, 12/17; and
 - ✓ Workgroup meeting 10/30, 12/10.
 - * Staff attended the PEVC Members Meeting at Irwindale, CA, 11/5.
 - **Grants:**
 - * Staff submitted the monthly progress report on the Monterey Bay PEV Readiness Plan (ARV 11-003) to the CEC (10/10) and conducted a final project closeout meeting (10/15). Staff sent second payment request to the CEC for the Monterey Bay PEV Readiness Plan in the amount of \$80,743.75.
 - * Staff submitted the monthly progress report on the Bay Area Corridor Charging Expansion Project (ARV 13-039) to the CEC, 10/10 & 11/10.
 - **Bay Area PEV Coordinating Council:**
 - * Staff presented grant updates and participated in the following EV Strategic Council Meetings:
 - ✓ EV Strategic Council, 10/23;
 - ✓ EV Strategic Council-Local Policy Taskforce regarding solutions to barriers to charging at MuDs, 10/28 & 12/2;
 - ✓ Advancing e-Mobility for Residents of Bay Area Multi-Unit Dwellings Workshop, 12/10.
 - * Staff closed the RFP for the facilitation and meeting coordination of the Bay Area PEV Coordinating Council, 10/14. Four proposals were received.

- Outreach:
 - * Staff attended the CEC and the California Pollution Control Financing Authority (CPCFA) joint workshop on the Electric Vehicle Charging Station Financing Program, 11/7.
 - * Staff met with a representative from the following organizations to discuss opportunities to accelerate deployment of PEVs:
 - ✓ Plugshare, 11/20;
 - ✓ NRG eVgo, 11/24;
 - ✓ ChargePoint, 11/24.
 - * *Alternative Fuels:* Staff attended a working group conference call meeting hosted by the California Fuel Cell Partnership (CaFCP), to discuss the status and next steps for hydrogen fuel deployment in California, 12/3.
- *Electronic Bike Lockers:*
 - For Fiscal Year Ending (FYE) 2015, the application deadline was extended to February 9, 2015, 12/8.
 - For FYE 2015, five applications requesting a total of \$400,000 in electronic bicycle locker funding were received, 12/29. Of the five FYE 2015 electronic bicycle locker projects, three are awaiting project sponsor's signature and two are still under review.
 - Of the ten FYE 2014 electronic bicycle locker projects, nine have executed contracts and one is awaiting project sponsor's signature, 12/29.
- *Bike Rack Voucher Program (BRVP):*
 - Year 2 application period opened on November 21, 2014 and will close on March 17, 2015, unless funds are exhausted sooner.
 - For Year 2, two applications were received, 12/29.
 - The application workshop webinar scheduled for December 11th was cancelled due to the power outage. The workshop webinar has been rescheduled for January 6th.
- *Bike Share:*
 - Statistics from 8/29/13 to 12/25/2014: Active Accounts (Annual and 30-Day) – 3,742, Annual Memberships sold – 5,538, 30-day Trial Memberships sold – 182, Casual Memberships sold – 36,751, and System Wide Trips – 424,891.
 - Staff met with Partner Working Group representatives to discuss local issues, contract implementation issues, and strategic marketing and outreach, 10/1, 10/20, 10/27, 11/10, 11/17, 11/19, 11/24, 12/3, 12/8 & 12/17.
 - Staff met with representatives from Alta Bicycle Share (Alta) and Metropolitan Transportation Commission (MTC) to discuss contract administration and implementation issues, the strategic marketing plan, operations, and invoicing, 10/7, 10/21, 11/13, 12/2, 12/9, 12/16, 12/17, & 12/30.
 - Staff met with representatives from MTC, San Francisco Municipal Transportation Agency (SFMTA), Bank of SF, and Alta to discuss options for the development of a social equity program to provide memberships to low income and unbanked residents, 10/1.
 - Staff met with Post-Pilot Working Group representatives to discuss future concepts for the system, 10/7, 10/21, 11/4, 11/18, & 11/25.
 - Staff along with MTC and Partner Working Group representatives met with Bruno Rodi (the new owner of PBSC Urban Solutions (PBSC)) and other PBSC executives, 10/7.

- Staff submitted the semi-annual Climate Initiative Grant progress report to MTC, 10/10.
 - Staff along with MTC and Partner Working Group representatives met with representatives from Alta, REQX Ventures (REQX), and NYC Citi Bike to discuss the announcement of the sale of Alta Bike Share to REQX, 10/27.
 - Staff participated in a Climate Grants exit interview given by Niko Letunic, MTC’s project evaluation subcontractor, 10/29.
 - Staff met with MTC staff and Toole Design, MTC’s consultant, to discuss the pilot project’s procurement and contract, 11/3 & 11/4.
 - Staff met with PBSC staff to discuss equipment availability issues, 11/5.
 - Staff attended MTC’s Policy Advisory Council meeting, to answer questions about the bike share pilot project, 11/12.
 - Staff hosted a roundtable discussion with the bicycle rental company community, 11/18.
 - Staff participated in a bike share safety interview conducted by University of California Berkeley’s Transportation Sustainability Research Center, 11/21.
 - Staff participated in a conference call with representatives from the City of San Jose and VTA to discuss the bike share pilot project budget and Year 2 operations, 11/25.
 - Staff, MTC, and the Partner Working Group met with Jay Walder, the incoming CEO of Alta Bike Share, and his staff, 12/4.
 - Staff participated in a conference call with MTC and the Post-Pilot Working Group representatives to discuss bike share expansion methodologies, 12/4.
 - Staff participated in a meeting with MTC and the Post-Pilot Working Group representatives to discuss parts of the strategic plan in Oakland, 12/5 & 12/10.
 - Staff attended an online webinar on “Buy America and Bike Share” hosted by the National American Bike Share Association, 12/9.
 - Staff participated in a conference call with the National Association of City Transportation Officials (NACTO) bike share group, 12/17.
- Shuttles/Ridesharing:
- To date, all FYE 2014 Shuttle & Rideshare Program contracts have been executed.
 - Staff held two public meetings to discuss options and ideas for future funding and implementation of the District’s TFCA Regional Fund Shuttle and Ridesharing program, 10/1 & 10/2.
 - Staff attended the Broadway Transit Circulator Study Open House in Oakland, 10/30.
 - Staff met with representatives from Caltrain, VTA, ACE, and SFMTA to discuss ideas for improving future year policies for the Shuttle and Ridesharing program, 11/13.
 - Staff met with representatives from MTC to discuss potential changes they are proposing for their 511 Regional Ridesharing project, 11/17.
 - Staff attended the TDM Working Group Meeting at MTC, 11/20.
 - Staff met with City of Richmond and Transmetro to discuss the City of Richmond’s current shuttle project (#14R11), their shuttle application for FYE 2015, and requirements of invoicing, 12/4.
 - Staff met with SFMTA to discuss the cancellation of their grant award for 82X for FYE 2015, 12/4.

- Staff met with UC Berkeley Transportation Sustainability Research Center to discuss a proposed scope of work for the surveying of District-funded shuttle routes, 12/5 & 12/16.

Other

- Staff participated in the Air District's kick-off meeting of the Web Content Team for the My Air Online project, 12/2.
- Staff participated in MTC's Active Transportation Working Group meeting in Oakland, 12/18.

TECHNICAL DIVISION – E. STEVENSON, DIRECTOR

Air Quality

During the 4th quarter of 2014, the national 8-hour ozone was exceeded on two days, both in October, bringing the total for 2014 to five days. Spare the Air Alerts were not declared for either day. The State 8-hour ozone standard was exceeded on three days during the 4th quarter and 10 days for the year. The State 1-hour ozone standard was exceeded on one day during the last quarter and three days for the year. Exceedances of ozone standards are rare in October with only one day over the national 8-hour ozone standard since 2000. By mid-October, the first significant winter rain began, and the Bay Area transitioned into the winter particulate pollution season.

In November and December 2014, there were no days when PM_{2.5} exceeded the national standard due to frequent storms and very few cold nights. This compares with 12 days above the standard in November and December 2013, which were dry and cold. During the 4th quarter, 17.7 inches of rainfall was recorded at Santa Rosa and there were only two days at or below freezing. In contrast, during the same period in 2013, Santa Rosa recorded only 1.4 inches of rainfall and there were 24 days below freezing.

Air Monitoring

30 air monitoring sites were operational from October through December 2014. Ozone monitors at Hayward, San Martin, Gilroy, Los Gatos, San Ramon, and Fairfield were shut down on December 1st during the low ozone season, as allowed under a waiver granted by the EPA. All 13 remaining ozone monitors continued to operate during the 4th Quarter 2014. Operation of the lead sampler located at the Palo Alto Airport ceased on December 23rd at the request of the Airport Operations Manager because the current sampler location encroaches on FAA safety areas. Operation is expected to resume once a suitable location is identified and the sampler is moved.

The permit application submitted in September 2014 to the City of Berkeley Building Department is still awaiting approval. Because the cost of the permitted work will exceed \$60,000, the issuance of the permit is contingent on the certification of a sewer lateral owned by the City of Berkeley. The City of Berkeley has informed us that the sewer lateral certification is unlikely to be completed prior to March 2015.

During the 4th Quarter 2014 Air Monitoring staff continued to work with Zone 7 Water Agency and PG&E to develop a Near Road monitoring site along the Interstate 580 corridor. An approved encroachment agreement has been reached with the Zone 7 Water Agency and plans to run power from a nearby high-voltage vault have been tentatively approved by PG&E.

In November and December the California Air Resources Board performed audits at several Air Monitoring sites including the National Core (NCore) monitoring site in San Jose. All monitors were found to be within the acceptable accuracy limits. These audits fulfill the EPA requirement for participation in the National Performance Audit Program.

Supervising Air Quality Instrument Specialist Stanley Yamaichi officially retired on November 16th 2014 after many years of dedicated service to the Air District in both the Source Test and Air Monitoring Sections. Jonathan Bower was selected and promoted to fill the vacated position. Mr. Bower holds a Doctorate Degree in Atmospheric Chemistry and has distinguished himself since joining the Air District in 2013.

Performance Evaluation

The Performance Evaluation Group conducted EPA-mandated performance audits at 20 District air-monitoring stations, verifying 75 separate parameters during the 4th Quarter of 2014. In addition, a start-up audit was performed at the new San Jose, Knox Avenue near-road site. The National Air Quality System Database was updated with all the audit results.

Ground-Level Monitoring (GLM) network audits of Hydrogen Sulfide (H₂S) and Sulfur Dioxide (SO₂) monitors were conducted at sites in the vicinity of Chevron refinery. Audits were performed at 3 monitoring locations and 6 gas analyzers were tested. All of the GLM locations tested met District’s performance criteria.

Three new sonic anemometers are being evaluated at the Fairfield Meteorological Station. Staff replaced inoperative communication equipment at our Bethel Island and Vallejo MET sites.

Laboratory

In addition to routine ongoing analyses, five contaminated soil samples from Costa Loma, Saratoga were analyzed for hydrocarbons.

Laboratory	
Sample Analyzed	1113
Inter-Laboratory Analyses	1

Source Test

The Source Test Section continued participation in the District’s Rule Development efforts on calcining, revisions to Regulation 6 and Regulation 12-15 (Refinery Emissions Tracking); as well as providing source test results in support of the backup generator rule investigation. Workgroup activities include rule development for PM_{2.5} testing at refineries and approving Regulation 9-10 CEM installation protocols for Tesoro, Valero, Chevron and Phillips 66 refineries.

Evaluation of EPA’s Method 201A and revisions to Method 202 for particulate particle size sampling also continues. A successful PM₁₀/PM_{2.5} test was completed at the Central Contra Costa Sanitary District this quarter, with published results to follow.

Source Test is assisting Engineering, Enforcement and Legal to quantify the VOC emissions from Tesoro's Alkylation Unit. In addition, the Source Test Section is assisting the Enforcement and Engineering Divisions in establishing analytical criteria for evaluating CEM data of a mercury monitor at Lehigh.

As part of Technical Division's policy regarding cross training of Air Quality Instrument Specialist (AQIS) staff, Source Test Section AQIS received training regarding GDF testing and recordkeeping; as well as CEM testing. Brandon Dayoan transferred from the Compliance and Enforcement Division to fill a vacant AQIS position in Source Test. Brandon holds Bachelor of Science degrees in Mechanical and Environmental Engineering; as well as having been employed here at the District as an Inspector for the past twelve years.

Routine Source Test Sections duties continued which includes:

- Performance of Continuous Emissions Monitoring (CEM) Field Accuracy Tests on monitors installed at large source emission points.
- Eighteen Regulation 9, Rule 10 carbon monoxide tests were performed at Chevron, Phillips 66, and Tesoro refineries.
- Performance of source tests to determine emissions of precursor organic compounds, filterable particulate matter and toxic air contaminants.
- Performance of tests to assess the compliance status of gasoline cargo tanks, gasoline dispensing facilities, gasoline terminal loading and vapor recovery systems.
- Evaluation of independent contractor conducted source tests to determine report acceptability and source compliance.
- The Phillips 66 Rodeo Refinery's open path monitor monthly reports for October, November, and December were reviewed.

STATISTICS

Administrative Services:

Accounting/Purchasing/Comm.

General Checks Issued	1,232
Purchase Orders Issued	412
Checks/Credit Cards Processed	2,724/1,498
Contracts Completed	63
RFP's	0

Executive Office:

Meetings Attended	177
Board Meetings Held	4
Committee Meetings Held	11
Advisory Council Meetings Held	2
Hearing Board Meetings Held	5
Variances Received	0

Information Systems

New Installation Completed	4
PC Upgrades Completed	0
Service Calls Completed	814

Human Resources

Manager/Employee Consultation (Hrs.)	350
Management Projects (Hrs.)	400
Employee/Benefit Transaction	600
Training Sessions Conducted	2
Applications Processed	503
Exams Conducted	12
New Hires	3
Promotions	7
Payroll Administration (Hrs.)	600
Safety Administration	150
Inquiries (voice/telephone/in-person)	4,000

Strategic Facility /Vehicle

Requests for Facility Services	140
Vehicle Request(s)/Maintenance	34

Compliance Assistance and Operations Program

Asbestos Plans Received	1,303
Coating and other Petitions Evaluated	0
Open Burn notifications Received	393
Prescribed Burn Plans Evaluated	3
Tank/Soil Removal Notifications Received	18
Compliance Assistance Inquiries Received	69
Green Business Reviews	6
Refinery Flare Notifications	80

Compliance Assurance Program

Industrial Inspections Conducted	1,132
Gas Station Inspections Conducted	236
Asbestos Inspections Conducted	458
Open Burning Inspections Conducted	7
PERP Inspections Conducted	47
Mobile Source Inspections	353
Grants Inspections Conducted	204

Engineering Division:

Annual Update Packages Completed	1,402
New Applications Received	274
Authorities to Construct Issued	184
Permits to Operate Issued	260
Exemptions	1
New Facilities Added	119
Registrations (new)	52

Communications and Outreach:

Presentations Made	19
Responses to Media Inquiries	52
Press Releases & Advisories	19
General Requests for Information	702
Events staffed with Air District Booth	15
Visitors (District Tour)	3

STATISTICS (continued)

Compliance and Enforcement Division:

Enforcement Program

Violations Resulting in Notices of Violation	129
Violations Resulting in Notice to Comply	17
New Hearing Board Cases Reviewed	3
Reportable Compliance Activity Investigated	92
General Complaints Investigated	626
Smoking Vehicle Complaints Received	881
Woodsmoke Complaints Received	1,204
Mobile Source Violations	24

Technical Services:

4th Quarter 2014 Ambient Air Monitoring

Days Exceeding Nat'l 24-hour PM _{2.5} Std.....	0
Days Exceeding Nat'l 24-hour PM ₁₀ Std.....	0
Days Exceeding State 24-hour PM ₁₀ Std.....	0
Review...28	
Days Exceeding the Nat'l 8-hour Ozone Std.....	2
Days Exceeding the State 1-hour Ozone Std.....	1
Days Exceeding the State 8-hour Ozone Std.....	3

Ozone Totals, Jan-Dec. 2014

Days Exceeding State 1-hour Ozone Std.....	3
Days Exceeding Nat'l 8-hour Ozone Std.....	5
Days Exceeding State 8-hour Ozone Std.....	10

Particulate Totals, Jan-Dec. 2014

Days Exceeding Nat'l 24-hour PM _{2.5} Std.....	3
Days Exceeding the Nat'l 24-hour PM ₁₀ Std.....	0
Days Exceeding State 24-hour PM ₁₀ Std.....	3

PM_{2.5} Winter Season Totals for 2014-2015

Days Exceeding Nat'l 24-hour PM _{2.5} Std.....	0
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4th Quarter 2014 Agricultural Burn Days

Oct. Dec. Permissive Burn Days – North.....	67
Oct.-Dec. No-Burn Days – North.....	25
Oct.-Dec. Permissive Burn Days – South.....	66
Oct.-Dec. No-Burn Days – South.....	26
Oct.-Dec. Permissive Burn Days – Coastal.....	71
Oct.-Dec. No Burn Days – Coastal.....	21

Laboratory

Sample Analyzed.....	1,113
Laboratory Analyses.....	1

Technical Library

Titles Indexed/Cataloged.....	0
Periodicals Received/Routed.....	0

Source Test

Total Source Tests.....	70
Pending Source Tests.....	5
Violation Notices Recommended.....	1
Contractor Source Tests reviewed.....	2,856
Outside Test Observed.....	14
Violation Notices Recommended After	

Continuous Emissions Monitoring (CEM)

Indicated Excess Emission Report Eval.....	12
Monthly CEM Reports Reviewed.....	140
Indicated Excesses from CEM.....	10

Ground Level Monitoring (GLM)

Oct.-Dec. Ground Level Monitoring SO ₂ Excess Reports.....	0
Oct.-Dec. Ground Level Monitoring H ₂ S Excess Reports.....	14

These facilities have received one or more Notices of Violations
Report period: October 1, 2014 – December 31, 2014

Alameda County				
Status				
Date	Site #	Site Name	City	Regulation Title
11/10/2014	W9265	United Home Exteriors	Dublin	Asbestos Demolition, Renovation & Mfg.
10/20/2014	B3918	Pina's Auto Kolor	Fremont	No Permit to Operate
10/21/2014	L3268	Synergy Enterprises	Hayward	Asbestos Demolition, Renovation & Mfg.
11/21/2014	W9447	KPM Carwash Corporation	Livermore	Gasoline Dispensing Facilities
12/30/2014	W9973	Enterprise Rent A Car	Oakland	Failure to Meet Permit Conditions
12/4/2014	W9590	John Baker	Oakland	Open Burning
11/18/2014	A0030	Owens-Brockway Glass Container Inc	Oakland	Non-compliance, Major Facility Review (Title V)
12/9/2014	W9684	Robert/Janet Garcia	Oakland	Particulate Matter & Visible Emissions
12/9/2014	W9685	Stanley/Jacqueline Gentle	Oakland	Particulate Matter & Visible Emissions
Contra Costa County				
Status				
Date	Site #	Site Name	City	Regulation Title
12/5/2014	W9608	Deborah Maples	Antioch	Particulate Matter & Visible Emissions
11/7/2014	W9256	Thomas Benepe	Bethel Island	Open Burning
12/9/2014	W9662	Robert Turcotte	Brentwood	Open Burning
11/10/2014	B9214	Department of Water Resources	Byron	Failure to Meet Permit Conditions
10/1/2014	A1472	G3 Minerals, Byron Plant	Byron	Failure to Meet Permit Conditions
10/1/2014	A0541	Pacific Gas & Electric Co	Concord	Non-compliance, Major Facility Review (Title V); Parametric Monitoring & Recordkeeping Procedures
12/9/2014	W9686	Stephanie Paniagua	Concord	Particulate Matter & Visible Emissions
12/16/2014	W9794	Scott Herrick	Lafayette	Open Burning
10/1/2014	B6774	Environmental Abrasive Blasting & Coating	Martinez	Surface Coating of Misc Metal Parts & Products
11/24/2014	A0011	Shell Martinez Refinery	Martinez	Standards of Performance for New Stationary Sources
10/1/2014	A7979	Telfer Oil Company	Martinez	No Permit to Operate; No Authority to Construct
12/29/2014	B2758	Tesoro Refining & Marketing Company LLC	Martinez	Flare Controls at Petroleum Refineries; Continuous Emission Monitoring & Recordkeeping Procedures; No Authority to Construct; No Permit to Operate; Non-compliance, Major Facility Review (Title V); Storage of Organic Liquids; Wastewater (Oil - Water) Separators; Sulfur Dioxide; Hydrogen Sulfide; NOx & CO from Stationary Internal Combustion Engines

These facilities have received one or more Notices of Violations
Report period: October, 2014 – December 31, 2014
Continued

Contra Costa County				
Status Date	Site #	Site Name	City	Regulation Title
12/17/2014	B7667	Ameresco Keller Canyon LLC	Pittsburg	Parametric Monitoring & Recordkeeping Procedures; Solid Waste Disposal Sites
11/18/2014	A0227	Criterion Catalysts Company LP	Pittsburg	Non-compliance, Major Facility Review (Title V)
11/17/2014	B9931	K2 Pure Solutions Nocal, LP	Pittsburg	Failure to Meet Permit Conditions; Breakdown Report
10/1/2014	A6288	Marble Shop, Inc	Pittsburg	No Permit to Operate
12/5/2014	W9605	Michael/Evelyn Cole	Pittsburg	Particulate Matter & Visible Emissions
11/6/2014	B8478	United Spiral Pipe LLC Manufacturing Plan	Pittsburg	Non-compliance, Major Facility Review (Title V)
12/15/2014	A2371	USS-POSCO Industries	Pittsburg	Non-compliance, Major Facility Review (Title V)
10/20/2014	A0010	Chevron Products Company	Richmond	Standards of Performance for New Stationary Sources; Flare Monitoring at Petroleum Refineries; No Authority to Construct; Non-compliance, Major Facility Review (Title V); Equipment Leaks
11/6/2014	A1840	West Contra Costa County Landfill	Richmond	Non-compliance, Major Facility Review (Title V)
11/24/2014	B7419	Air Liquide Large Industries US LP	Rodeo	Non-compliance, Major Facility Review (Title V)
11/18/2014	A0016	Phillips 66 Company - San Francisco Refinery	Rodeo	Storage of Organic Liquids; Non-compliance, Major Facility Review (Title V)
12/2/2014	W9556	Reuben Borg Fence	San Ramon	Open Burning

Marin County				
Status Date	Site #	Site Name	City	Regulation Title
12/30/2014	W9978	Leslie Durkee	Woodacre	Particulate Matter & Visible Emissions
San Francisco County				
Status Date	Site #	Site Name	City	Regulation Title
10/7/2014	B9286	Simple Pleasures Coffee Roasting Co	San Francisco	Failure to Meet Permit Conditions

These facilities have received one or more Notices of Violations
Report period: October, 2014 – December 31, 2014
Continued

San Mateo County				
Status				
Date	Site #	Site Name	City	Regulation Title
12/9/2014	W9683	Recipient	Half Moon Bay	Particulate Matter & Visible Emissions
12/9/2014	W3498	Recipient	Montara	Particulate Matter & Visible Emissions
12/5/2014	W9623	Norman/Jeri Regnart	Pacifica	Particulate Matter & Visible Emissions
10/28/2014	W6778	Ciardella's Garden Supplies	Palo Alto	No Authority to Construct; No Permit to Operate; NOx & CO from Stationary Internal Combustion Engines
10/7/2014	B2652	CEMEX Construction Materials Pacific, LLC	Redwood City	No Authority to Construct; No Permit to Operate; NOx & CO from Stationary Internal Combustion Engines
12/15/2014	A7632	Seaport Refining and Environmental LLC	Redwood City	Gasoline Bulk Plants & Gasoline Delivery Vehicles
12/15/2014	E0271	Atlantic Richfield Company c/o Stantec	San Bruno	Failure to Meet Permit Conditions; Parametric Monitoring & Recordkeeping Procedures
12/5/2014	W9617	Erick Ng	San Bruno	Particulate Matter & Visible Emissions
12/5/2014	W9610	Patricia Manss	San Bruno	Particulate Matter & Visible Emissions
12/15/2014	E2724	Recology San Bruno	San Bruno	No Authority to Construct; No Permit to Operate
10/20/2014	A0051	United Airlines, Inc	San Francisco	Non-compliance, Major Facility Review (Title V)
10/21/2014	W8932	Compass Transportation	South San Francisco	Commercial Vehicle & Sleeper Berth Idling
10/21/2014	W8946	Loop Transportation	South San Francisco	Commercial Vehicle & Sleeper Berth Idling

Santa Clara County				
Status				
Date	Site #	Site Name	City	Regulation Title
12/2/2014	A5357	Harvey's Body Shop	Gilroy	No Permit to Operate
10/1/2014	W8544	JM Interior	Morgan Hill	Motor Vehicle & Mobile Equip Coating Operations
12/22/2014	E1680	Google, Inc	Mountain	Naturally Occurring Asbestos (NOA)
11/20/2014	A2511	Diana Fruit Company, Inc	Santa Clara	NOx & CO from Industrial, Institutional, & Commercial Boilers, Steam Generators, & Process Heaters
10/28/2014	A8998	West Valley Community College	Saratoga	No Permit to Operate

These facilities have received one or more Notices of Violations
Report period: October, 2014 – December 31, 2014
Continued

Solano County				
Status				Regulation
Date	Site #	Site Name	City	Title
12/5/2014	W9619	Tammy Wong/Christopher James	American Canyon	Particulate Matter & Visible Emissions
10/1/2014	A9612	Unico Services Inc	Benicia	No Permit to Operate; No Authority to Construct
12/15/2014	B2626	Valero Refining Company - California	Benicia	Non-compliance, Major Facility Review (Title V); Particulate Matter & Visible Emissions; Equipment Leaks; Storage of Organic Liquids; Sulfur Dioxide
Sonoma County				
Status				Regulation
Date	Site #	Site Name	City	Title
12/17/2014	A1403	City of Santa Rosa Wastewater Treatment	Santa Rosa	Non-compliance, Major Facility Review (Title V)
12/15/2014	W9755	Randy Peterson	Sonoma	Open Burning
Out of Area Counties				
Status				Regulation
Date	Site #	Site Name	City	Title
12/15/2014	W9869	Lux Leasing LLC	Anaheim	Naturally Occurring Asbestos (NOA)

**Closed Notice of Violations with Penalties by County
October 1, 2014 – December 31, 2014**

Alameda

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
167th Ave Gas Station	W6378	San Leandro	\$300	1
BASF Corporation	A2513	Newark	\$1,000	1
Claremont Country Club	W7318	Oakland	\$1,000	1
Gaylord's Caffe Espresso	E1279	Oakland	\$750	2
Robert/Janet Garcia	W9684	Oakland	Passed Wood Smoke Course	1
Synergy Enterprises	W8926	Hayward	\$3,000	1
Tosco Facility #11101	W5762	Union City	\$1,500	1

Total Violations Closed: 8

Closed Notice of Violations with Penalties by County
October 1, 2014 – December 31, 2014
(continued)

Contra Costa

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Antioch Speedway	W7092	Antioch	\$750	1
Chevron Products Company	A0010	Richmond	\$278,000	40
Contra Costa County Fairgrounds	W7088	Antioch	\$600	1
Crockett Cogeneration	A8664	Crockett	\$15,000	2
Deborah Maples	W9608	Antioch	Passed Wood Smoke Course	1
Dyanna Sweeney	W7435	Brentwood	\$500	1
John Muir Medical Center	B0742	Walnut Creek	\$1,250	1
KAG West, LLC	N1032	Martinez	\$3,000	1
Kinder Morgan Liquids Terminals, LLC	B3002	Richmond	\$13,000	1
Marble Shop, Inc	A6288	Pittsburg	\$500	1
Michael/Evelyn Cole	W9605	Pittsburg	Passed Wood Smoke Course	1
Nonstop Investment Inc.	V4538	Concord	\$1,000	1
SFPP, L P	A4022	Concord	\$7,500	1
Shell Martinez Refinery	A0011	Martinez	\$59,500	9
Tesoro Refining & Marketing Company LLC	B2758	Martinez	\$260,000	29
United Spiral Pipe LLC Manufacturing Plan	B8478	Pittsburg	\$3,000	1

Total Violations Closed: 92

**Closed Notice of Violations with Penalties by County
October 1, 2014 – December 31, 2014
(continued)**

Marin

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Gas and Shop	W9824	San Anselmo	\$1,350	2
Seven Circles Foundation	V1175	Lagunitas	\$2,000	1
Total Violations Closed:				3

San Francisco

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Superior Furniture Stripping & Refinishing	B3056	San Francisco	\$1,500	1
Superior Furniture Stripping and Refinishing	B3056	San Francisco	\$1,500	1
Total Violations Closed:				2

San Mateo

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
City of Foster City	A8353	Foster City	\$500	1
Eagle's General Construction Co.	R2384	Millbrae	\$1,500	1
Erick Ng	W9617	San Bruno	Passed Wood Smoke Course	1
Food & Gas Company/Valero	W1691	Hillsborough	\$750	1

**Closed Notice of Violations with Penalties by County
 October 1, 2014 – December 31, 2014
 (continued)**

San Mateo

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Gas and Shop	V8935	San Bruno	\$1,000	1
Loop Transportation	W8946	South San Francisco	\$600	2
Patricia Manss	W9610	San Bruno	\$100	1
SFPP, LP	A4021	Brisbane	\$5,000	1
Sims Metal Management	A5152	Redwood City	\$36,000	2

Total Violations Closed: 11

Santa Clara

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Gas & Shop	W8701	Morgan Hill	\$3,000	1
HGST, a Western Digital Company	A6049	San Jose	\$1,000	1
James Suner	W7967	Gilroy	\$1,500	1
Juan & Adriana Soto	W3200	Campbell	\$500	2

**Closed Notice of Violations with Penalties by County
October 1, 2014 – December 31, 2014
(continued)**

Santa Clara

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
KAG West, LLC	N1032	San Jose	\$9,000	3
Northrop Grumman Systems Corporation	B0861	Sunnyvale	\$6,000	2
San Ysidro Vineyards	W7663	Gilroy	\$750	1
SAP Labs, Incorporated	J7512	Palo Alto	\$1,500	2
Specialized Bicycles Components, Inc	E1459	Morgan Hill	\$6,000	2
West Coast Vanities	B5355	Santa Clara	\$500	1

Total Violations Closed: 16

Solano

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
All-Points Petroleum	W7608	Benicia	\$500	1
Unico Services Inc	A9612	Benicia	\$1,500	2

Total Violations Closed: 3

**Closed Notice of Violations with Penalties by County
 October 1, 2014 – December 31, 2014
 (continued)**

Sonoma

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Alfredo Nunez	V8111	Windsor	\$500	1
Antonio Solorio	W4659	Santa Rosa	\$400	1
Sonoma County Department of Public Works	A2254	Petaluma	\$2,750	2

Total Violations Closed: 4

Bay Area Air Quality Management District

Board of Directors

LIST OF ACRONYMS

AA	Annual Average
AAMP	Ambient Air Monitoring Program
AB32	Assembly Bill 32 – Global Warming Solutions Act
Al	Aluminium
Al ₂ O ₃	Alumina (Aluminium Oxide)
AlF ₃	Aluminium Fluoride
AIRS	Aeromatic Information Retrieval System
AIRMoN	Atmospheric Integrated Research Monitoring Network
ALAPCO	Association of Local Air Pollution Control Officials
Aluminium Plant	Carbon Plant, Reduction Plant, Casthouse, Anode Service Area, and related utilities
Air District	Bay Area Air Quality Management District
AMTAC	ARB Air Monitoring Technical Advisory Committee
AMTIC	Air Monitoring Technology Information Center
ANPR	Advanced Notice of Proposed Rulemaking
APCD	Air Pollution Control District
APCO	Air Pollution Control Officer
API	American Petroleum Institute
APTI	Air Pollution Technology Institute
ARB	California Air Resources Board
ARM	Area Recognized Method
AQI	Air Quality Index
AQIS	Air Quality Instrument Specialist
AQS	EPA's Air Quality (data) System
AQRS	Air Quality Research Subcommittee
AQTA	Air Quality Technical Assistant
ARM	Approved Regional Method
ASA	Anode Service Area
ASP	Anode Service Plant
ASTCM	Astrodynamics Common
ASTM	American Society for Testing and Materials
AWMA	Air and Waste Management Association
BAAQMD	Bay Area Air Quality Management District
BAM	Beta Attenuation Monitor
BAM	Beta-Attenuation Metre
BAT(NEEC)	Best Available Techniques (Not Entailing Excessive Cost)
BC	Black carbon
BC	Background Concentration
BCP	Best Current Practice
BGI	BGI, Incorporated
BPT	Best Practicable Technology
BRC	Background Reference Concentration
bgl	Below ground level

BOD	Biochemical Oxygen Demand
BPEO	Best Practicable Environmental Option
BREF note	Best Available Techniques Reference Document
btc	Below top of casing
BTEX	Benzene, Toluene, Ethylbenzene and Xylene
°C	Degrees Celsius
C	Carbon
C _a O	Lime (calcium oxide)
CAA	(Federal) Clean Air Act
CAC	Correlating Acceptable Continuous (monitor)
CAIR	Clean Air Interstate Rule
CAP	Clean Air Plan
CARB	California Air Resources Board
CARE	Community Air Risk Evaluation
CASAC	Clean Air Science Advisory Committee
CAS	Chemical Abstracts Service (a chemical reference number)
CASTNET	Clean Air Status and Trends Network
CBSA	Core Based Statistical Area
CCC	Criteria Continuous Concentration
CCP	Carbon Crushing Plant
Cd	Cadmium
CD	Chart Datum
CDM	Clean Development Mechanism
CEM	Continuous Emissions Monitoring
CENR	Committee for Environment and Natural Resources
CEQA	California Environmental Quality Act
CEU	Continuing Education Unit
CFR	U.S. Code of Federal Regulations
CH ₄	Methane
Cl	Chloride(s)
CI	Confidence Interval
CMAQ	Community Model Air Quality (system)
CMC	Criteria Maximum Concentration
CN	Cyanide
CO	Carbon monoxide
CO ₂	Carbon Dioxide
CoC	Chain of custody
COD	Chemical Oxygen Demand
COH	Coefficient of Haze
Cr(VI)	Chromium (hexavalent)
CREL	Chronic Reference Exposure Level
CRPAQS	Central Valley (California) Regional Particulate Air Quality Study
CRRP	Community Risk Reduction Program
CSN	Chemical Speciation Network
CSR	Corporate Social Responsibility
CV	Coefficient of variation
CWMP	Construction Waste Management Plan
CY	Calendar Year
Cu	Copper
DAS	Data Acquisition System

dB(A)	‘A’ weighted decibel noise level
dBL _{Aeq}	‘A’ weighted energy-equivalent decibel noise level
DC	Direct Current
DEARS	Detroit Exposure and Aerosol Research Study
DHS	Department of Homeland Security
District	Bay Area Air Quality Management District
DIV	Dutch Intervention Values
DMC	Data Management Center
DMS	Data management system
DNPB	2, 4-dinitrophenyl hydrazine
DO	Dissolved Oxygen
DOE	Department of Energy
DOI	Department of Interior
DQA	Data Quality Assessment
DQI	Data Quality Indicators
DQO	Data Quality Objectives
DRI	Direct Reduction Iron
DTV	Dutch Target Values
DVM	Digital Voltmeter
EC	European Commission
EC/OC	Elemental carbon/organic carbon
EECS	Electrical Equipment Calibration Service (in Fremont, CA)
EI	Extrusion Ingots
EIA	Environmental Impact Assessment
EML	Environmental Measurements Laboratory
EMP	Environmental Management Plan
EPA	U.S. Environmental Protection Agency
EPC	Engineering, Procurement and Construction
EPS	Environmental Protection Standards
EQS	Environmental Quality Standard
ESAT	Environmental Services Assistance Team
ET	Enviro Technology
EU	European Union
F-	Fluoride(s)
FA	Foundry Alloy
FEM	Federal Equivalent Method
FLM	Federal Land Manager
FMP	Flare Minimization Plan
FRM	Federal Reference Method
FTP	Fume Treatment Plant
FY	Fiscal Year
g/s	Grams per second
GAO	General Accounting Office
GC	Gas Chromatograph
GC-MS	Gas Chromatography-Mass Spectrometry
GDP	Gross Domestic Product
GHG(s)	Greenhouse Gas(es)
GIS	Geographical Information System
GLM	Ground Level Monitoring
GMW	General Metal Works (PM ₁₀ sampler manufacturer)

GPS	Global Positioning System
GWP	Global Warming Potential
H ₂ S	Hydrogen sulfide
HAL 275	Norsk Hydro Reduction Technology
HAP	Hazardous Air Pollutants
HAZID	Hazard Identification
HC	Hydrocarbon
HCl	Hydrogen chloride
HEI	Health Effects Institute
HF	Hydrogen fluoride
HPLC	High Performance Liquid Chromatograph
HSE	Health, Safety and Environment
HTM	Heating Transfer Medium
Hydro	Norsk Hydro ASA
IACET	International Association for Continuing Education and Training
IADN	Interagency Deposition Network
IC	Ion Chromatography
ICR	Information Collection Request
IEA	Initial Environmental Authorization
IFC	International Finance Corporation
ILSC	Indicative Levels of Serious Contamination
IMPROVE	Interagency Monitoring of Protected Visual Environments
IPP	Independent Power Producer
ISQG	Interim Sediment Quality Standard
ISR	Indirect Source Rule
ITEP	Institute of Tribal Environmental Professionals
ITT	Information Transfer Technology
JV	Joint Venture
K	Kelvin
K	Thousand
km	kilometer
kV	Kilovolt
kt/yr	Thousands of tons per year
kPa	Thousand Pascal
l	Litre
LC-50	Lethal Concentration of a chemical which kills 50% of a sample population
L _{eq}	Unweighted energy-equivalent noise level
LCS	Laboratory Control Sample
LDAR	Leak Detection and Repair
LLD	Lower Limit of Detection
LNB	Low NO _x Burner
LOD	Limit of Detection
LOQ	Limit of Quantitation
lpm	Liters per minute
l/s	Litres per second
L _{WA}	'A' weighted sound power level
M	Million
m	Metre
m/s	Metres per second

m ³ /s	Cubic metres per second
MAC	Maximum Allowable Concentration
MANE-VU	Mid-Atlantic/Northeast Visibility Union
MDL	Method Detection Limit
MDN	Mercury Deposition Network
MEI	Ministry of Energy and Industry
MET/PE	Meteorology and Performance Evaluation
mg/kg	Milligrams per kilogram
mg/l	Milligrams per litre
mg/m ³	Milligrams per cubic metre
mg/Nm ³	Milligrams per normal cubic metre (i.e. expressed at 273K and 101.3 kPa); in the case of gas turbines, gas volumes in units on “Nm ³ ” are also expressed as dry gas, at 15% O ₂ .
MHWTC	Mesaieed Hazardous Waste Treatment Centre
MIC	Mesaieed Industrial City
ml	Millilitre
MMAA	Ministry of Municipal Affairs and Agriculture
MMWDS	Mesaieed Municipal Waste Disposal Site
MPA	Maximum Permissible Addition
MPC	Maximum Permissible Concentration
MQA	Meteorology and Quality Assurance
MS	Matrix spikes
MSm ³	Million standard cubic metres
MW	Megawatts
MWe	Megawatts electrical (electrical output)
MWth	Megawatts thermal (thermal input)
N	Nitrogen
NAAQS	National Ambient Air Quality Standard
Na	Sodium
NAAMS	National Ambient Air Monitoring System
NAATS	National Ambient Air Toxics Sites
NACAA	National Association of Clean Air Agencies
NADP	National Atmospheric Deposition Program
NAMS	National Air Monitoring Station
Na ₃ AlF ₆	Cryolite
NaCl	Sodium chloride (salt)
NAPAP	National Acid Precipitation Assessment Program
NARSTO	North American Research Strategy for Tropospheric Ozone
NAS	National Academy of Science
NASA	National Aeronautics and Space Agency
NATTS	National Ambient Toxic Tends Stations
NAU	Northern Arizona University
NCore	The National Core Monitoring Network
NDIR	non-dispersive infrared
NDUV	Non-dispersive ultraviolet
NEC	No Effect Concentration
NESHAPS	National Emission Standards for Hazardous Air Pollutants
NGO	Non-Governmental Organizations
Ni	Nickel
NILU	Norwegian Institute for Air Research

NISO	North Isomax
NIST	National Institute for Standards and Technology
Nm ³	Normal cubic metre (i.e. expressed at 237K and 101.3 kPa); in the case of gas turbines, gas volumes in units of “Nm ³ ” are also expressed as dry gas, at 15% O ₂ .
Nm ³ /s	Normal cubic metre per second (i.e. expressed at 237K and 101.3 kPa); in the case of gas turbines, gas volumes in units of “Nm ³ ” are also expressed as dry gas, at 15% O ₂ .
NMHC	Non-Methane Hydrocarbons
NMSC	National Monitoring Strategy (or Steering) Committee
NMVOC	Non-Methane Volatile Organic Compounds
N ₂ O	Nitrous Oxide
NO _y	Odd Nitrogen
NIOSH	National Institute for Occupational Safety and Health
NIST	National Institute of Standards and Technology
NO	Nitrogen monoxide/Nitric oxide
NO ₂	Nitrogen dioxide
NO _x	Oxides of nitrogen
NOAA	National Oceanic and Atmospheric Administration
NMHC	Non-methane hydrocarbon
NMOC	Non-methane organic carbon
NO _x /NO _y	Nitrogen Oxides
NPAP	EPA National Performance Audit Program
NPEP	National Performance Evaluation Program
NPS	National Parks Service
NTN	National Trends Network
NTU	Nephelometric Turbidity Units
NVLAP	National Voluntary Laboratory Accreditation Program
O ₂	Oxygen
O ₃	Ozone
OAP	Office of Atmospheric Programs
OAQPS	Office of Air Quality Planning and Standards
OAR	Office of Air and Radiation
OC	Organic Carbon
OC/EC	Organic carbon/elemental carbon
ODAMN	Operations Data Action Monitoring Notification
OEHHA	Office of Environmental Health Hazard Assessment
OEI	Office of Environmental Information
ORD	Office of Research and Development
ORIA	Office of Radiation and Indoor Air
P	Phosphorous
P	Power
PAHs	Polycyclic Aromatic Hydrocarbons
PAMS	Photochemical Assessment Monitoring Stations
Pb	Lead
PBMS	Performance-Based Measurement System
PBT	Persistent Bioaccumulative Toxics
PCBs	Polychlorinated Byphenyls
PCC	Petrochemical Complex
PE	Performance Evaluation

PEP	Performance Evaluation Program
PEL	Probable Effect Level
PFC	Polyfluorocarbons
PM	Particulate matter
PM ₁₀	Particulate matter with mean aerodynamic diameter of 10 microns
PM _{2.5}	Particulate matter with mean aerodynamic diameter of 2.5 microns
PM _{10-2.5}	PM ₁₀ minus PM _{2.5}
PO	Purchase Order
POCP	Photochemical Ozone Creation Potential
POP	Persistent Organic pollutants
ppb	Parts per billion
PPAH	Pollution Prevention and Abatement Handbook
ppb (v)(w)	Parts per billion (volume) (weight)
ppm (v) (w)	Parts per million (volume) (weight)
ppt (v) (w)	Parts per thousand (volume) (weight)
PQAO	Primary Quality Assurance Organization
PSD	Prevention of significant deterioration
QA	Quality Assessment
QAFAC	Qatar Additives Company
QAFCO	Qatar Fertiliser Company
QASCO	Qatar Steel Company Ltd
Qatalum	The Hydro/QP Aluminium and Power Plant Project
QAPP	Quality Assurance Project/Program Plan
QC	Quality Control
QEWG	Qatar Electricity and Water Company
QMP	Quality Management Plan
QNHD	Qatar National Height Datum (QNHD is ~1.3 m above Chart Datum)
QP	Qatar Petroleum
RADM	Regional Acid Deposition Model
RCA	Reportable Compliance Activity
RCEP	Royal Commission on Environmental Pollution
REL	Reference Exposure Level
REM	Regional Equivalent Monitor
RO	EPA Regional Office
ROG	Reactive Organic Gases
ROM	Regional Oxidant Model
ROPME	Regional Organisation for Protection of the Marine Environment
RPO	Regional Planning Organization
RTD	Resistance Temperature Detector
RTP	Research Triangle Park (North Carolina)
RTI	Research Triangle Institute, a research/consulting company
RTO	Regenerative Thermal Oxidiser
S	Sulphur
S&T	Science and Technology
SAB	Science Advisory Board
SAMWG	Standing Air Monitoring Work Group
SAP	Socio-Economic Action Plan
SASP	Surface Air Sampling Program
SARC	Scientific and Applied Research Centre
SB 375	Sustainable Communities and Climate Protection Act of 2008

SCAQMD	South Coast Air Quality Management District
SCENR/SCE	Supreme Council for the Environment & Natural Reserves
SIP	State Implementation Plan
SISO	South Isomax
SLAMS	State or Local Air Monitoring Station
SLTs	State, Local, and Tribal air monitoring agencies
SO ₂	Sulfur dioxide
SOP	Standard operating procedure
SPL	Spent Potlining
SPM	Special Purpose Monitor
SRP	Standard Reference Photometer
SS	Supersite
SSEIA	Scoping Study for Environmental Impact Assessment Report
STAG	State and Tribal Air Grant
STAPPA	State and Territorial Air Pollution Program Administrators
STN	Speciation Trends Network
Strategy	The National Air Monitoring Strategy
SVOC	Semi-Volatile Organic Compound
SWS	Seawater Scrubber
t/d	Tonnes per day
t/h	Tonnes per hour
t/yr	Tonnes per year
TAMS	Tribal Air Monitoring Support (Center)
TAD	Technical Assistance Document
TAR	Tribal Authority Rule
TBD	To Be Determined
TECO	Thermo Electron Corporation, now Thermo Fisher Scientific
TEOM	Tapered Element Oscillation Monitor
THC	Total hydrocarbons
TIP	Tribal Implementation Plan
TNMHC	Total non-methane hydrocarbons
TNMOC	Total non-methane Organic Compound
TOC	Total Organic Carbon
TOM	Total Organic Matter
Tpd	Tons per day
TPH	Total Petroleum Hydrocarbons
TPY	Tons Per Year
TSA	Technical systems audits
TSD	Technical Services Division
TSP	Total suspended particulates
TSS	Total Suspended Solids
T-REX	Traffic Related Exposure Study
TWA	Time Weighted Average
UAM	Urban Airshed Model
UFP	Ultrafine Particulate Matter
UN	United Nations
UNEP	UN Environmental Program
USB	Universal Serial Bus
US EPA	United States Environmental Protection Agency
UV	Ultraviolet

VDC	Vertical Direct Chill (Casting Machines)
VOC	Volatile Organic Compounds
WB	World Bank
WBT	Wet Bulb Temperature
WB PPAH	WB Pollution Prevention and Abatement Handbook
WHO	World Health Organization
WMP	Waste Management Plan
XML	Extensible Markup Language
ΔT	Temperature differential
$\mu\text{g/l}$	Microgrammes per litre
$\mu\text{g/m}^3$	Micrograms (one millionth of a gram) per cubic metre
μm	Micrometers
$\mu\text{M/l}$	Micromoles per litre

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 4, 2015

Re: Notice of Proposed Amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees and Section 6.10: Public Outreach Committee

RECOMMENDED ACTION

The Board of Directors will consider proposed amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees and Section 6.10: Public Outreach.

BACKGROUND

In accordance with provisions of the Administrative Code governing amendments to the Code, notice is hereby given at the Board of Directors regular meeting of February 18, 2015 that the Board of Directors will consider at its next regular meeting, amendments to the Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees and Section 6.10: Public Outreach Committee.

These amendments will change the name of and replace all references to the "Public Outreach Committee" to the "Public Engagement Committee" in the Administrative Code. This name change accurately reflects the Air District's programs that report to this Committee: the Communications Office and the Community Engagement Office.

This noticing action begins the process of amending the Air District's Administrative Code to incorporate the proposed amendments.

All amendments are reflected in the attached underline/strikethrough version of the Administrative Code.

DISCUSSION

Administrative Code Section 14.1, Amendments Mechanism, requires the noticing of proposed amendments at a preceding meeting of the Board of Directors before adoption can take place.

The proposed amendments to the Administrative Code are attached for your review and consideration.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Maricela Martinez

Reviewed by: Rex Sanders

Attachment: Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees and Section 6.10: Public Outreach Committee

SECTION 6 BOARD OF DIRECTORS, COMMITTEES

6.1 SPECIAL COMMITTEES.

All special committees shall be appointed by the Chairperson, unless otherwise directed by the Board.

6.2 STANDING COMMITTEES. (Revised 12/6/06)

Standing Committees of the Board of Directors shall be the following:

- (a) Executive Committee, consisting of the Chairperson of the Board, who shall be Chairperson of the Committee, the Vice-Chairperson of the Board, the Board Secretary, the last past Chairperson and five (5) other Directors appointed by the Chairperson.
- (b) Budget and Finance Committee, consisting of nine (9) Directors appointed by the Chairperson.
- (c) Personnel Committee, consisting of nine (9) Directors appointed by the Chairperson.
- (d) Legislative Committee, consisting of nine (9) Directors appointed by the Chairperson.
- (e) Mobile Source Committee, consisting of nine (9) Directors appointed by the Chairperson.
- (f) Public **Outreach Engagement** Committee, consisting of (9) Directors appointed by the Chairperson.
- (g) Stationary Source Committee, consisting of nine (9) Directors appointed by the Chairperson.
- (h) Climate Protection Committee, consisting of nine (9) Directors appointed by the Chairperson.
- (i) The Chairperson shall be an ex-officio member of all Standing Committees of the Board of Directors.
- (j) Each Standing Committee shall have authority to make recommendations to the Board of Directors for action regarding matters within the scope of the Committee's jurisdiction. A standing committee may discuss but may not make recommendations to the Board of Directors regarding issues outside of its jurisdiction and shall refer such matters to the appropriate committee. Except as specified in this Division or as otherwise specified by the Board of Directors, Standing Committees are not delegated decision-making authority.

6.3 ROTATION OF COMMITTEES.

The membership on committees shall ordinarily be rotated among the Counties so as to secure participation in the work of the District by as broad a representation as may be possible.

6.4 DUTIES OF EXECUTIVE COMMITTEE.

It is the function of the Executive Committee to consider such matters of policy affecting the affairs of the District as may arise from time to time when the Board of Directors is not in session. The Executive Committee shall consult with the officers of the District and, within the scope and limitations of resolutions or other policies adopted by the Board of Directors, shall implement and make more specific the policies and programs of the District and, within such limits determine policies for the officers of the District. The Executive Committee shall not have authority to authorize the expenditure of any moneys otherwise than is appropriated

by the budget adopted by the Board of Directors or to alter, change or reverse any policy established by the Board of Directors. (See Section I-6.7) The Executive Committee shall have the responsibility for overseeing and guiding staff activities relative to long range planning and for receiving short range and long range plan proposals submitted by the District staff, as well as goals and objectives of the District; and for endorsing each year a long range plan to be submitted to the Board for its approval, and to the Budget and Finance Committee for its use in reviewing the Budget. The Executive Committee should review the goals and objectives, short and long range plans of the California Air Resources Board to the extent that they are known. The Executive Committee may receive and consider staff reports, presentations by staff members or other persons, and any other matter not requiring action by the Board. The Executive Committee shall subsequently report on such matters to the Board at a regular meeting of the Board.

6.5 BUDGET AND FINANCE COMMITTEE. (Revised 5/3/00)

It is the function of the Budget and Finance Committee to assist in the preparation of the annual budget for the District and to present the annual budget with recommendations to the District Board of Directors. The Budget and Finance Committee also is responsible for approving administrative policy proposed by the APCO in the area of finance, procurement, insurance and related matters. At Budget review time each year the Committee shall evaluate District goals and objectives and recommend to the Board of Directors any changes, deletions and additions which it determines to be appropriate.

6.6 PERSONNEL COMMITTEE.

It is the function of the Personnel Committee to consider and recommend policies of the District relating to procurement of officers and employees, employment of officers and employees, discharge of officers and employees, salaries and working conditions, and the retaining of consultants. The Personnel Committee shall keep itself informed as to the work of the Advisory Council and Hearing Board, to be informed about persons in the community who may be qualified to serve on the Advisory Council and Hearing Board, and to recommend to the Board of Directors selection of such persons whenever vacancies may from time to time occur in the Advisory Council and Hearing Board.

6.7 LEGISLATIVE COMMITTEE.

It is the function of the Legislative Committee to consider and recommend legislative proposals for the District and to consider and recommend a District position on all proposed legislation affecting the District. The Legislative Committee, in conjunction with District staff and the District Legislative Advocate, will keep itself informed on pending legislative matters and will meet and/or confer with appropriate legislators as necessary.

6.8 NOMINATING COMMITTEE. (Revised 10/4/95)

The Nominating Committee will consist of the Chairperson of the Board, the past Chairperson of the Board and three (3) appointees of the Chairperson of the Board, or in the event the past Chairperson of the Board is no longer serving on the Board, four (4) appointees of the Chairperson of the Board. The Nominating Committee shall be appointed no later than the second Board Meeting in November of each year and shall serve until the appointment of a new Committee. It is the function of the Nominating Committee to recommend to the Board the officers for each calendar year. In making its recommendation, the Committee shall not be bound by a recommendation of a previous Nominating Committee. The Committee need not follow a strict rule of rotation between supervisor and city members but may take into account their proportionate membership on the Board of Directors. Additionally, the Committee shall take into account the provisions of Section I-2.7.

6.9 MOBILE SOURCE COMMITTEE. (Revised 3/18/98)

It is the function of the Mobile Source Committee to consider and recommend policies and positions of the District relating to transportation planning and funding, on-road and off-road mobile sources, and mobile source fuels. The Mobile Source Committee will keep itself

informed on actions or proposed actions by local, regional, state and federal agencies affecting air pollutant emissions from mobile sources.

6.10 PUBLIC ~~OUTREACH~~ ENGAGEMENT COMMITTEE

It is the function of the Public ~~Outreach~~ Engagement Committee to give overall direction to the District's public ~~outreach-engagement~~ programs. In addition, the Committee hears proposals and makes recommendations to the Board of Directors regarding the selection of a contractor(s) to assist the District with aspects of the public ~~outreach engagement~~ programs. The Committee consists of Board members who vote on issues that come before the Committee.

6.11 STATIONARY SOURCE COMMITTEE. (Revised 2/19/03)

It is the function of the Stationary Source Committee to consider and recommend policies to the Board of Directors relating to stationary sources. The Committee shall recommend to the Board of Directors stationary source policy issues affecting the implementation of the State and Federal Air Quality Management Plans and key planning policy issues such as federal and State Air Quality Management Plan development and air quality and economic modeling. The Stationary Source Committee shall review and make recommendations to the Board of Directors regarding major stationary source programs including: permitting, compliance, small business assistance, toxics, source education, and rule development. The Stationary Source Committee shall recommend to the Board of Directors positions concerning federal and state regulations that affect stationary sources. The Stationary Source Committee shall recommend policies to the Board of Directors for disbursement of supplemental environmental project grants.

6.12 CLIMATE PROTECTION COMMITTEE

It is the function of the Climate Protection Committee to consider and recommend to the Board of Directors policies and positions of the District relating to climate protection activities and funding. The Climate Protection Committee will keep itself informed on actions and proposed actions by local, regional, state, federal, and international agencies and organizations relating to climate protection.

6.13 QUORUM FOR COMMITTEES (Revised 12/6/06)

There is no quorum requirement for a Committee meeting to be held, except that, for the purpose of making a Committee recommendation to the Board of Directors, there is established a quorum of five (5) Committee members.

6.14 COMMITTEE PROCEDURE (Revised 12/6/06)

- (a) Voting. Only members of the Committee shall be allowed to vote on Committee recommendations.
- (b) Minority Report. Any Committee member can submit a Minority Report to accompany the Committee recommendation submitted to the Board of Directors, but may not use District staff to prepare such report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: February 5, 2015

Re: Update on the Air District Advisory Council

RECOMMENDED ACTION

The Board of Directors will consider the appointment of Stan Hayes to the Advisory Council effective July 1, 2015.

DISCUSSION

Senate Bill 1415 (SB1415) abolishes the current membership of the Advisory Council, and reconstitutes the membership of the Advisory Council to include seven appointed members effective July 1, 2015.

SB1415 requires that the Advisory Council members be skilled and experienced in the fields of air pollution, climate change, or the health impacts of air pollution. The new Advisory Council will include a diversity of perspectives, expertise, and backgrounds.

For continuity, as previously discussed with the Personnel Committee, an appointment of a current member of the council is recommended.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 5, 2015

Re: Increase in Cylogy, Inc. contract by \$70,000 for Website Content Migration and
Custom Integrations

RECOMMENDED ACTION

Recommend the Board of Directors:

- Authorize the Executive Officer/APCO to increase the contract for Cylogy, Inc. (Cylogy) from \$180,000 to \$250,000 (\$70,000) for custom integrations and content migration to the My Air Online website.

BACKGROUND

On June 3, 2014, the Air District entered into an ongoing contract for the support and maintenance of its current website with Cylogy. As part of this contract, Cylogy is responsible for the upkeep and programming of the backbone software for web operations (Sitecore and ASP.NET) and for the development of any additional custom functionality necessary to enhance operations on the current website.

Through the My Air Online website development process, the Air District and its contractor, Oasis Technology Partners, have determined that a large number of the custom functions on the current website should be integrated into the new site. As part of this agenda item, staff will request additional funding for Cylogy to integrate current custom website functions and to migrate edited content to the new website.

DISCUSSION

The Air District's current website has a number of complicated and custom integrations that are considered vital to its functionality. These include: custom search functionality, newsletter functionality, custom alerts for incidents and the Spare the Air Program, flare data, etc. In order to ensure that these functions are integrated efficiently in the new Air District website, staff is requesting an increase of \$70,000 to the Air District's current contract with Cylogy.

As the Air District's web maintenance contractor and developer over the past 6 years, Cylogy has developed or integrated much of the custom functionality that needs to be transferred to the

new website. Additionally, even as the new website is being developed, Cylogy continues to finalize additional mission critical custom functionality, like the new air quality portal which just went online in January 2015. Therefore, staff believes that Cylogy has the best knowledge base and is best positioned to assist the Air District in transitioning content and custom functionality to its new site.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. The cost of the Cylogy contract increase was included the FYE 2015 budget in Program 309.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anja Page
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 5, 2015

Re: Selection of Translation Service for Air District Website

RECOMMENDED ACTION

Recommend the Board of Directors:

- Authorize the Executive Officer/APCO to execute a contract with Avantpage, not to exceed \$100,000 for the initial translation of the air districts website content, with an optional time and materials extension for the translation of future web content.

BACKGROUND

As part of the My Air Online project, the Air District's website, www.baaqmd.gov, is currently being redesigned and modernized to be more accessible to public and industry stakeholders. As part of this effort, the Air District is re-envisioning its content and has planned to reduce the number of webpages on the site from over 400 to approximately 200. This reduction will necessitate content clean up and consolidation, and is coupled with additional efforts to expose more data to Air District stakeholders via visual mapping tools. The overall goal of the redesign project is to increase interaction with the Air District website and to provide information in a more usable format for the general public and other Air District stakeholders. In order to accomplish this goal, the Air District issued an RFP seeking assistance with translation of the content for the new website into Spanish, Chinese, Vietnamese and Tagalog to increase the new site's usability and accessibility.

DISCUSSION

The RFP for the translation services contract was released on December 1, 2014. Questions were due on the RFP by December 10, 2014, and the Air District received a total of 23 questions. Answers to questions were provided on December 15, 2014, and the RFP closed on December 19, 2014. The Air District received 6 proposal for website translation services.

Air District staff performed a thorough evaluation of vendor submittals based on the following criteria:

Table 1 - RFP Evaluation Criteria

Organization	Organization background, financial size and stability.	5%
Expertise	Organization and its proposed resources have proven success in translating content for: websites of similar size and scope and agencies/businesses similar to the Air District.	20%
Approach	Proposal addresses project requirements, reflects a clear understanding of meeting the project and agency objectives	30%
Sample Translations	Translation submittals demonstrate vendors understanding and skill in creating the new content required by the Air District.	30%
Cost	Cost Proposal optimizes personnel cost effectiveness, expertise and allocation.	10%
Firm's Specialty Focus Area	Minority-owned, veteran-owned, women-owned, Certified Green, or local business designations. Experience working with government agencies.	5%
	Total	100%

Table 2 below shows the evaluation results for the RFP:

Table 2 - RFP Evaluation Results

Evaluation Criteria	Points	Indus Translation Services	Metlang	CTS language link	Interpreters Unlimited	Lionsbridge	Avantpage
Organization	5	2	4	4	4	5	4
Expertise	20	8	14	15	13	15	17
Approach	30	12	18	18	21	23	25
Sample Translations	30	7	5	3	3	7	9
Cost	10	2	3	2	3	2	5
Firm's Speciality Focus Area	5	23	12	26	24	23	25
Total Points	100	54	55	67	68	74	85

Based on the evaluation above, staff recommends Avantpage as the contractor for the Website translation services contract.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for this contract is included in the FYE 2015 budget. The contract for these services will also contain a clause for optional time and materials extensions for additional content developed subsequent to the initial translation of the Air District website. These costs will be budgeted as part of the FYE 2016 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anja Page
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: January 22, 2015

Re: Report of the Mobile Source Committee Meeting of January 22, 2015

RECOMMENDED ACTION

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

A) Projects and Contracts with Proposed Awards over \$100,000:

- 1) Approve Carl Moyer Program (CMP) and Transportation Fund for Clean Air (TFCA) projects with proposed grant awards over \$100,000; and
- 2) Authorize the Executive Officer/APCO to enter into agreements for the recommended projects.

B) Participation in Year 17 of the CMP:

- 1) Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board relating to the Air District's receipt of CMP funds and Multi-District funds for fiscal year (FY) 2014-2015 (Program Year 17); and
- 2) Allocate \$5 million in Mobile Source Incentive Funding (MSIF) to provide the required match funding and additional monies for projects eligible for funding under the CMP.

C) Selection of an Auditor for the Air District's Financial and Grants Program Audits:

- 1) Approve the selection of Gilbert Associates, Inc., to conduct the Air District's 2014-15 Financial Audit, 2013-14 TFCA Audit for Projects and Programs, and a review of the Carbon Offset Project;
- 2) Authorize the Executive Officer/APCO to execute a contract with Gilbert Associates, Inc., for audit services in an amount not to exceed \$217,022; and

- 3) Authorize the Executive Officer/APCO to extend the contract with Gilbert Associates, Inc., in an amount not to exceed \$217,022 annually for up to an additional two years under the terms of the current request for proposals.

D) None; receive and file.

BACKGROUND

The Committee met on Thursday, January 22, 2015, and received the following reports and recommendations:

- A) Projects and Contracts with Proposed Awards over \$100,000;
- B) Participation in Year 17 of the CMP;
- C) Selection of an Auditor for the Air District's Financial and Grants Program Audits; and
- D) Air District Grant Programs Overview.

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) 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 these programs are provided by each funding source.
- B) None. Through the CMP and MSIF grant programs the Air District distributes "pass-through" funds to public agencies and private entities on a reimbursement basis. Administrative costs for all programs are provided by each funding source.
- C) None. The funds for all three projects have been identified in the FY 2014-15 Air District's budget.
- D) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

- Attachment A: 01/22/15 – Mobile Source Committee Meeting Agenda #4
- Attachment B: 01/22/15 – Mobile Source Committee Meeting Agenda #5
- Attachment C: 01/22/15 – Mobile Source Committee Meeting Agenda #6
- Attachment D: 01/22/15 – Mobile Source Committee Meeting Agenda #7

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 5, 2015

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

RECOMMENDATIONS

Recommend Board of Directors:

1. Approve Carl Moyer Program (CMP) and Transportation Fund for Clean Air (TFCA) projects with proposed grant awards over \$100,000.
2. Authorize the Executive Officer/APCO to enter into agreements for the recommended 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, and stationary agricultural pump engines.

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 projects eligible under the CMP.

On February 19, 2014, the Air District Board of Directors (Board) authorized Air District participation in Year 16 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.

Since 1992, the Transportation Fund for Clean Air (TFCA) program has funded projects that achieve surplus emission reductions from on-road motor vehicles. 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 (HSC) Sections 44241 and 44242. Sixty percent of TFCA funds are awarded directly by the Air District. Portions of this funding are allocated by the Board for projects and programs implemented directly by the Air District, including the Spare the Air program and Enhanced Mobile Source Enforcement.

On May 21, 2014, the Board allocated \$18.8 million in TFCA funding for eligible projects in Fiscal Year Ending (FYE) 2015 and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for TFCA-funded projects with individual grant award amounts up to \$100,000. On June 4, 2014, the Board adopted policies and evaluation criteria for the FYE 2015 TFCA Regional Fund program.

CMP and TFCA Regional Fund 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 Board.

DISCUSSION

Carl Moyer Program:

The Air District started accepting applications for CMP Year 16 projects on July 14, 2014. The Air District has approximately \$12 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 January 5, 2015, the Air District had received 36 project applications for the CMP Year 16 cycle. Of the applications that have been evaluated between October 27, 2014, and January 5, 2015, two (2) eligible projects have proposed individual grant awards over \$100,000. These projects will replace four (4) marine propulsion engines, and will reduce over 2.8 tons of NO_x, ROG and PM per year. Staff recommends allocating \$376,900 to these projects from a combination of CMP funds and MSIF revenues. Attachment 1, Table 1, provides additional information on these projects.

Attachment 2, lists all of the eligible projects that have been approved by the Air District as of January 5, 2015, and summarizes the allocation of funding by equipment category, and county. This list also includes the Voucher Incentive Program (VIP) on-road replacement projects awarded since the last committee update. Approximately 40% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities. Attachment 3 summarizes the cumulative allocation of CMP, MSIF, and VIP funding since the Year 11 funding cycle (more than \$68 million awarded to 621 projects).

Transportation Fund for Clean Air:

The Air District has ongoing solicitations for the following FYE 2015 TFCA-funded incentive programs: Shuttle and Ridesharing Services, Bicycle Racks and Electronic Lockers, Plug-in Electric Vehicles, DC fast chargers (cofounded by The California Energy Commission) (CEC) and On-road Truck Replacements.

As of January 5, 2015, the Air District had received 27 project applications for FYE 2015 TFCA funding. Of the applications that have been evaluated between October 27, 2014, and January 5, 2015, one eligible project proposed an individual grant award over \$100,000. This project will deploy 112 electronic bicycle lockers at up to eight Bay Area Rapid Transit District (BART) stations in Alameda, Contra Costa, and San Francisco counties and will reduce over 0.29 tons of NOx, ROG and PM per year. Staff recommends allocating \$280,000 to BART from Air District TFCA fund revenues. Attachment 1, Table 2, provides additional information on this project.

Attachment 4 lists all of the eligible projects that have been approved by the Air District as of January 5, 2015. Attachment 5 summarizes the allocation of funding by project category (Figure 1), and county (Figure 2). During this cycle, approximately \$4.56 million in TFCA funds have been awarded to 20 projects. These 20 projects will reduce over 86 tons of NOx, ROG and PM per year.

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 these programs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Anthony Fournier and Karen Schkolnick
Reviewed by: Damian Breen

- Attachment 1: Projects with grant awards greater than \$100,000 (evaluated between 10/27/14 and 1/5/15)
- Attachment 2: Summary of all CMP/ MSIF and VIP approved and eligible projects (evaluated between 5/6/14 and 1/5/15)
- Attachment 3: Summary of program distribution by county and equipment category for CMP/ MSIF and VIP projects for Years 11-16
- Attachment 4: Summary of all TFCA approved and eligible projects (as of 1/5/15)
- Attachment 5: Summary of distribution of FYE 2015 TFCA funds by county and project category (evaluated between 5/6/14 and 1/5/15)

AGENDA 4 - ATTACHMENT 1

Table 1 - Summary of Carl Moyer Program/ Mobile Source Incentive Fund projects with grant awards greater than \$100k (Evaluated between 10/27/14 and 1/5/15)

Project #	Applicant name	Equipment category	Project description	Proposed contract award	Total project cost	Emission Reductions (Tons per year)			County
						NOx	ROG	PM	
16MOY6	Captain Joe's Sportfishing	Marine	Replacement of two (2) diesel, marine propulsion engines.	\$ 227,250.00	\$ 267,364.00	0.951	0.025	0.044	San Francisco
16MOY28	Amigo Adventure (Charter fishing)	Marine	Replacement of two (2) diesel, marine propulsion engines.	\$ 149,650.00	\$ 176,070.00	1.747	0.024	0.067	San Francisco
2 Projects				\$ 376,900.00		2.698	0.049	0.111	

Table 2 - Summary of TFCA projects with grant awards greater than \$100k (Evaluated between 10/27/14 and 1/5/15)

Project #	Applicant name	Equipment category	Project description	Proposed TFCA award amount	Emission Reductions (Tons per year)			County	
					NO _x	ROG	PM		
15R18	Bay Area Rapid Transit District	Electronic Bicycle Locker	BART Station Electronic Bicycle Lockers	\$ 280,000.00	0.09	0.13	0.07	Regional	
1 Project				\$ 280,000.00		0.09	0.13	0.07	

AGENDA 4 - ATTACHMENT 2

Summary of all CMP, MSIF and VIP approved/ eligible projects (between 5/6/14 and 1/5/15)

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
15MOY89	Ag/ off-road	Tractor replacement	1	\$ 23,100.00	Tri-Valley Vineyard Management Inc.	0.061	0.013	0.003	APCO	Sonoma
15MOY120	Ag/ off-road	Tractor replacement	4	\$ 96,346.00	David Pirio Vineyard Management LLC	0.251	0.059	0.020	APCO	Napa
15MOY80	Ag/ off-road	Tractor replacement	2	\$ 59,791.00	Kenzo Estate, Inc.	0.186	0.033	0.015	APCO	Napa
15MOY94	Ag/ off-road	Tractor replacement	2	\$ 85,280.00	Garry Mahrt (Farmer)	0.319	0.060	0.024	APCO	Sonoma
15MOY104	Ag/ off-road	Tractor replacement	1	\$ 38,428.00	Capp Bros Vineyard Management	0.097	0.025	0.010	APCO	Napa
15MOY105	Ag/ off-road	Tractor replacement	1	\$ 40,801.00	Domenico J. Carinalli, Jr.	0.114	0.024	0.006	APCO	Sonoma
15MOY107	Ag/ off-road	Tractor replacement	1	\$ 42,232.00	M. German & Son (Farmer)	0.175	0.032	0.015	APCO	Solano
15MOY108	Ag/ off-road	Tractor replacement	1	\$ 28,704.00	Clementina Biale Vineyards	0.083	0.017	0.006	APCO	Napa
15MOY109	Ag/ off-road	Tractor replacement	1	\$ 47,910.00	Cunningham Dairy	0.243	0.015	0.013	APCO	Sonoma
15MOY97	Ag/ off-road	Tractor replacement	1	\$ 22,580.00	Bowland Vineyard Mgt, Inc.	0.059	0.013	0.003	APCO	Sonoma
15MOY100	Ag/ off-road	Tractor replacement	1	\$ 62,676.00	Custom Tractor Sevice	0.382	0.053	0.019	APCO	Sonoma
15MOY99	Ag/ off-road	Tractor replacement	1	\$ 39,757.00	Regusci Vineyard Management, Inc.	0.104	0.029	0.010	APCO	Napa
15MOY110	Ag/ off-road	Tractor replacement	1	\$ 33,860.00	Roche Winery, LLC.	0.067	0.014	0.006	APCO	Sonoma
15MOY115	Ag/ off-road	Tractor replacement	2	\$ 76,115.00	Nancy and Tony Lilly (Vineyard)	0.220	0.045	0.021	APCO	Sonoma
15MOY118	Ag/ off-road	Tractor replacement	1	\$ 28,898.00	Pina Vineyard Management , LLC.	0.129	0.026	0.009	APCO	Napa
15MOY119	Ag/ off-road	Tractor replacement	2	\$ 58,835.00	Chappellet Vineyard	0.152	0.022	0.009	APCO	Napa
15MOY122	Ag/ off-road	Tractor replacement	1	\$ 32,081.00	Cornerstone Certified Vineyard	0.074	0.016	0.006	APCO	Sonoma
15MOY123	Ag/ off-road	Tractor replacement	1	\$ 71,775.00	Glenn Yenni & Sons, Inc.	0.153	0.029	0.013	APCO	Sonoma
15MOY137	Marine	Engine replacement	2	\$ 99,550.00	Brian Collier (Charter fishing)	0.937	-0.010	0.037	APCO	Contra Costa
15MOY116	Ag/ off-road	Equipment replacement	1	\$ 63,622.00	Morrison Brother's Dairy	0.171	0.042	0.021	APCO	Sonoma
15MOY124	Ag/ off-road	Equipment replacement	1	\$ 46,040.00	Blakes Landing Farms, Inc.	0.116	0.020	0.007	APCO	Marin
15MOY128	Ag/ off-road	Equipment replacement	1	\$ 42,232.00	Deniz Dairy	0.135	0.023	0.008	APCO	Sonoma
15MOY129	Ag/ off-road	Equipment replacement	5	\$ 183,906.00	Colinas Farming Company	0.402	0.086	0.037	10/15/2014	Napa
15MOY136	Ag/ off-road	Equipment replacement	1	\$ 27,480.00	Dirt Farmer & Company	0.052	0.015	0.005	APCO	Sonoma
15MOY133	Ag/ off-road	Equipment replacement	1	\$ 41,017.00	Alta Vineyard Management, Inc.	0.164	0.032	0.009	APCO	Sonoma
15MOY132	Ag/ off-road	Equipment replacement	1	\$ 27,865.00	B Wise Vinyeards, LLC	0.053	0.016	0.005	APCO	Sonoma
15MOY135	Marine	Equipment replacement	2	\$ 68,500.00	San Francisco Bar Pilots	0.419	0.006	0.017	APCO	San Francisco
15MOY130	Off-road	Equipment replacement	2	\$ 188,559.00	Evergreen Materials Inc. DBA Evergreen Supply	1.098	0.162	0.053	10/15/2014	Santa Clara
16MOY2	Ag/ off-road	Equipment replacement	2	\$ 289,836.00	Rankins AG, Inc.	2.947	0.298	0.111	10/15/2014	Contra Costa
16MOY4	Ag/ off-road	Equipment replacement	1	\$ 41,017.00	John Camozzi (Farm/ ranch)	0.176	0.029	0.011	APCO	Sonoma

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
16MOY11	Ag/ off-road	Equipment replacement	1	\$ 147,264.00	Dolcini Brothers	1.244	0.180	0.064	10/15/2014	Sonoma
15MOY126	Marine	Engine replacement	2	\$ 188,580.00	C & W Diving Services, Inc.	1.524	0.051	0.067	10/15/2014	Alameda
16MOY17	Ag/ off-road	Equipment replacement	1	\$ 126,130.00	Spaletta Ranch	0.305	0.056	0.020	11/17/2014	Sonoma
16MOY9	Ag/ off-road	Equipment replacement	3	\$ 80,510.00	David Arthur Vineyards LLC	0.170	0.045	0.019	APCO	Napa
16MOY19	Ag/ off-road	Equipment replacement	1	\$ 150,014.00	MCE Amos, Inc.	0.677	0.118	0.042	11/17/2014	Sonoma
16MOY10	Ag/ off-road	Equipment replacement	1	\$ 27,277.00	Archangel Investments LLC DBA Baldacci Family Vineyards	0.085	0.017	0.006	APCO	Napa
16MOY16	Ag/ off-road	Equipment replacement	1	\$ 54,694.00	Garvey Vineyard Management, LLC.	0.164	0.040	0.016	APCO	Napa
16MOY20	Ag/ off-road	Equipment replacement	1	\$ 150,014.00	Mulas Dairy, Co.	0.620	0.108	0.039	11/17/2014	Sonoma
16MOY21	Ag/ off-road	Equipment replacement	1	\$ 161,789.00	Louise R. Dei	0.752	0.094	0.032	11/17/2014	Sonoma
16MOY22	Ag/ off-road	Equipment replacement	5	\$ 135,291.00	Far Niente Vineyards, LLC DBA Vinescape	0.453	0.081	0.039	11/17/2014	Napa
16MOY13	Marine	Engine replacement	1	\$ 74,410.00	Pound the Zone Fishing	0.379	0.003	0.014	APCO	Contra Costa
15MOY125	Marine	Engine replacement	2	\$ 99,730.00	C & W Diving Services, Inc.	0.272	-0.009	0.017	APCO	Alameda
15MOY121	Marine	Engine replacement	2	\$ 123,860.00	C & W Diving Services, Inc.	0.399	0.016	0.017	11/17/2014	Alameda
16MOY14	Marine	Engine replacement	2	\$ 136,295.00	Bouna Pesca L.L.C.	0.576	-0.008	0.022	11/17/2014	Monterey
16MOY8	Marine	Engine replacement	2	\$ 33,675.00	Blue and Gold Fleet L.P.	0.268	0.006	0.019	APCO	San Francisco
16MOY30	Off-road	Equipment replacement	1	\$ 191,400.00	W.R. Forde Associates	1.130	0.140	0.054	11/17/2014	Contra Costa
16MOY12	Ag/ off-road	Equipment replacement	1	\$ 46,520.00	James Mclsaac dba Mclsaac Dairy	0.087	0.025	0.008	APCO	Marin
16MOY27	Marine	Engine replacement	1	\$ 49,155.00	Mendler Brothers Fish LLC	0.231	0.004	0.009	APCO	Contra Costa
16MOY26	Marine	Engine replacement	2	\$ 46,000.00	Golden Gate Scenic Steamship Corp. dba Red and White Fleet	0.350	0.000	0.027	APCO	San Francisco
16MOY6	Marine	Engine replacement	2	\$ 227,250.00	Captain Joe's Sportfishing	0.951	0.025	0.044	TBD	San Francisco
16MOY28	Marine	Engine replacement	2	\$ 149,650.00	Amigo Adventure	1.747	0.024	0.067	TBD	San Francisco
VIP247	VIP	Truck Replacement	1	\$ 45,000.00	Everardo Espinosa	0.878	0.013	0.000	APCO	Tehama
VIP248	VIP	Truck Replacement	1	\$ 20,000.00	Lupe Laureano	0.400	0.007	0.000	APCO	Santa Clara
VIP249	VIP	Truck Replacement	1	\$ 35,000.00	James R. Egger Jr.	0.675	0.010	0.000	APCO	Shasta
VIP250	VIP	Truck Replacement	1	\$ 30,000.00	J/W Sanchez Trucking Co., Inc.	0.581	0.009	0.000	APCO	Alameda
VIP251	VIP	Truck Replacement	1	\$ 45,000.00	Horacio Cardenas	0.851	0.029	0.000	APCO	Solano
VIP252	VIP	Truck Replacement	1	\$ 25,000.00	American Soil Products	0.486	0.007	0.000	APCO	Alameda
VIP254	VIP	Truck Replacement	1	\$ 35,000.00	Rattu Trucking DBA Ramesh Rattu	0.675	0.010	0.000	APCO	Santa Clara
VIP255	VIP	Truck Replacement	1	\$ 15,000.00	Michael Scott Minnis	0.606	0.008	0.012	APCO	Alameda
VIP256	VIP	Truck Replacement	1	\$ 45,000.00	Antonino Esqueda	0.878	0.013	0.000	APCO	Sacramento
VIP257	VIP	Truck Replacement	1	\$ 45,000.00	Gurjot Singh Pawar / Amrik Singh Pawar	0.851	0.029	0.000	APCO	Santa Clara
VIP258	VIP	Truck Replacement	1	\$ 15,000.00	Harjinder Singh	0.606	0.008	0.012	APCO	Alameda
62 Projects			91	\$ 4,763,301.00		29.408	2.404	1.197		

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 1/5/15

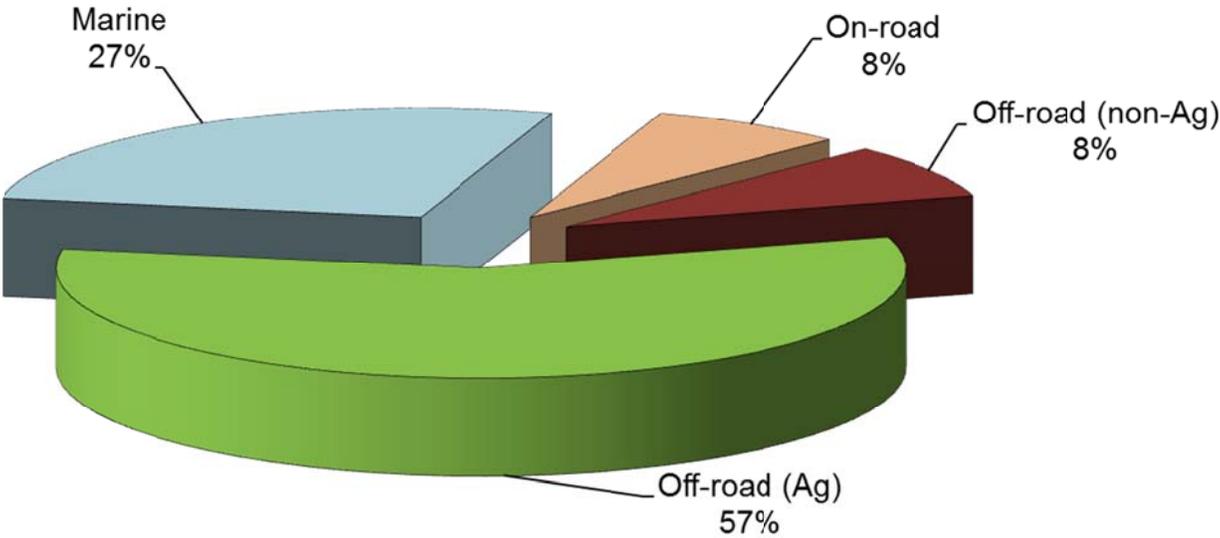
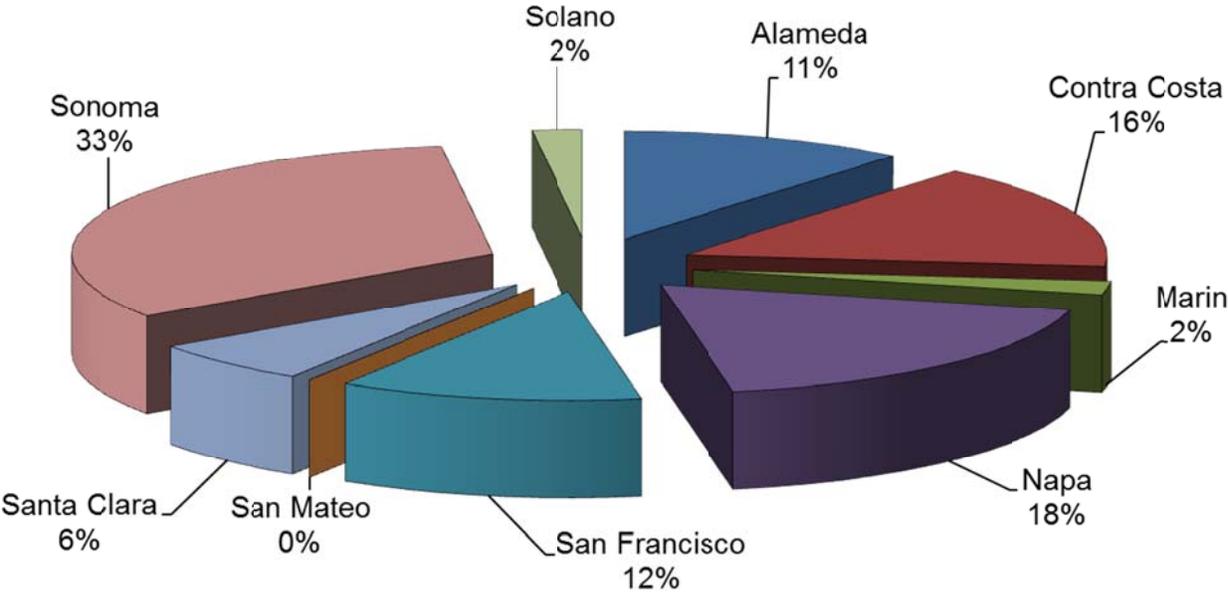


Figure 2: CMP/ MSIF Funding Distribution by County as of 1/5/15



AGENDA 4 - ATTACHMENT 3

Figure 3: CMP, MSIF, and VIP funding for Years 11-16 by equipment category

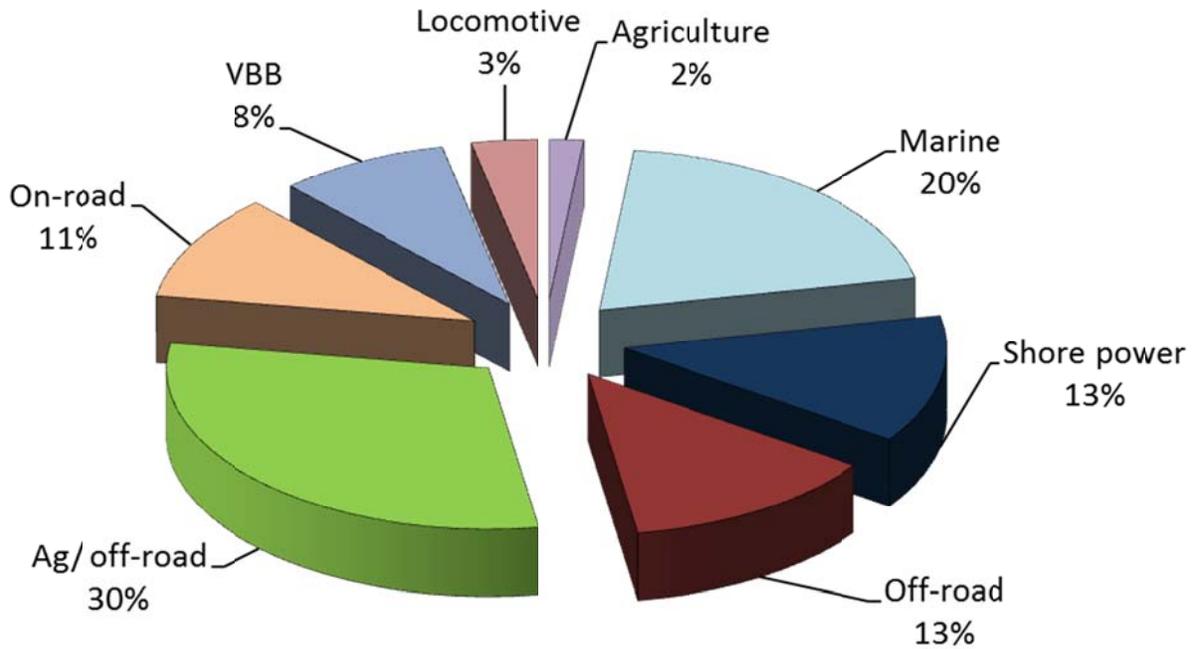
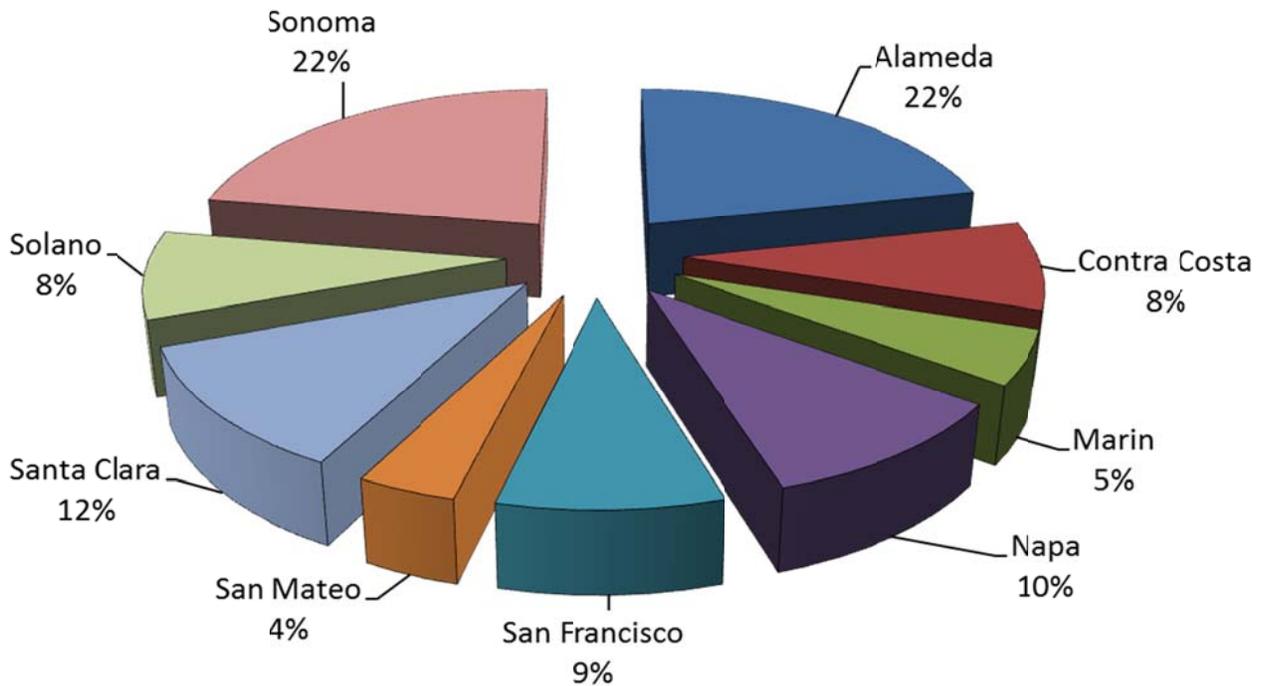


Figure 4: CMP, MSIF, and VIP funding for Years 11-16 by county



AGENDA 4 - ATTACHMENT 4

Summary of all TFCA approved and eligible projects (as of 1/5/15)

Project #	Equipment category	Project type	Award amounts	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
					NO _x	ROG	PM		
14PEV001	Plug-in Electric Vehicle Rebate	PEV Rebate for twenty four (24) vehicles	\$ 60,000.00	County of Alameda, General Services Agency	0.009	0.012	0.001	APCO	Alameda
14PEV002	Plug-in Electric Vehicle Rebate	PEV Rebate for twenty two (22) vehicles	\$ 55,000.00	County of Sonoma	0.008	0.011	0.001	APCO	Sonoma
14PEV003	Plug-in Electric Vehicle Rebate	PEV Rebate for one (1) vehicles	\$ 2,500.00	City of Morgan Hill	0.000	0.000	0.000	APCO	Santa Clara
14EVSE01	EV Charging Equipment	2 Direct-Current (DC) fast chargers in Redwood City	\$ 40,000.00	Green Charge Networks, LLC	0.016	0.021	0.002	6/19/14	San Mateo
15DCFC03*	EV Charging Equipment	2 DC fast chargers in Alameda	\$ 84,911.60	Alameda Municipal Power	0.016	0.021	0.002	5/21/14	Alameda
15DCFC01*	EV Charging Equipment	2 DC fast and 8 L2 chargers in Rohnert Park	\$ 146,396.00	Federated Indians of Graton Rancheria	0.032	0.041	0.004	10/15/14	Sonoma
15DCFC02*	EV Charging Equipment	2 DC fast and 4 L2 chargers in Fremont and Sunol	\$ 160,000.00	Resurgens Renewables, LLC	0.024	0.031	0.003	10/15/14	Alameda
15DCFC04*	EV Charging Equipment	4 DC fast chargers at San Francisco International Airport (SFO)	\$ 272,000.00	City and County of San Francisco, Airport Commission	0.033	0.042	0.004	10/15/14	San Mateo
15R05	Ridesharing	Regional Rideshare Program	\$1,000,000	Metropolitan Transportation Commission	19.546	20.615	18.197	11/17/14	REG
15R06	Ridesharing	SJSU Ridesharing & Trip Reduction	\$140,000	Associated Students, San Jose State University	0.659	0.644	0.537	11/17/14	REG
15R07	Shuttle	ACE Shuttle 53 & Shuttle 54	\$183,500	San Joaquin Regional Rail Commission	0.440	0.360	0.400	11/17/14	Contra Costa
15R11	Shuttle	Broadway Shuttle	\$229,173	City of Oakland	0.547	0.398	0.437	11/17/14	Alameda
15R12	Shuttle	ACE Shuttle Bus Program	\$960,000	Santa Clara Valley Transportation Authority	3.429	3.819	3.487	11/17/14	Santa Clara
15R13	Shuttle	Caltrain Shuttle Program	\$992,528	Peninsula Corridor Joint Powers Board	3.968	3.212	3.777	11/17/14	REG
15R16	Shuttle	Embarcadero Cove Pilot Shuttle	\$56,092	County of Alameda	0.079	0.081	0.071	11/17/14	Alameda
15R17	Shuttle	PresidiGo Shuttle	\$75,000	Presidio Trust	0.324	0.328	0.294	11/17/14	San Francisco
15R19	Bicycle Parking: Electronic Bicycle Locker	UC Berkeley, Parking & Transportation Secure Bike Parking (Ten Electronic Lockers)	\$25,000	University of California, Berkeley	0.008	0.011	0.008	APCO	Alameda
15R21	Bicycle Parking: Electronic Bicycle Locker	Emeryville Bay Street Electronic Lockers (12 Electronic Lockers)	\$30,000	City of Emeryville	0.010	0.014	0.007	APCO	Alameda
15R22	Bicycle Parking: Electronic Bicycle Locker	Redwood City Caltrain Station (16 Electronic Lockers)	\$40,000	Peninsula Corridor Joint Powers Board	0.013	0.018	0.010	APCO	San Mateo
15BR001	Bicycle Parking: Bicycle Rack Voucher	Ten (10) 8-bike Single Sided Campus Racks	\$4,800	Los Altos High School	0.002	0.002	0.001	12/29/14	Santa Clara
# of Projects: 20			\$ 4,556,900.60		29.16	29.68	27.24		

*Award amount reflects only TFCA funds awarded. In addition, the California Energy Commission contributed matching funds totaling \$449,708.

AGENDA 4 - ATTACHMENT 5

Summary of FYE 2015 TFCA funds distributed by county and project category, as of 1/5/15

Figure 1: TFCA FYE 2015 Funding Distributed by Project Category

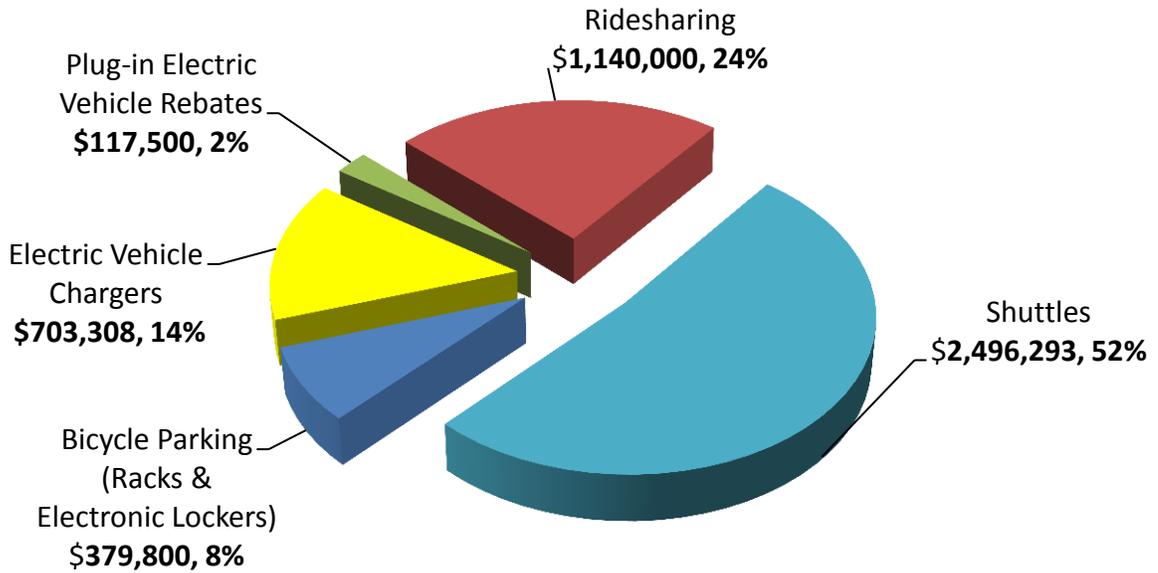
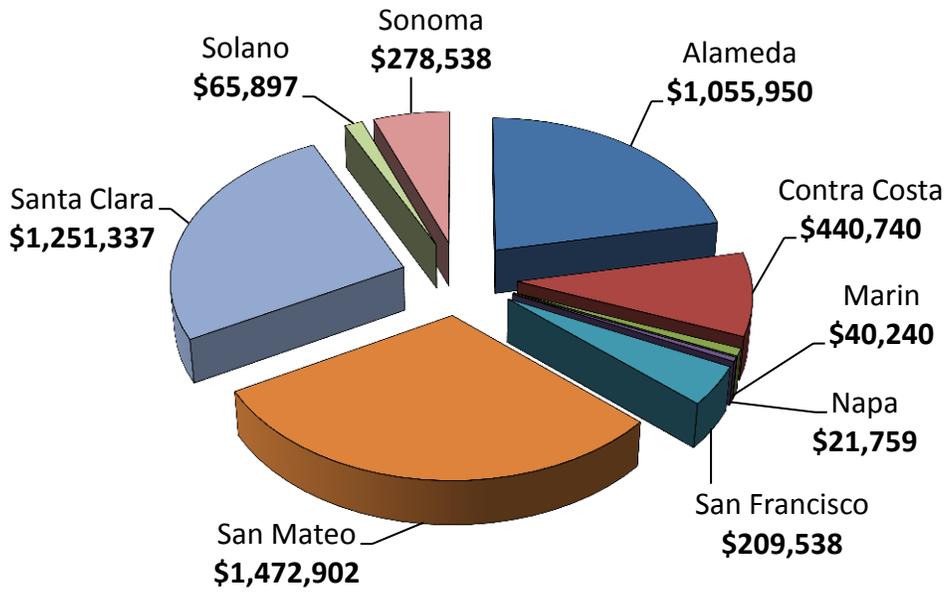


Figure 2: TFCA FYE 2015 Funding Distributed by County



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 5, 2015

Re: Participation in Year 17 of the Carl Moyer Program

RECOMMENDATIONS

Recommend the Board of Directors:

1. Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (ARB) relating to the Air District's receipt of Carl Moyer Program (CMP) funds and Multi-District funds for fiscal year 2014-2015 (Program Year 17).
2. Allocate \$5 million in Mobile Source Incentive Funding to provide the required match funding and additional monies for projects eligible for funding under the Carl Moyer Program.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the CMP since the program began in Fiscal Year (FY) 1998-1999. Through the CMP the Air District 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 trucks and buses, mobile off-road equipment, marine vessels, locomotives, stationary agricultural pump engines, and forklifts.

Assembly Bill 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 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 under the CMP.

DISCUSSION

On December 30, 2014, the Air District submitted an application to ARB requesting \$10,650,000 in funding for the implementation of the CMP Year 17 CMP funding cycle (FY 2014-2015). Up to 5% of the total funds awarded to the Air District will be used to pay for administrative expenses related to the implementation of the CMP. As part of the application, the Air District has proposed a commitment of up to \$1,800,000 in matching funds for Year 17. Staff is therefore requesting the Board meet this required match, and expand the program for additional eligible emissions reductions projects by allocating \$5 million in MSIF funds to the CMP Year 17 funding cycle.

Staff plans to begin accepting CMP Year 17 applications during the summer of 2015. Project applications will be accepted and evaluated on a first-come, first-served basis until all funds have been allocated. Also, in accordance with the authorization granted to the Executive Officer/APCO on February 4, 2009, projects with individual grant awards up to \$100,000 will be executed by the Executive Officer/ APCO, and reported to the Mobile Source Committee (MSC) on at least a quarterly basis. Eligible projects with individual grant awards over \$100,000 will also be brought to the MSC for consideration at least quarterly.

The ARB requires air districts use the 2011 CMP Guidelines, and subsequent updates for the Year 17 CMP cycle. The guidelines require all projects achieve a cost-effectiveness of \$17,720 (or less) per ton of reduced emissions in order to be eligible to receive funding. Year 17 funding must be obligated to eligible projects by June 30, 2016, and be expended by June 30, 2017. In accordance with AB 1390, 50% of all CMP funding allocated by the Air District must be awarded to projects in impacted communities. The process that will be used for identifying and prioritizing CMP Year 17 projects with the most significant exposure will be similar to the process used for the previous CMP funding cycles with priority being given to projects that reduce emissions in communities based on data from the Air District's Community Air Risk Evaluation (CARE) program.

CMP Multi-District Funds

Section 44286(d) of the Health & Safety Code gives ARB the authority to reserve up to ten percent of CMP funding for projects that are multidistrict in nature. In a letter of understanding from May 2013, the ARB and the California Air Pollution Control Officers Association (CAPCOA) entered into an agreement regarding the distribution of CMP multi-district funds over the next four funding cycles. Beginning with FY 2012/ 2013 (CMP Year 15) funding and continuing through FY 2015/2016 (CMP Year 18), ARB will award 50% or \$3 million, whichever is less, of the annual CMP multi-district allocation to a designated CAPCOA member agency. Up to 5% of the award may be used for administrative costs, consistent with the requirements of the CMP guidelines.

The Air District has been identified as the designated CAPCOA member agency for the CMP Year 15 and 17 multi-district funding cycles. The South Coast Air Quality Management District will serve as the designated agency for the CMP Years 16 and 18 cycles. As the designated recipient, the Air District will work with ARB and the northern CAPCOA member agencies to

develop a multi-district funding plan to target priority pollution sources that travel between multiple air districts. All projects funded must meet the requirements of the current CMP guidelines being implemented by the Air District. Staff will administer the projects in accordance with the policies and procedures for the current CMP funding cycle. In accordance with the authorization granted to the Executive Officer/APCO on February 4, 2009, projects with individual grant awards up to \$100,000 will be executed by the Executive Officer/ APCO, and reported to the MSC on at least a quarterly basis. Eligible projects with individual grant awards over \$100,000 will also be brought to the MSC for consideration at least quarterly.

BUDGET CONSIDERATION / FINANCIAL IMPACT

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

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anthony Fournier
Reviewed by: Damian Breen

Attachment 1: Resolution to accept Carl Moyer Program Year 17 funds from ARB

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2015 -

**A Resolution Accepting Carl Moyer Program Funds
From the California Air Resources Board**

WHEREAS, California Health and Safety Code Division 26, Part 5, Chapter 9, empowers the California Air Resources Board (ARB) to allocate Carl Moyer Program funds to local air quality districts to provide financial incentives to both the public and private sector to implement eligible projects to reduce emissions from on-road, marine, locomotive, agriculture, and off-road engines;

WHEREAS, California Health and Safety Code section 44287, authorizes ARB to provide an air district with funds if that district provides matching funds in an amount established by ARB;

WHEREAS, the Bay Area Air Quality Management District (District) submitted an application to ARB requesting \$10,650,000 in Carl Moyer Program funds to implement the Carl Moyer Program within the District for the fiscal year (FY) 2014-2015 (Year 17) cycle;

WHEREAS, the District proposed to commit up to \$1,800,000 in matching funds as part of the FY 2014-2015, (Year 17) Carl Moyer Program cycle, in accordance with the requirements of California Health and Safety Code section 44287;

WHEREAS, ARB has authorized a grant to the District to implement the Carl Moyer Program Year 17, upon approval by the Board of Directors to accept such grant of funds;

WHEREAS, ARB will award the a grant in the amount of as much as \$10,650,000, with the District-required match of up to \$1,800,000.

WHEREAS, California Health and Safety Code section 44286, authorizes ARB to reserve up to ten percent of the annual Carl Moyer Program fund allocation to projects that are multi-district in nature;

WHEREAS, the District, in accordance with an agreement between the California Air Pollution Control Officers Association (CAPCOA) and the ARB will also implement the Carl Moyer Multi-District Program in Northern California for the Year 17 funding cycle;

WHEREAS, the District in coordination with ARB, and the northern CAPCOA participating member agencies will develop a Multi-District Funding Plan that will target priority pollution sources that travel between multiple air districts;

WHEREAS, ARB will award a Carl Moyer Program Year 17 multi-district grant in the amount of as much as \$6,551,100, with no District match required.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District's continued participation in the Carl Moyer Program and acceptance of the FY 2014-2015, Carl Moyer Program funds, to be awarded to eligible District projects in accordance with the ARB Carl Moyer Program guidelines.

BE IT FURTHER RESOLVED, the District will provide the required matching funds for District projects by allocating local motor vehicle surcharge revenues to eligible emission reduction projects that qualify for Carl Moyer Program matching purposes.

BE IT FURTHER RESOLVED, the Board of Directors hereby approves the District's participation in the Carl Moyer Multi-District Program and acceptance of up to \$6,551,100 in FY 2014-2015, Carl Moyer Program Multi-District funds, to be awarded to eligible Multi-District projects in accordance with the ARB Carl Moyer Program guidelines.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is hereby authorized and empowered to execute on behalf of the District grant agreements with ARB and all other necessary documents to implement and carry out the purposes of this resolution.

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 _____, 2015, by the following vote of the Board:

AYES:

NOES:

ABSENT:

Carole Groom
Chairperson of the Board of Directors

ATTEST:

Liz Kniss
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 5, 2015

Re: Selection of an Auditor for District's Financial and Grants Program Audits

RECOMMENDATIONS

Recommend the Board of Directors:

1. Approve the selection of Gilbert Associates, Inc. to conduct the Air District's 2014-15 Financial Audit, the 2013-14 TFCA Audit for Projects and Programs, and conduct a review of Carbon Offset Project; and
2. Authorize the Executive Officer/APCO to execute a contract with Gilbert & Associates, Inc. for audit services in an amount not to exceed \$217,022; and
3. Authorize the Executive Officer/APCO to extend the contract with Gilbert Associates Inc. in an amount not to exceed \$217,022 annually for up to an additional two years under the terms of the current RFP.

BACKGROUND

Government agencies are required by law to conduct an independent audit of their annual financial statements. In addition, California Health and Safety Code Section 44242 requires the Bay Area Air Quality Management District (District) to perform an audit on each program or project funded with motor vehicle registration fee surcharges collected under Section 44241. The Air District's Administrative Purchasing Procedures requires the Air District to rebid contracts for financial auditing services every three years.

DISCUSSION

To comply with the Air District's procedures, the Air District issued a combined Request for Proposals (RFP) on October 20, 2014, to solicit proposals that address the following three tasks:

1. Conduct the Air District's Annual Financial Audit for Fiscal Year (FY) 2014-15;
2. Conduct Financial Statement Audits of Transportation Fund for Clean Air (TFCA) projects and programs closed by June 30, 2014; and

3. Conduct a review of projects funded under the Carbon Offset Program to determine their compliance with funding agreement requirements.

The RFP was forwarded to 47 public sector audit firms in California and also posted on the Air District’s website. Additionally, an announcement was posted on the California Society of Municipal Officers’ website. Two pre-bidders conference meetings were held in San Francisco (October 30, 2014) and via an online webinar (October 30, 2014 and November 20, 2014) for the purpose of providing an outline of the RFP requirements and an opportunity for Q&A. The Air District also received 95 questions from interested parties by the November 20th deadline and responses to these questions were posted on the Air District’s website by November 21, 2014. The Air District received proposals from the following four firms by the December 4, 2014 deadline: Armanino LLP; Gilbert Associates, Inc.; James Marta & Co. LLP; and Macias, Gini and O’Connell LLP.

Evaluation of Proposals

A panel, comprised of four staff members from the Finance Department and Strategic Incentives Division, evaluated and scored the proposals based on the five evaluation criteria outlined in the RFP. The panel members’ scores for each criterion were averaged, and the proposals were ranked according to the sum of these scores. Table 1 below lists the RFP evaluation criteria and shows each firm’s averaged score by criteria.

CRITERIA	Max Points	Macias Gini & O’Connell	James Marta & Co. LLP	Armanino LLP	Gilbert Associates Inc.
Technical expertise, size and structure of the firm and personnel assigned to RFP tasks; firm’s ability to perform and complete the work in a professional and timely manner	25	20	15	22	23
Past experience of the firm and, in particular, experience of the team working on projects of similar scope for other governmental agencies	15	12	11	13	14
Responsiveness of the proposal, based upon a clear understanding of the work to be performed	25	11	15	22	22
Cost or cost effectiveness and resource allocation strategy	25	7	16	10	22
Local Business/Green Business	10	8	6	10	7
TOTAL	100	58	63	77	88

Based on the scores in Table 1 staff is recommending Gilbert Associates Inc. for a contract not to exceed \$217,022 to conduct the auditing services outlined above. This firm had the highest overall score, and scored highest on the criteria related to expertise, past experience, and cost effectiveness/resource strategy. Additionally, staff is requesting the ability to extend the contract with Gilbert Associates, Inc. for up to an additional two years under the terms of the current RFP.

Gilbert Associates has provided auditing services for the Air District since 2009 and staff believes the panel's recommendation is consistent with the Government Finance Officers Association's (GFOA) best practices. The GFOA recommends government entities undertake a full-scale competitive process for the selection of an independent auditor and actively seek participation of all qualified firms, including the current auditors, if their past performance has been satisfactory.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. The funds for all three projects have been identified in the FY 2014-15 Air District's budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze and Karen Schkolnick
Reviewed by: Jeff McKay and Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and
Members of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 5, 2015

Re: Air District Grant Programs Overview

RECOMMENDATIONS

None; receive and file.

BACKGROUND

As part of its efforts to reduce emissions from mobile sources, the Bay Area Air Quality Management District (Air District) allocated approximately \$65 million in funding during the 2014 calendar year. Approximately \$56 million of that funding was directly allocated by the Air District. The remaining \$9 million was distributed via the Transportation Fund for Clean Air (TFCA) County Program Manager program. The \$56 million allocated by the Air District came from four renewable funding sources: the California Goods Movement Bond, TFCA Regional Fund, Mobile Source Incentive Fund, and the Carl Moyer Program. These programs accumulate annually via fees and bond sales that are distributed to the Air District, and constitute the Air District's primary grant programs. On top of these grant revenue sources, staff also seeks out additional funding opportunities to further reduce emissions from mobile sources in the Bay Area.

DISCUSSION

Since calendar year 2011, the Committee has received reports from staff on expenditures in various grant programs for the previous calendar year. This year's report will include a discussion of the total incentive funds allocated in calendar year 2014 by funding source, project/equipment category, and county. As part of the report to the Committee, staff will also present historical information dating back to fiscal year 2007/2008 showing how Air District funds have been allocated over the past eight years.

The intention of this report is to provide the Committee a better overall indication of the total flow of funding in and out of the primary grants programs. This methodology allows staff to align the grant funding with future compliance dates set in airborne toxic control measures adopted by the California Air Resources Board and to present to the Committee anticipated needs for grant funding for this calendar year. Staff will also discuss with the Committee the anticipated challenges and projected funding for each of the Air District primary grant programs in calendar year 2015.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Anthony Fournier

Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: February 4, 2015

Re: Report of the Personnel Committee Meeting of January 26, 2015

RECOMMENDED ACTION

The Personnel Committee (Committee) received only informational items and has no recommendations of approval by the Board of Directors (Board).

BACKGROUND

The Committee met on Monday, January 26, 2015, and considered the following reports:

- A) Update on the Air District Advisory Council;
- B) Strategic Staffing Plan Update; and
- C) Closed Session Conference with Labor Negotiators. There are no staff reports or reportable action for the Closed Session item.

Chairperson Brad Wagenknecht will provide an oral report of the Committee meetings.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

- A) None.
- B) None; all personnel costs are contained the Fiscal Year Ending (FYE) 2015 budget and will be proposed to the Board as part of the FYE 2016 budget, which the Board will adopt in the first half of 2015.
- C) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment A: 01/26/15 – Personnel Committee Meeting Agenda #4
Attachment B: 01/26/15 – Personnel Committee Meeting Agenda #5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Brad Wagenknecht and Members
of the Personnel Committee

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: January 22, 2015

Re: Update on the Air District Advisory Council

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

The Committee will receive an update on the Advisory Council restructure. Senate Bill 1415 (SB1415) abolishes the current membership of the Advisory Council, and reconstitutes the membership of the Advisory Council to include 7 appointed members effective July 1, 2015.

SB1415 requires that the Advisory Council members be skilled and experienced in the fields of air pollution, climate change, or the health impacts of air pollution. The new Advisory Council will include a diversity of perspectives, expertise, and backgrounds.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Brad Wagenknecht and Members
of the Personnel Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 22, 2015

Re: Strategic Staffing Plan Update

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

At the January 21, 2015 Board Retreat, the Executive Officer/APCO provided a presentation on the Air District's Strategic Staffing process and priorities.

DISCUSSION

The Air District, as part of its annual budget process, considers, analyzes and implements the staffing of the Agency. Staff will update the Personnel Committee on this annual process and the considerations for the Fiscal Year Ending (FYE) 2015 and 2016 budgets.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; all personnel costs are contained the FYE 2015 budget and will be proposed to the Board as part of the FYE 2016 budget, which the Board will adopt in the first half of 2015.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Rex Sanders

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: February 4, 2015

Re: Report of the Personnel Committee Meeting February 18, 2015

RECOMMENDED ACTION

The Personnel Committee (Committee) will receive only informational items and will have no recommendations of approval by the Board of Directors (Board).

BACKGROUND

The Committee will meet on Wednesday, February 18, 2015, and consider the following reports:

- A) Strategic Staffing Plan Update; and
- B) Closed Session Conference with Labor Negotiators. There are no staff reports or reportable action for the Closed Session item.

Chairperson Brad Wagenknecht will provide an oral report of the Committee meetings.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

- A) None; all personnel costs are contained the Fiscal Year Ending (FYE) 2015 budget and will be proposed to the Board as part of the FYE 2016 budget, which the Board will adopt in the first half of 2015.
- B) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment A: 02/18/15 – Personnel Committee Meeting Agenda #4

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Brad Wagenknecht and Members
of the Personnel Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 3, 2015

Re: Strategic Staffing Plan Update

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

At the January 21, 2015 Board Retreat, the Executive Officer/APCO provided a presentation on the Air District's Strategic Staffing process and priorities.

DISCUSSION

The Air District, as part of its annual budget process, considers, analyzes and implements the staffing of the Agency. Staff will update the Personnel Committee on this annual process and the considerations for the Fiscal Year Ending (FYE) 2015 and 2016 budgets.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; all personnel costs are contained the FYE 2015 budget and will be proposed to the Board as part of the FYE 2016 budget, which the Board will adopt in the first half of 2015.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Rex Sanders

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Carole Groom and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/Air Pollution Control Officer

Date: January 28, 2015

Re: Report of the Budget and Finance Committee Meeting of January 28, 2015

RECOMMENDED ACTION

The Budget and Finance Committee (Committee) recommends Board of Directors' (Board) approval of the following items:

- A) None; receive and file;
- B) None; receive and file; and
- C) Selection of a Contractor for Upgrade of the Air District Financial System:
 - 1) Approve the selection of Denovo, a contractor to upgrade the Air District's Financial System;
 - 2) Authorize the Executive Officer/APCO to enter into all necessary agreements with Denovo to upgrade the financial system in amount not to exceed \$1,358,036; and
 - 3) Amend the Program 701 budget by the corresponding amount transferring \$1,000,000 from the *Reserve for JD Edwards Software Upgrade* and \$358,036 from the *Undesignated Fund Balance* for this purpose.

BACKGROUND

The Committee met on Wednesday, January 28, 2015, and considered the following reports:

- A) Air District Financial Audit Report for Fiscal Year Ending (FYE) 2014;
- B) Second Quarter Financial Report –FYE 2015; and
- C) Selection of a Contractor for Upgrade of the Air District Financial System.

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

A) None. Funding for the Auditors' report is included in the FYE 2014 Budget.

B) None.

C) The FYE 2015 Finance Budget (Program 701) will be increased by \$1,358,036 with a transfer of the entire \$1,000,000 from the *Reserve for JD Edwards Software Upgrade* and \$358,036 transferred from *Undesignated Fund Balance*.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Maricela Martinez

Attachment A: 01/28/15 – Budget and Finance Committee Meeting Agenda #4
Attachment B: 01/28/15 – Budget and Finance Committee Meeting Agenda #5
Attachment C: 01/28/15 – Budget and Finance Committee Meeting Agenda #6

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: January 5, 2015

Re: Air District Financial Audit Report Fiscal Year Ending 2014

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Pursuant to the Section II.2.1 of the Administrative Code, the District is required to have an annual independent financial audit. The Independent Auditors, Gilbert Associates, Inc. completed the Financial Audit Report of the Air District's Financial Statements for the Fiscal Year Ending 2014. The Independent Auditors also completed the Financial Audit Report of the OMB Circular A-133 and Transportation Fund for Clean Air Compliance Reports for the Fiscal Year Ending 2014.

DISCUSSION

The Air District's independent auditors completed their audit of the Air District's financial records and activities for the year ended June 30, 2014 and issued an "unqualified opinion" or clean opinion on the financial statements. Attached are the audit reports being presented along with a brief summary:

1. *Basic Financial Statements*

The statements are prepared in conformity with generally accepted accounting principles generally accepted. The purpose of the statements is to convey financial information to external customers/users. The statements report the Air District's annual operations and demonstrate financial compliance with legal requirements. The report on the basic financial statements is unqualified with no reportable conditions, no instances of non-compliance, and no financial statement findings noted.

2. *OMB Circular A-133 and Transportation Fund for Clean Air Compliance Report*

This report addresses the auditors' consideration of the Air District's internal control over financial reporting, and results of auditor's tests of Air Districts compliance with provisions of laws, regulations, contract and grant agreements, and other areas in accordance with *Government Auditing Standards*. The report also addressed compliance with applicable Health and Safety Codes for allocation of Transportation Funds for Clean

Air. As noted on page 9 of the Schedule of Audit Findings and Questioned Costs, there were no federal compliance findings or financial statement findings.

A member of the independent audit firm, Gilbert Associates, Inc. will be at the meeting to present audited reports to the Committee.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Funding for the Auditors' report is included in the FYE 2014 Budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze

Reviewed by: Jeff McKay

- Attachments: 1) Financial Statements with Independent Auditor's Report for the Year Ended June 30, 2014
- 2) OMB Circular A-133 and Transportation Fund for Clean Air Compliance Report for Year Ended June 30, 2014

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S
REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2014**

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

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INDEPENDENT AUDITOR'S REPORT



Gilbert Associates, Inc.
CPAs and Advisors

Gilbert Associates

**To the Board of Directors
Bay Area Air Quality Management District
San Francisco, California**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bay Area Air Quality Management District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bay Area Air Quality Management District, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Required Supplementary Information section, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

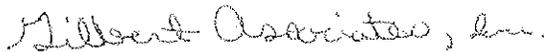
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Transportation Fund for Clean Air (TFCA) Program, Mobile Source Incentive Program, Carl Moyer Program, & Other Programs – Schedule of Expenditures (Schedule) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.


GILBERT ASSOCIATES, INC.
Sacramento, California

December 17, 2014

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

This discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2014. Please read it in conjunction with the accompanying basic financial statements.

A. Financial Highlights

The District is undertaking a major relocation of its operations from 939 Ellis Street (Ellis building) to a shared facility with other government agencies located at 375 Beale Street in San Francisco. To finance ownership interest of its portion of the new facility, the District issued \$30,000,000 through a private placement of taxable Certificates of Participation with the Bay Area Headquarters Authority. The District agreed to contribute a minimum of \$8.5 million from the sale of its Ellis building towards the debt obligation of the new building.

On April 30, 2014, the District closed escrow of 939 Ellis Street Office Building and sold it for \$16.4 million. Currently, the District is leasing the Ellis building from the new owners until the construction of 375 Beale is complete; anticipated sometime in 2016.

The following are some key financial highlights for the current fiscal year:

The assets of the District exceeded its liabilities at the close of fiscal year 2013-14 by \$174,699,065 (net position). Of this amount, \$35,937,269 could be used to finance the District's daily operations without legal or legislative constraints (unrestricted assets); \$117,338,736 was restricted to specific uses (restricted assets); and \$21,423,060 was invested in capital assets. Net position increased by \$24,375,476 from fiscal year 2012-13 mainly resulting from proceeds from the sale of the Ellis building and an increase in program revenues.

The District's governmental funds reported a fund balance of \$192,340,943. The entire fund balance of the Special Revenue Fund in the amount of \$111,749,488 is reserved for air quality grants and projects. The entire Capital Projects Fund of \$29,703,923 represents the investment activities for the 2013 Certificate of Participation Notes. The \$50,887,532 General Fund balance consists of \$18,279,224 representing the assigned fund balance, \$16,878,892 unassigned, and the remaining balance of \$15,729,416 restricted, committed or nonspendable.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

Table 1 presents the General Fund detail of fund balances as of June 30, 2014, and June 30, 2013.

Table 1. General Fund Balances as of June 30, 2014 and 2013

Category	General Fund June 30, 2014	General Fund June 30, 2013	Increase/ (Decrease)
Fund Balances:			
Nonspendable:			
Prepaid Expenses	\$ 640,168	\$ 580,217	\$ 59,951
Restricted:			
Air Quality Grants and Projects	2,766,603	3,020,616	(254,013)
Post-Employment Benefits	2,822,645	2,691,440	131,205
Committed:			
Self-Funded Worker's Compensation	1,000,000	1,344,113	(344,113)
375 Beale District Office	8,500,000		8,500,000
Assigned:			
Building and Facilities	6,668,200	5,478,276	1,189,924
PERS Funding	800,000	2,016,169	(1,216,169)
Post-Employment Benefits	1,000,000	2,688,226	(1,688,226)
Radio Replacement		100,808	(100,808)
Capital Equipment	4,228,000	1,639,573	2,588,427
Air Quality Grants and Projects	5,583,024	3,601,199	1,981,825
Unassigned:	16,878,892	5,059,722	11,819,170
Total Fund Balance	\$ 50,887,532	\$ 28,220,359	\$ 22,667,173

B. Overview of the Financial Statements

This discussion and analysis is designed to serve as an introduction to the District's basic financial statements. The District's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes required and other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

B. Overview of the Financial Statements, Continued

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business. They provide information about the activities of the District as a whole and present a longer-term perspective of the District's finances. Government-wide financial statements include the Statement of Net Position and the Statement of Activities.

The Statement of Net Position reports all assets held and all liabilities owed by the District on a full accrual basis. The difference between the assets held and the liabilities owed is reported as *Net Position*. The net position total is comparable to total stockholder's equity presented on the balance sheet of a private enterprise. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position as of June 30, 2014 is presented on page 14.

The Statement of Activities reports the net cost of the District's activities by category and is also prepared on a full accrual basis. Under the full accrual basis of accounting, revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of the related cash flows. The focus of the Statement of Activities is on the cost of various work programs performed by the District. The statement begins with a column that identifies the total cost of these programs followed by columns that summarize the District's program revenues by major category. The difference between expenses and revenues represents the net cost or benefit of the District's work programs. General revenues are then added to the net cost/benefit to calculate the change in net position. The Statement of Activities is presented on page 15.

All of the District's activities are governmental in nature and no business-type activities are reported in these statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bay Area Air Quality Management District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. For governmental activities, these statements tell how these services were financed in the short-term and what is left over for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's major funds. The District maintains three governmental funds; the General Fund, Special Revenue Fund and Capital Projects Fund.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

B. Overview of the Financial Statements, Continued

Governmental Funds

Governmental fund financial statements consist of the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances. Both are prepared using the modified accrual basis of accounting.

Balance Sheets prepared under the modified accrual basis of accounting have a short-term emphasis and, for the most part, measure and account for cash and other assets that can be easily converted to cash. Specifically, cash and receivables that are deemed collectible within a very short period of time are reported on the balance sheet. Capital assets such as land and buildings are not reported in governmental fund financial statements. Fund liabilities include amounts that will be paid within a very short period of time after the end of the fiscal year. Long-term liabilities such as outstanding bonds are not included. The difference between a fund's total assets, deferred outflow of resources, total liabilities, and deferred inflows of resources represents the fund balance. The unassigned portion of fund balance represents the amount available to finance future activities. The District's governmental funds balance sheets can be found on page 16.

The Statement of Revenues, Expenditures, and Changes in Fund Balance include only revenues and expenditures that were collected in cash or paid with cash during the fiscal year or very shortly after the end of the fiscal year. The governmental funds Statements of Revenues, Expenditures, and Changes in Fund Balance can be found on page 18.

Since a different basis of accounting is used to prepare these statements, reconciliation is required to facilitate the comparison between the government-wide statements and the fund financial statements. The reconciliation of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position is on page 17. The reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities can be found on page 19.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 to 39.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning other post-employment benefit (OPEB) liabilities, general fund and special revenue fund budget comparison schedules, TFCA and Carl Moyer program expenditures, and the California Public Employees Retirement System (PERS) Schedule of Funding Progress on pages 40 to 43.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

C. Government-Wide Financial Analysis

The government-wide financial analyses focus on net position and changes in net position of the District's governmental activities. Table 2 below shows a condensed Statement of Net Position as of June 30, 2014 compared to the fiscal year ended June 30, 2013.

Table 2. Statement of Net Position as of June 30, 2014 and June 30, 2013

	Governmental Activities <u>June 30, 2014</u>	Governmental Activities <u>June 30, 2013</u>	Increase/ (Decrease)
Current & Other Assets	\$ 223,695,392	\$ 177,187,601	\$ 46,507,791
Capital Assets	<u>21,423,060</u>	<u>22,668,986</u>	<u>(1,245,926)</u>
Total Assets	<u>245,118,452</u>	<u>199,856,587</u>	<u>45,261,865</u>
Current Liabilities	32,575,231	41,933,163	(9,357,932)
Noncurrent Liabilities	<u>37,844,156</u>	<u>7,599,835</u>	<u>30,244,321</u>
Total Liabilities	<u>70,419,387</u>	<u>49,532,998</u>	<u>20,886,389</u>
Net Position			
Invested in Capital Assets	21,423,060	22,668,986	(1,245,926)
Restricted	117,338,736	114,558,909	2,779,827
Unrestricted net position	<u>35,937,269</u>	<u>13,095,694</u>	<u>22,841,575</u>
Total Net Position	<u>\$ 174,699,065</u>	<u>\$ 150,323,589</u>	<u>\$ 24,375,476</u>

As noted earlier, total net position may serve over time as a useful indicator of the District's financial position. At June 30, 2014 the District's total assets exceeded its total liabilities by \$174,699,065, an increase of \$24,375,476 over the previous fiscal year. This increase is mainly due to an increase of \$45.3 million in total assets offset by an increase of \$20.9 million in total liabilities.

The increase of \$45.3 million in total assets is comprised of proceeds from the sale of the District's building and investments from the sale of Certificate of Participation Notes (COPs). This \$20.9 million increase in total liabilities is due to the \$30.0 million COPs debt issuance offset by a \$9.4 million reduction in unearned revenues (current liabilities) from the prior year now being recognized as revenue to cover California Goods Movement Program expenditures incurred in the current fiscal year.

Restricted net position is to be used for specific programs and purposes according to legal terms and conditions. The remaining portion of the District's net position is unrestricted and may be used to meet the District's obligations in carrying out its day-to-day operations.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

C. Government-Wide Financial Analysis, Continued

Table 3 below provides changes in net position for the fiscal year ending June 30, 2014 compared with the fiscal year ended June 30, 2013.

Table 3. Statement of Activities for Fiscal Years 2013-14 and 2012-13

	Governmental Activities FY 2013-14	Governmental Activities FY 2012-13	Dollar Increase/ (Decrease)	Percentage Increase/ (Decrease)
Revenues:				
TFCA/MSIF DMV Fees	\$ 36,345,524	\$ 35,315,938	\$ 1,029,586	3%
Carl Moyer	13,053,955	7,704,566	5,349,389	69%
California Goods Movement Revenue	16,062,216	27,793,503	(11,731,287)	-42%
Permit Fees	32,331,466	29,960,300	2,371,166	8%
State Subvention	1,721,405	1,712,022	9,383	1%
Federal Grants	9,589,875	6,388,240	3,201,635	50%
Penalties & Variance Fees	3,093,269	1,688,102	1,405,167	83%
Asbestos Fees	2,786,443	2,465,047	321,396	13%
Interest Revenue	324,504	262,802	61,702	23%
Other Revenues	651,641	560,265	91,376	16%
State Grants	988,667	674,480	314,187	47%
Special Environmental Projects	14,145	26,570	(12,425)	-47%
County Apportionments	23,049,894	23,733,376	(683,482)	-3%
Total Revenues	140,013,004	138,285,211	1,727,793	1%
Expenses:				
General Government	61,589,948	61,834,280	(244,332)	0%
TFCA/MSIF, CMP, & Other programs	49,793,757	39,293,807	10,499,950	27%
California Goods Movement Program	18,110,025	28,172,525	(10,062,500)	-36%
Debt Service	41,622	-	41,622	
Total Expenses	129,535,352	129,300,612	234,740	0%
Change in Net Position before Extraordinary Item & Special Item	10,477,652	8,984,599	1,493,053	17%
Special Item				
Gain on sale of 939 Ellis Street Building	12,100,523	-	12,100,523	
Extraordinary Item				
Recovery of Lehman Brothers loss	1,797,301	643,536	1,153,765	179%
Change in Net Position	24,375,476	9,628,135	14,747,341	153%
Net Position - beginning of year	150,323,589	140,695,454	9,628,135	7%
Net Position - end of year	\$ 174,699,065	\$ 150,323,589	\$ 24,375,476	16%

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

C. Government-Wide Financial Analysis, Continued

Governmental Activities

The objective of the Statement of Activities is to report the full cost of providing government services during the fiscal year. The format also permits the reader to ascertain the extent to which each function is either self-financing or draws funds from the general funds of the government.

The Statement of Activities presents information showing how the District's net position changed during the fiscal year 2013-2014. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

Governmental functions of the District are predominately supported by fees, property taxes, subvention, grants, and penalties and settlements. The penalties and settlements are one-time revenues which are over and above the regular revenues directly related to the programs. The primary governmental activities of the District are: to advance clean air technology, ensure compliance with clean air rules, develop programs to achieve clean air, develop rules to achieve clean air, monitor air quality, permit review and Special Revenue Fund activities.

At June 30, 2014, the District's governmental funds reported a combined ending fund balance of \$174,699,065, an increase of \$24,375,476 in comparison to the prior year. The primary reasons for the increase are the building sale proceeds, investment recovery and increased operating surplus both in the General Fund and Special Revenues Fund in the current year.

- Overall governmental revenues are \$140,013,004; an increase of \$1,727,793 from the prior year resulting from increased revenues received in fees and grant programs.
- Overall governmental expenditures are \$129,535,352; a slight increase of \$234,740 over the prior year.

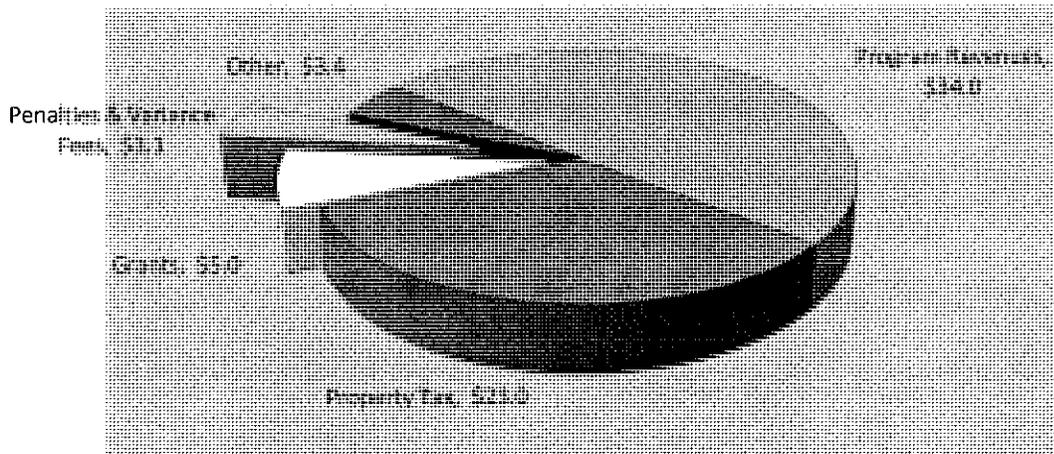
BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

D. General Fund Financial Analysis

Figure 1 below provides a pie chart of the District's General Fund revenues (net of other financing sources) for fiscal year 2013-2014. The General Fund received total revenue of \$68,515,904 in fiscal year 2013-14, an increase of \$3,123,080 over fiscal year 2012-13. This increase is mainly comprised of increased revenues of \$3.8 million in permit, asbestos, penalties, and other related fees resulting in an average rate increase of approximately 6.4% over the prior year. This increase was offset by decreased revenue of \$683,482 in property tax whereby the District remitted a refund to the State of California for overpayment of Prop 1A funds. Program Revenues include: Permit, AB2588, Title V, and Asbestos fees. Program revenues are the largest General Fund revenue source in fiscal 2013-14 (\$34.0 million), followed by Property Tax (\$23.0 million), Grants (\$5.0 million), Penalties (\$3.1 million), and Other revenues (\$3.4 million).

Figure 1. Fiscal Year 2013-2014 General Fund Revenues (Figures in Millions)



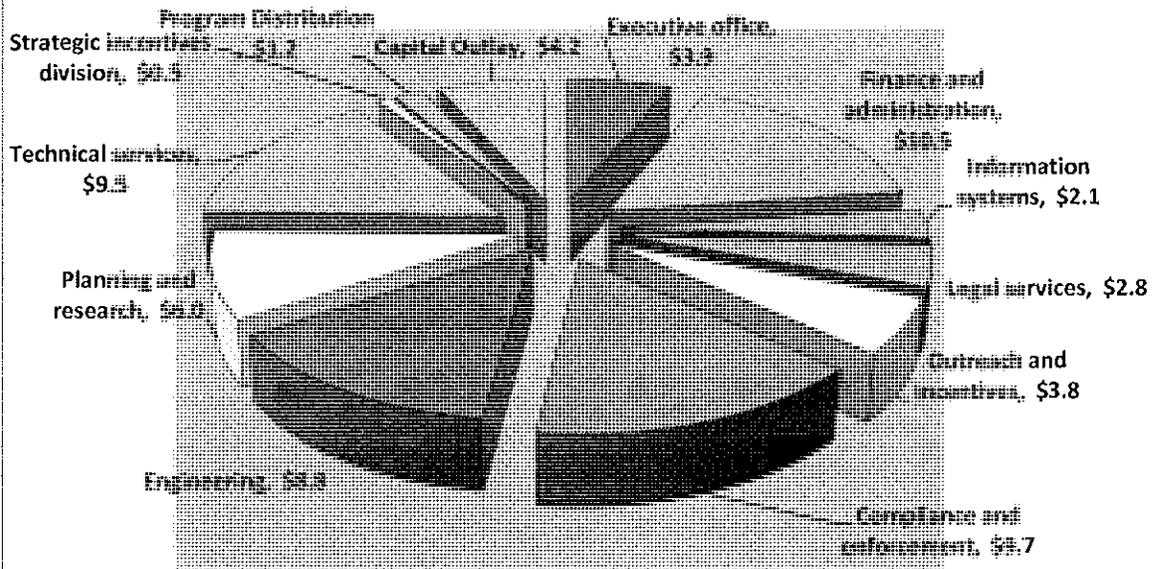
BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

D. General Fund Financial Analysis, Continued

Figure 2 below provides a graph of General Fund operating expenditures (net of other financing uses) for fiscal year 2013-14. General Fund operating expenditures totaled \$62,953,755 which is an increase of \$343,711 over fiscal year 2012-13. This increase resulted from a combined increase of \$3.7 million in operating increases in the Executive Office, Finance & Administration, Legal Services, Outreach & Incentives, Technical Services, and Capital Outlay; offset by a \$3.4 million decrease in expenditure in Information Systems, Compliance & Enforcement, Strategic Incentives, Engineering, Planning & Research, and Program distributions for special environmental projects. General Fund expenditures represent the District's general government operating costs categorized into the following operating divisions: Compliance and Enforcement (\$9.7 million), Engineering (\$8.7 million), Finance & Administrative Services (\$10.5 million), Information Services (\$2.1 million), Technical Services (\$9.5 million), Executive (\$3.9 million), Planning (\$6.0 million), Outreach & Incentives (\$3.8 million), Strategic Incentives (\$0.5 million) and Legal Services (\$2.8 million). Program Distribution (\$1.2 million) is not an operating division, but rather a category capturing expenditure used for special projects. General Fund operating revenues exceeded operating expenditures by \$5,562,149 in fiscal year 2013-14.

Figure 2. Fiscal Year 2013-14 General Fund Expenditures (Figures in Millions)



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

D. General Fund Financial Analysis, Continued

The General Fund is the operating fund of the District and at the end of the fiscal year, the total fund balance of the General Fund was \$50.9 million. The assigned fund balance was \$18.3 million, committed \$9.5 million, restricted \$5.6 million, non-spendable \$0.6 million, and the remaining \$16.9 million is unassigned. The unassigned fund balance represents 26.9% of the total General Fund expenditures, while the total fund balance represents 80.8% of the total fund expenditures. The District has available funds for unanticipated emergencies.

The FY 2013-14 adopted budget as compared to the actual expenditures and revenues reflects a decrease in appropriations of \$0.5 million and an increase in revenues of \$5.2 million. The revenue increase was due to increased property tax receipts, certain fees, and grants. The changes to the budget were the result of Governing Board actions, and carryover of unspent funds from FY 2012-13.

E. Capital Assets

Capital assets include land, buildings, laboratory equipment, air monitoring stations, computers, office furniture and District fleet vehicles. As of June 30, 2014 the District's investment in capital assets was \$21.4 million net of accumulated depreciation. This was a decrease of \$1.3 million from the prior year and resulted from the write off of assets related to the 939 Ellis building offset by increases in other construction in progress and other equipment.

F. Capital Projects Fund

During the current fiscal year, a Capital Projects Fund was established to account for financial resources that are specifically related for the acquisition of District's new office space noted on page 3. At June 30, 2014, the Capital Projects Fund reported a balance of \$29,703,923 which represents the net proceeds being held in trust from issuing \$30,000,000 through a private placement of taxable Certificates of Participation with the Bay Area Headquarters Authority. The Certificates will be held in an escrow account until acquisition of the new office space expected in 2016. The escrow account will pay interest due during the escrow period using the interest earned from the proceeds. Additional information can be found on pages 31-32 of the notes to the financial statements.

G. Economic Factors and Next Year's Budget

The District receives approximately 34% of its General Fund revenue from property taxes levied in nine Bay Area counties and 50% from permit fees charged to local businesses. Consequently, District revenues are impacted by changes in the state and local economy. The District takes a fiscally conservative approach to its budget and it strives to balance its budget within available current revenues. In an effort to recover a greater share of the costs of maintaining air quality, the District increased its permitting fees by approximately 6.4% in FY 2014-15. The District will continue to focus on long term financial planning to ensure the vitality and effectiveness of its programs.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2014

H. Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stephanie Osaze, Finance Manager, at 939 Ellis Street, San Francisco, CA 94109.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 40,504,643
Restricted cash and cash equivalents	136,518,263
Restricted investments	29,663,843
Receivables	11,476,670
Due from other governments	4,770,185
Prepays, deposits, and other current assets	<u>761,788</u>
Capital assets:	
Non-depreciable	12,556,288
Depreciable, net	<u>8,866,772</u>
Total capital assets	<u>21,423,060</u>
 Total assets	 <u>245,118,452</u>
LIABILITIES	
Accounts payable	2,700,121
Accrued payroll	1,615,790
Other current liabilities	290,285
Unearned revenue	24,769,035
Long-term liabilities:	
Due within one year	3,200,000
Due in more than one year	<u>37,844,156</u>
 Total liabilities	 <u>70,419,387</u>
NET POSITION	
Net investment in capital assets	21,423,060
Restricted for air quality grants and projects	114,516,091
Restricted for post-employment benefits	2,822,645
Unrestricted net position	<u>35,937,269</u>
 Total net position	 <u>\$ 174,699,065</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Primary government	\$ 61,589,948	\$ 38,759,304	\$ 7,446,637	\$ (15,384,007)
California Goods Movement program	18,110,025		17,727,067	(382,958)
Interest	<u>41,622</u>			<u>(41,622)</u>
TFCA/MSIF, CMP, & other programs:				
TFCA/MSIF & other program distribution	36,739,802		39,533,983	2,794,181
Carl Moyer Program	<u>13,053,955</u>		<u>13,053,955</u>	
Total TFCA/MSIF, CMP, & other programs	<u>49,793,757</u>		<u>52,587,938</u>	<u>2,794,181</u>
Total governmental activities	<u>\$ 129,535,352</u>	<u>\$ 38,759,304</u>	<u>\$ 77,761,642</u>	<u>(13,014,406)</u>
General revenues:				
County apportionment				23,049,894
Investment income not restricted for a specific program				324,504
Other				<u>117,660</u>
Total general revenues				<u>23,492,058</u>
Change in net position before extraordinary item and special item				10,477,652
Special item:				
Gain on sale of 939 Ellis Street building				12,100,523
Extraordinary item:				
Recovery of Lehman Brothers loss				<u>1,797,301</u>
Change in net position				24,375,476
Net position-beginning of year				<u>150,323,589</u>
Net position-end of year				<u>\$ 174,699,065</u>

See accompanying notes to financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 40,504,643			\$ 40,504,643
Restricted cash and cash equivalents	2,822,645	\$ 133,655,538	\$ 40,080	136,518,263
Restricted investments			29,663,843	29,663,843
Receivables	4,958,004	6,518,666		11,476,670
Due from other governments	3,576,203	1,193,982		4,770,185
Due from other funds	4,925,926			4,925,926
Prepays, deposits, and other assets	761,788			761,788
Total assets	<u>\$ 57,549,209</u>	<u>\$ 141,368,186</u>	<u>\$ 29,703,923</u>	<u>\$ 228,621,318</u>
LIABILITIES				
Accounts payable	\$ 2,166,598	\$ 533,523		\$ 2,700,121
Accrued payroll	1,615,790			1,615,790
Due to other funds		4,925,926		4,925,926
Other liabilities	290,285			290,285
Unearned revenue	609,786	24,159,249		24,769,035
Total liabilities	<u>4,682,459</u>	<u>29,618,698</u>		<u>34,301,157</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,979,218			1,979,218
FUND BALANCES				
Nonspendable:				
Prepaid items	640,168			640,168
Restricted:				
Air quality grants and projects	2,766,603	111,749,488		114,516,091
Postemployment benefits	2,822,645			2,822,645
Capital projects			\$ 29,703,923	29,703,923
Committed:				
Future acquisition of 375 Beale Street	8,500,000			8,500,000
Self-funded workers' compensation	1,000,000			1,000,000
Assigned:				
PERS funding	800,000			800,000
Postemployment benefits	1,000,000			1,000,000
Building and facilities	6,668,200			6,668,200
Capital equipment	4,228,000			4,228,000
Air quality grants and projects	5,583,024			5,583,024
Unassigned	16,878,892			16,878,892
Total fund balances	<u>50,887,532</u>	<u>111,749,488</u>	<u>29,703,923</u>	<u>192,340,943</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,549,209</u>	<u>\$ 141,368,186</u>	<u>\$ 29,703,923</u>	<u>\$ 228,621,318</u>

See accompanying notes to financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RECONCILIATION OF THE FUND BALANCES - TOTAL GOVERNMENTAL FUNDS WITH THE STATEMENT OF NET POSITION JUNE 30, 2014

Amounts reported for governmental activities in the Statement of Net Position are different from those reported in the Governmental Funds because of the following:

Total fund balances - total governmental funds	\$ 192,340,943
Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds.	21,423,060
Other long-term assets (receivables) are not available to pay for current-period expenditures and therefore, are reported as unavailable revenue in the funds.	1,979,218
The liabilities below are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(4,558,006)
OPEB obligation	(6,486,150)
Certificates of participation	<u>(30,000,000)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 174,699,065</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
TFCA / MSIF DMV fees		\$ 36,345,524		\$ 36,345,524
Permit fees	\$ 31,190,416			31,190,416
County apportionment	23,049,894			23,049,894
California Goods Movement revenue		16,062,216		16,062,216
Carl Moyer Program		13,053,955		13,053,955
Federal grants	5,031,562	4,558,313		9,589,875
Penalties and variance fees	3,093,269			3,093,269
Asbestos fees	2,786,443			2,786,443
State subvention	1,721,405			1,721,405
State grants	693,670	294,997		988,667
Other revenues	651,641			651,641
Interest	283,459		\$ 41,045	324,504
Special environmental projects	14,145			14,145
Total revenues	68,515,904	70,315,005	41,045	138,871,954
EXPENDITURES				
General government:				
Program distribution	1,245,307			1,245,307
Executive office	3,891,221			3,891,221
Finance and administration	10,513,150			10,513,150
Information systems	2,055,444			2,055,444
Legal services	2,773,477			2,773,477
Outreach and incentives	3,834,645			3,834,645
Compliance and enforcement	9,720,345			9,720,345
Engineering	8,755,259			8,755,259
Planning and research	5,971,768			5,971,768
Technical services	9,520,445			9,520,445
Strategic incentives division	500,653			500,653
TFCA/MSIF, Carl Moyer, & other programs:				
Program distribution		39,209,954		39,209,954
Intermittent control		1,142,709		1,142,709
TFCA administration		1,038,449		1,038,449
Vehicle buy-back		2,275,826		2,275,826
Mobile source incentive		513,350		513,350
Regional bikeshare		3,225,150		3,225,150
CarSharing incentive		297,360		297,360
Regional electric vehicle deployment		621,757		621,757
Enhanced mobile source inspection		1,421,360		1,421,360
Commute assistance		23,851		23,851
California Goods Movement Program & other programs:				
Grant administration		730,609		730,609
Truck Program/LESBP		17,375,575		17,375,575
Debt Service:				
Interest			41,622	41,622
Debt issuance costs			295,500	295,500
Capital outlay	4,172,041			4,172,041
Total expenditures	62,953,755	67,875,950	337,122	131,166,827
EXCESS OF REVENUES OVER EXPENDITURES	5,562,149	2,439,055	(296,077)	7,705,127
OTHER FINANCING SOURCES (USES)				
Transfers in	845,190			845,190
Transfers (out)		(845,190)		(845,190)
Proceeds from certificates of participation issued			30,000,000	30,000,000
Total other financing source (uses)	845,190	(845,190)	30,000,000	30,000,000
SPECIAL ITEM				
Sale of 939 Ellis Street building	15,771,303			15,771,303
EXTRAORDINARY ITEM				
Recovery of Lehman Brothers loss	488,531	1,308,770		1,797,301
NET CHANGE IN FUND BALANCES	22,667,173	2,902,635	29,703,923	55,273,731
BEGINNING FUND BALANCES	28,220,359	108,846,853		137,067,212
ENDING FUND BALANCES	\$ 50,887,532	\$ 111,749,488	\$ 29,703,923	\$ 192,340,943

See accompanying notes to financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RECONCILIATION OF THE NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 55,273,731

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capitalized expenditures are added back to fund balance	4,172,041
Depreciation expense is deducted from fund balance	(1,718,361)
Net book value of capital asset disposals is deducted from fund balance	(3,699,606)

Certain receivables recognized in the government-wide statements in previous years have been deemed uncollectible and must be written off to expense. Receivables written off were for:

Permit and other miscellaneous fees	(49,058)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

	1,141,050
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The issuance of long-term debt provides current financial resources to governmental funds, but does not have an effect on net position. Current year proceeds from the issuance of certificates of participation were:

	(30,000,000)
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The amounts below included in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Compensated absences	(218,811)
OPEB obligation	<u>(525,510)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 24,375,476

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

1. REPORTING ENTITY AND SIGNIFIGANT ACCOUNTING POLICIES

A. Reporting Entity

The Bay Area Air Quality Management District (District) was created by the California legislature in 1955. The District's structure, operating procedures and authority are established by Division 26 of the California Health and Safety Code.

The District's jurisdiction is limited principally to policing non-vehicular sources of air pollution within the Bay Area, primarily industry pollution and burning. Any company wishing to build or modify a facility in the Bay Area must first obtain a permit from the District to ensure that the facility complies with all applicable rules.

The District also acts as the program administrator for Transportation Fund for Clean Air (TFCA) funds and Mobile Source Incentive funds (MSIF) derived from Assembly Bill 434 and Assembly Bill 923, respectively. TFCA and MSIF funding comes from a \$4 and \$2 surcharge, respectively, on motor vehicles registered within the District's boundaries. TFCA funding may only be used to fund eligible projects that reduce motor vehicle emissions and support the implementation of the transportation and mobile source control measures in the 1994 Clean Air Plan. All projects must fall within the categories listed in State Law (Health and Safety Code Section 44241).

The Health and Safety Code requires the District to pass-through no less than 40% (forty percent) of the TFCA revenues raised within a particular county to that county's eligible, designated Program Manager. The remaining 60% (sixty percent) is for Regional Fund grants and is being allocated to projects on a competitive basis. Projects are evaluated using the District's Board adopted evaluation and scoring criteria. The District may receive reimbursement from TFCA funds, not to exceed 5% (five percent) of total funds, for administration of the program. TFCA activities are accounted for in the District's Special Revenue Fund.

The District includes seven counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara; and portions of two other counties: Southwestern Solano and Southern Sonoma. The District is governed by a 22 (twenty-two) member Board of Directors that includes representatives from all of the above counties.

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

B. Basis of Presentation

Government-wide Statements – The Statement of Net Position and the Statement of Activities display information about the primary government (District). Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational needs of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed, assigned, and then unassigned fund balances.

Fund Financial Statements – The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column.

C. Funds Presented

The District's major governmental funds are required to be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures equal to 10% (ten percent) of the total. The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – This Fund is used by the District to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund was established by the District to account for financial resources that are specifically intended for the acquisition of the District's new office space.

D. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 (ninety) days after year end, with the exception of revenues related to CMAQ Spare the Air, which are included in revenue if received

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

within seven months after year end. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place.

Imposed non-exchange transaction revenues result from assessments imposed on non-governmental entities, including individuals (other than assessments imposed on exchange transactions), and the revenues are recognized in the period when use of the resources is required or first permitted. District-imposed non-exchange transactions are the TFCA/MSIF DMV fees, Permit fees, Title V Permit fees, Asbestos fees, Penalties and Variance fees, and Settlements.

Government-mandated non-exchange transactions result from one level of government providing resources to another level of government and requiring the recipient to use the resources for a specific purpose. Voluntary non-exchange transactions result from agreements entered into voluntarily by the parties thereto. Both types of non-exchange transaction revenues are treated in the same manner. Revenues are recognized when all applicable eligibility requirements are met. District transactions of both types include the Carl Moyer program, Lower Emission School Bus program, State Subvention, EPA federal grants, DHS federal grants, CMAQ Spare the Air grants, other grants, California Goods Movement program, Shore Power program, and various agreements with the nine Counties served by the District.

Those revenues susceptible to accrual are taxes, intergovernmental revenues, interest, charges for services, fines and penalties, and license and permit revenues.

Under the modified accrual basis, revenue from exchange and non-exchange transactions must meet both the "measurable" and "available" criteria to be recognized in the current period. On governmental fund financial statements, receivables that will not be collected within the availability period have been offset with unavailable revenue. Unearned revenue arises when assets are received before the revenue recognition criteria have been satisfied. Grants received before eligibility requirements have been satisfied are recorded as unearned revenue in the governmental fund financial statements (see Note 6).

E. Compensated Absences

The District's policies provide compensation to employees for certain absences, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on any special event beyond the control of the District and its employees is accrued as employees earn those benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in a period in which such services are rendered or in which such events take place.

The District's liability for compensated absences is recorded in the Statement of Net Position. District employees are allowed to accrue no more than four hundred and sixty hours of vacation as of the end of the calendar year. In the event of termination, the employees are reimbursed for all accumulated vacation at the time of separation from the District.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

There are no restrictions regarding the accumulation of sick leave. On termination, employees are not paid for accumulated sick leave, but the accumulated sick leave is counted as service credit by the CalPERS pension plan administered by the State of California.

F. Use of Management Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G. Receivables

During the course of normal operations, the District carries various receivable balances for taxes, interest, and permitting operations. The District considers receivables to be fully collectible; accordingly no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations when that determination is made. During the year ending June 30, 2014, management deemed \$49,058 of outstanding receivables to be uncollectible.

H. Capital Assets

The District's assets are capitalized at historical cost or estimated historical cost. District policy has set the capitalization threshold for reporting general capital assets at \$5,000. Donated capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings, grounds & improvements	15-20 Years
Equipment	5-15 Years

I. Deferred Outflows/Deferred Inflows

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section called *deferred outflows of resources*. A deferred outflow of resources represents a consumption of net position or fund balance that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The District has no deferred outflows of resources.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section called *deferred inflows of resources*. A deferred inflow of resources represents an acquisition of net position or fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports unavailable revenue as a deferred inflow of resources in the fund financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

J. Net Position / Fund Balance

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt, if any, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

The governmental fund statements utilize a fund balance presentation. Fund balances are categorized as nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable Fund Balance – This category presents the portion of fund balance that cannot be spent because it is either not in a spendable form or it is legally or contractually required to be maintained intact.

Restricted Fund Balance – This category presents the portion of the fund balance that is for specific purposes stipulated by constitution, external resource providers, or enabling legislation.

Committed Fund Balance – This category presents the portion of the fund balance that can be used only for the specific purposes determined by a formal action (Resolution) of the District's highest level of decision making authority. For the District, this level of authority lies with the Board of Directors.

Assigned Fund Balance – This category presents the portion of the fund balance that is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. For the District, balances can be assigned by management or through the budget process.

Unassigned Fund Balance – This category presents the portion of the fund balance that does not fall into restricted, committed, or assigned and are spendable.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

K. Future GASB Statement Implementation

In June of 2012, the GASB issued GASB Statement 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with required implementation for the District during the year ended June 30, 2015, and in November of 2013, issued GASB Statement 71 (GASB 71), *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which simply amended portions of GASB 68. GASB 68 is an amendment of GASB Statement 27, *Accounting for Pensions by State and Local Governmental Employers*. The primary objective of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It will require employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 68 is required to be implemented retroactively and will require a restatement of beginning net position.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Investments

The District pools cash from multiple sources and funds so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Cash, cash equivalents, and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 40,504,643
Restricted cash and cash equivalents	136,518,263
Restricted investments	<u>29,663,843</u>
Total cash, cash equivalents, and investments	<u>\$ 206,686,749</u>

Cash, cash equivalents, and investments as of June 30, 2014, consist of the following:

Cash and investments in San Mateo	
Pooled Fund Investment Program	\$ 174,160,181
Cash, cash equivalents, and investments with fiscal agent	<u>32,526,568</u>
Total cash and cash equivalents	<u>\$ 206,686,749</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Cash in County Treasury

The District is a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by California Government Code under the oversight of the Treasury of the County of San Mateo (the Treasury). The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes, or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

The District earns interest on a proportionate basis with all other investors. Interest is credited directly to the District's account on a quarterly basis. The pooled fund is collateralized at 102% by San Mateo County, but not specifically identified to any one depositor or in the District's name.

The District reports its investment in the County Pool at the fair value amount provided by the County. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the District by the California Government Code Section 53601 or the Treasury investment policy, which was adopted by the District, whichever is more restrictive. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Government Agency / Sponsored			
Enterprise Securities	7 years	100%	40%
U.S. Treasury Obligations	7 years	100%	100%
Asset-Backed Securities	5 years	20%	100%
Banker's Acceptances	180 days	15%	5%
Commercial Paper	270 days	40%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Collateralized Certificates of Deposit	1 year	15%	5%
Repurchase Agreements	92 days	100%	100%
Mutual Funds	N/A	10%	5%
Corporate Bonds, Medium-Term Notes, & Covered Bonds	5 years	30%	5%
Local Agency Investment Funds (LAIF)	N/A	Up to state limit	None

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Investments Authorized by Debt Agreements

The District's cash, cash equivalents, and investments with fiscal agent in the Capital Projects Fund in the amount of \$29,703,923 represent unspent proceeds of the 2013 Certificates of Participation at June 30, 2014, which are restricted for specific purposes under terms of the trust agreement.

Investments of debt proceeds held by the trustee are governed by provisions of the trust agreement, rather than the general provisions of the California Government Code or the District's investment policy.

Derivative Investments

The District did not directly enter into any derivative investments, and the County Pool was not holding derivative investments at June 30, 2014.

Disclosures Related to Interest Rate Risk and Credit Risk

Generally, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the District's investment policy limit the District's investments in banker's acceptances, commercial paper, negotiable certificates of deposit, collateralized certificates of deposit, and repurchase agreements to the rating of A1/P-1/F-1 or better by two of the three nationally recognized rating services (Standard & Poor's, Moody's Investors Service, or Fitch Ratings). Corporate securities are required to have a rating of AA or better at the time of purchase, aside from 25% of total corporate securities, which can have a rating of A. U.S. government securities are required to have a rating of AA, long-term, or A-1, short-term, or better by two of the three rating services. Asset-backed securities are required to have a rating of AAA or higher by two of the three rating services.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates.

The District's cash, cash equivalents, and investments were categorized as follows at June 30, 2014:

	<u>Ratings</u>		<u>Maturities</u>	<u>Fair Value</u>
	<u>Moody's</u>	<u>S&P</u>		
Money market	Not Rated	Not Rated	Current	\$ 40,080
AIG fixed annuity	Not Rated	Not Rated	Current	2,822,645
U.S. Treasury Notes	Aaa	Not Rated	0.92 years	29,663,843
Investments in San Mateo				
Pooled Fund Investment Program	Aa1/P-1	AA/A-1	1.71 years	<u>174,160,181</u>
Total cash, cash equivalents, and investments				<u>\$ 206,686,749</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Restricted Cash, Cash Equivalents, and Investments

The District's restricted cash, cash equivalents, and investments are \$166,182,106 at June 30, 2014. Included in this restricted balance is \$29,703,923 for the 2013 Certificates of Participation unspent proceeds, \$133,655,538 restricted for air quality grants and projects, and \$2,822,645 restricted for postemployment benefits.

3. RECEIVABLES

At June 30, 2014, the District had the following accounts receivable:

General Fund:		
Permit and other fees	\$ 4,133,850	
County apportionments	662,716	
Interest	56,357	
Other	105,081	
Total General Fund		\$ 4,958,004
 Special Revenue Fund:		
TFCA DMV fees	4,174,069	
MSIF DMV fees	2,082,268	
Interest	214,620	
Other	47,709	
Total Special Revenue Fund		6,518,666
Total Accounts Receivable		\$ 11,476,670

4. INTERFUND TRANSACTIONS

Current interfund balances arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures which are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received. At June 30, 2014, the General Fund was owed \$4,925,926 by the Special Revenue Fund.

With Board approval, resources are transferred from one fund to another. The purpose of the majority of transfers is to move approved administrative revenue charged to restricted programs in the Special Revenue Fund to the General Fund. Interfund transfers for the year ended June 30, 2014 were as follows:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>
General Fund	Special Revenue Fund	\$ 845,190

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

5. CAPITAL ASSETS

The District's capital assets were comprised of the following at June 30, 2014:

	Balance at 7/1/2013	Additions	Deletions	Transfers	Balance at 6/30/2014
Non-depreciable assets:					
Land	\$ 214,608		\$ (214,608)		
Construction in progress	11,442,137	\$ 2,516,850		\$ (1,402,699)	\$ 12,556,288
Total non-depreciable assets	11,656,745	2,516,850	(214,608)	(1,402,699)	12,556,288
Depreciable assets:					
Building and grounds	9,679,502	102,561	(10,769,506)	1,195,311	207,868
Leasehold improvements	2,847,646				2,847,646
Computers and network equipment	8,514,358			207,388	8,721,746
Motorized equipment	1,045,738		(119,526)		926,212
Lab and monitoring equipment	7,602,734	816,630	(456,940)		7,962,424
Furniture and other equipment	2,578,561	736,000			3,314,561
Total depreciable assets	32,268,539	1,655,191	(11,345,972)	1,402,699	23,980,457
Accumulated depreciation:					
Building and grounds	7,172,613	249,445	(7,313,334)		108,724
Leasehold improvements	2,687,735	2,391			2,690,126
Computers and network equipment	2,856,371	584,361			3,440,732
Motorized equipment	967,884	10,165	(113,550)		864,499
Lab and monitoring equipment	6,059,660	565,610	(434,090)		6,191,180
Furniture and other equipment	1,512,035	306,389			1,818,424
Total accumulated depreciation	21,256,298	1,718,361	(7,860,974)		15,113,685
Total depreciable assets, net	11,012,241	(63,170)	(3,484,998)	1,402,699	8,866,772
Total capital assets, net	\$ 22,668,986	\$ 2,453,680	\$ (3,699,606)	\$	\$ 21,423,060

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Depreciation expense by function for capital assets for the year ended June 30, 2014, is as follows:

Primary Government:	
Executive office	\$ 47,108
Administrative services	217,399
Legal services	38,103
Public information and outreach	21,476
Compliance enforcement	162,622
Engineering	132,460
Planning	110,900
Technical services	671,911
Information services	207,437
Strategic Incentives Division	<u>108,945</u>
Total depreciation expense	<u>\$ 1,718,361</u>

On April 30, 2014, the District sold its land and building located at 939 Ellis Street in San Francisco, California. The proceeds from the sale, less taxes and legal fees related to the sale, of \$15,771,303 are presented as a special item in the General Fund's Statement of Revenues, Expenditures, and Changes in Fund Balances. This amount is further reduced by the net book value of the land and building of \$3,670,780, for a total special item of \$12,100,523 in the Government-wide Statement of Activities. The sale of the land and building are considered a special item because such a transaction is infrequent in nature but within the control of the District. Subsequent to the sale, the District began leasing the building from the new owners. See further disclosure in Note 8.

6. UNEARNED / UNAVAILABLE REVENUE

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net position and governmental funds offset cash received before the earning process is complete with a corresponding liability as unearned revenue.

Under the modified accrual basis of accounting, revenues are recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period. Receivables not collected within the District's period of availability and therefore not considered available to liquidate liabilities of the current period are offset by a corresponding deferred inflow of resources as unavailable revenue in the governmental fund financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

At June 30, 2014, components of unearned and unavailable revenues reported were as follows:

	Unearned Revenue	Unavailable Revenue	Total
General Fund:			
Permits and licenses		\$ 1,979,218	\$ 1,979,218
Carl Moyer Program Administration	\$ 600,536		600,536
Air Quality Improvement Program	9,250		9,250
Subtotal General Fund	609,786	1,979,218	2,589,004
Special Revenue Fund:			
GMB – Administration	711,986		711,986
GMB – On-Road Projects	12,515,236		12,515,236
Shore Power Projects	3,950,994		3,950,994
Carl Moyer Program	6,981,033		6,981,033
Subtotal Special Revenue Fund	24,159,249		24,159,249
Total unearned and unavailable revenue	\$ 24,769,035	\$ 1,979,218	\$ 26,748,253

7. LONG-TERM LIABILITIES

On November 7, 2013, the District issued \$30,000,000 through a private placement of taxable Certificates of Participation (Certificates) with Bay Area Headquarters Authority (BAHA) to finance its ownership interest of approximately 75,000 square feet of office space at 375 Beale Street. The Certificates will be held by the Bank of New York Mellon Trust Company, N.A., as Trustee, in an escrow account until acquisition of the premises by the District, expected sometime in 2016. The escrow account will pay interest due during the escrow period, at an annual rate of 0.247%, using proceeds of the Certificates. Upon acquisition date, the escrow period ends and the District will begin to make base rental payments under the terms of the sublease described below. The District may prepay the Certificates, all or in part, without penalty. The District agreed to contribute at least \$8,500,000 from the sale of its 939 Ellis Street office building, payable at acquisition date at 375 Beale Street, which will go towards its debt obligation.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The District and BAHA has also entered into a financing lease/sublease arrangement whereby at the date of acquisition the District will lease its office space to BAHA and BAHA will then sublease office space back to the District to secure payment on the Certificates. Under the terms of the agreement, total monthly payments have been predetermined over a 30-year amortization period, and the amount of such payments that relates to interest will be calculated based on the index rate period of a five year duration with an applicable spread of 120 basis points or 1.20% per annum. Total payments of principal and interest are structured as follows:

<u>Rental Term Years</u>	<u>Total Annual Payments</u>	<u>Total Payments</u>
1 – 10	\$ 1,200,000	\$ 12,000,000
11 - 30	1,370,000	<u>24,660,000</u>
		<u>\$ 36,660,000</u>

Upon payment of all rental payments under the term of the sublease agreement, the title of the office space will transfer to the District.

A schedule of changes in general long-term debt for the year ended June 30, 2014, is shown below:

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Governmental Activities					
Certificates of Participation		\$ 30,000,000		\$ 30,000,000	
Compensated Absences	\$ 4,339,195	3,371,672	\$ (3,152,861)	4,558,006	\$ 3,200,000
OPEB	<u>5,960,640</u>	<u>5,283,000</u>	<u>(4,757,490)</u>	<u>6,486,150</u>	
Total	<u>\$ 10,299,835</u>	<u>\$ 38,654,672</u>	<u>\$ (7,910,351)</u>	<u>\$ 41,044,156</u>	<u>\$ 3,200,000</u>

The long-term portion of compensated absences is liquidated by the General Fund and the long-term portion of OPEB is liquidated by both the General Fund and the Special Revenue Fund. Certificates of participation will be partially liquidated with proceeds from the sale of 939 Ellis Street, held in the General Fund, as discussed in Note 5, and otherwise liquidated by the Capital Projects Fund.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

8. LEASES

Commitments under non-cancelable operating lease agreements for air-monitoring stations, vehicles, and office equipment provide for minimum annual rental payments as follows:

<u>Year ended June 30,</u>	
2015	\$ 844,126
2016	624,050
2017	492,534
2018	299,636
2019	77,794
2020-2024	<u>20,578</u>
	<u>\$ 2,358,718</u>

Air-monitoring station leases are renewable with minor escalations.

Rental expense for lease agreements during the year ended June 30, 2014, was \$1,174,400.

Additionally, as described in Note 5, the District sold its land and building at 939 Ellis Street on April 30, 2014. On the same date, the District entered a lease agreement with the new owners to lease the premises for a monthly rent of \$91,925 through June 30, 2015, with options for additional extensions. The District intends to participate in this lease agreement until moving to the new premises on the acquisition date under the sublease with BAHA discussed in Note 7. Rental expense for the building for the year ended June 30, 2014, was \$183,851.

9. COUNTY APPORTIONMENT REVENUE

As a result of the passage of Proposition 13 in fiscal year 1979, the District no longer has the power to calculate property tax revenues due for each county. Instead, the District now receives remittances from the counties, which are calculated in accordance with Assembly Bill Number 8. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Property tax revenues are recognized by the District in the fiscal year they are assessed, provided that they become available as defined above.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes to personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue and receivables in the fiscal year of levy, provided that they are collected within the fiscal year or within ninety days after year end.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

County apportionment revenue recognized as of June 30, 2014, is as follows:

Alameda	\$	4,236,079
Contra Costa		2,514,385
Marin		1,172,574
Napa		817,395
Santa Clara		5,993,224
San Francisco		3,378,130
San Mateo		3,325,528
Solano		547,539
Sonoma		<u>1,065,040</u>
Total county apportionment revenue	\$	<u>23,049,894</u>

10. PENSION PLAN

All District employees are eligible to participate in a pension plan offered by the California Public Employees Retirement System (CalPERS), an agent multiple-employer defined-benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability retirement benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. The District's employees participate in the CalPERS Miscellaneous Employee "2% at 55" Plan (Plan). Benefit provisions under the Plan are established by State statute and District resolution. Benefits are based on years of credited service, equal to one year of full-time employment. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS, and the District must contribute the amounts specified by CalPERS. The Plan's provisions and benefits in effect at June 30, 2014, are summarized as follows:

	Classic Members	New Members under PEPRA
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits, as % of annual salary	1.426% - 2.418%	1.000% - 2.500%
Required employee contribution rates	7.0%	6.25%
Required employer contribution rates	11.982%	11.982%

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

CalPERS determines contribution requirements using a modification of the Entry Age Normal Cost Method. Under this method, the District's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the District must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarially accrued liability. The District uses the actuarially determined percentages of payroll to calculate and pay contributions to CalPERS. This results in no net pension obligations or unpaid contributions. The required contributions and related rates for the past three years ended June 30 were as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2012	\$ 5,038,023	100%	\$ 0
6/30/2013	\$ 4,463,725	100%	\$ 0
6/30/2014	\$ 3,896,074	100%	\$ 0

Funded Status and Funding Progress – The funded status of the plan as of the most recent valuation date of June 30, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 232,911,511
Actuarial value of plan assets	<u>180,235,962</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 52,675,549</u>
Funded ratio (actuarial value of plan assets/AAL)	77.4%
Covered payroll (active plan members)	\$ 31,540,591
UAAL as a percentage of payroll	167.0%

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.5% is assumed, including inflation at 2.75% and an annual production growth of 0.25%. Annual salary increases are assumed to vary by duration of service and range from 3.30% to 14.20%. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over 20 (twenty) years. Investment gains and losses are accumulated as they are realized and amortized over a rolling 30 (thirty) year period. The schedule of funding progress included in the required supplemental information presents information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Audited annual financial statements and ten year trend information are available from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description – The District sponsors a single-employer defined benefit healthcare plan administered by CalPERS. The District provides medical, dental, vision, and life insurance benefits to eligible retirees. Benefit provisions are established in accordance with the Employee Association Memorandum of Understanding (MOU) for represented employees and as adopted by Board Resolution for all other employees who retire from the District on or after attaining age 50 with at least 5 (five) years of service.

The District established an irrevocable trust to prefund the other postemployment benefit annual required contribution by participating in the California Employers' Retiree Benefit Trust (CERBT) program during the fiscal year ended June 30, 2009. The funds in the CERBT are held in trust and administered by the California Public Employees' Retirement System (CalPERS) as an agent multiple-employer plan. The District's Other Postemployment Benefits (OPEB) financial statements will be included in the CalPERS Comprehensive Annual Financial Report (CAFR). Copies of the CalPERS' CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy – The District funds on a pay-as-you-go basis with additional discretionary funding payments as approved by the Board. The District paid health care and life insurance benefit contributions based on when insurance premium payments were made, which were \$1,757,490 for the year ended June 30, 2014. The additional discretionary funding payment approved by the Board for the year ended June 30, 2014, was \$3,000,000. During the year ended June 30, 2014, one hundred seventy-six (176) retirees participated in the health insurance plan, one hundred fifty (150) retirees participated in the dental plan, one hundred thirty-two (132) retirees participated in the vision plan, and one hundred fifty-five (155) retirees participated in the life insurance plan.

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

The CERBT fund, which is an IRC Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other postemployment benefits for retirees and their beneficiaries, (ii) investing contributed amounts and income therein, and (iii) disbursing contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other postemployment benefits in accordance with the terms of the District's OPEB plan.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Annual OPEB Cost and Net OPEB Obligation – The ARC was determined as part of the June 30, 2011, actuarial valuation. The ARC rate was 16.6% of annual covered payroll. For the year ended June 30, 2014, the District’s annual other postemployment benefit cost (expense) is \$5,283,000. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District’s net OPEB obligation to the plan:

Annual required contribution	\$ 5,454,000
Interest on net OPEB obligation	271,000
Amortization of net OPEB obligation	<u>(442,000)</u>
Annual OPEB cost (expense)	5,283,000
Contributions made	<u>(4,757,490)</u>
Increase in net OPEB obligation	525,510
Net OPEB obligation-beginning of year	<u>5,960,640</u>
 Net OPEB obligation-end of year	 <u>\$ 6,486,150</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2014, and the two preceding years was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribnted</u>	<u>Net OPEB Obligation</u>
6/30/12	\$ 4,982,000	52.3%	\$ 6,074,269
6/30/13	\$ 5,080,000	102.2%	\$ 5,960,640
6/30/14	\$ 5,283,000	90.1%	\$ 6,486,150

Funded Status and Funding Progress – The funded status of the plan as of the most recent actuary valuation date, June 30, 2013, was as follows:

Actuarial accrued liability (AAL)	\$ 49,660,000
Actuarial value of plan assets	<u>19,636,000</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 30,024,000</u>
Funded ratio (actuarial value of plan assets/AAL)	39.5%
Covered payroll (active plan members)	\$ 32,085,000
UAAL as a percentage of payroll	93.6%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress included in the required supplemental information presents information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2013, actuarial valuation, the Entry Age Normal (EAN) cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), an annual medical cost trend rate of 5.0% - 8.3%, dental and vision trend rate of 3%, Medicare Part B trend rate of \$104.90, and an inflation assumption of 3%. The EAN cost method spreads plan costs for each participant from the entry date to the expected retirement date. Under the EAN cost method the plan's normal cost is developed as a level amount over the participant's working lifetime. The actuarial value of plan assets was \$19,636,000. The plan's unfunded actuarial accrued liability is being amortized using the level percentage of pay method over 20 (twenty) years with 14 (fourteen) years remaining as of June 30, 2014.

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District manages and finances these risks by purchasing commercial insurance and has a \$1,000 to \$10,000 deductible for general and special property liability with limits of \$10 million and \$350 million, respectively. The District has a \$500,000 deductible for workers' compensation with a \$1 million limit. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the District's commercial insurance coverages in any of the past three years.

As of June 30, 2014, the District had no material claims outstanding for general liability or for workers' compensation cases.

13. COMMITMENTS AND CONTINGENCIES

The District is subject to litigation arising in the normal course of business. In the opinion of the District's Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

The District receives Federal and State grant funds. The amounts, if any, of the District's grant expenditures which may be disallowed upon audit by the granting agencies cannot be determined at this time, although the District expects any such amounts to be immaterial.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

14. EXTRAORDINARY ITEM

On September 15, 2008, Lehman Brothers Holdings Inc. (Lehman Brothers) declared bankruptcy. This bankruptcy had a direct, negative impact on the County Pool's investments in an amount of approximately \$155 million as of September 30, 2008. After extensive consultation with the County's financial advisors and legal counsel, the County Treasurer decided to retain the Lehman securities, but mark their value down to zero and carry the securities as nonperforming assets. For the quarter ended September 30, 2008, the County charged all pool participants' accounts a one-time expense based on their average daily cash balances to reflect the reduction in value. The District's portion of this charge resulted in a loss on investments of \$1,720,955 in the fiscal year ending June 30, 2009.

In March of 2012, Lehman Brothers exited bankruptcy and made an initial payment to creditors on April 17, 2012. The County Pool received \$9,332,132 in this initial distribution, and the District's share of this recovery was \$439,158, included in revenue in the fiscal year ending June 30, 2012.

The County Pool received \$5,935,930 in the second distribution from the Lehman Brothers settlement, on October 2, 2012, and \$7,739,246 on April 4, 2013. The District's share of these two recovery amounts was \$279,337 and \$364,199, respectively, and these amounts were included in revenue for the fiscal year ending June 30, 2013.

The County Pool received \$38,595,000 in the last distribution from the Lehman Brothers settlement on August 9, 2013, of which the District received \$1,583,622. An additional settlement against the Lehman Brothers Officers and Directors was reached in 2013. As a result, the County Pool received distributions of \$4,052,505 and \$1,155,121 in January and February of 2014, respectively. The District's share of these two recovery amounts was \$166,282 and \$47,397, respectively, and these amounts were included in revenue for the fiscal year ending June 30, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULES OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2014

PENSION PLAN

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2011	\$184,503,500	\$208,697,558	\$24,194,058	88.4%	\$31,492,142	76.8%
6/30/2012	193,484,731	220,115,239	26,630,508	87.9%	31,579,609	84.3%
6/30/2013	180,235,962	232,911,511	52,675,549	77.4%	31,540,591	167.0%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Actuarial Valuation Date	Actuarial Asset Value (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	\$ 7,354,000	\$ 46,760,000	\$39,406,000	15.7%	\$31,826,000	123.8%
6/30/2011	12,450,000	53,436,000	40,986,000	23.3%	31,896,000	128.5%
6/30/2013	19,636,000	49,660,000	30,024,000	39.5%	32,085,000	93.6%

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permit fees	\$ 26,997,000	\$ 26,997,000	\$ 26,923,943	\$ (73,057)
Title V permit fees	3,690,000	3,690,000	3,712,520	22,520
AB 2588 income	600,000	600,000	554,553	(45,447)
County apportionment	21,780,888	21,780,888	23,049,894	1,269,006
Federal grant - EPA	1,838,744	3,135,731	3,153,149	17,418
Federal grant - DHS	1,352,992	1,352,992	1,227,035	(125,957)
CMAQ Spare the Air	700,000	700,000	651,378	(48,622)
Penalties and variance fees	1,700,000	1,700,000	3,079,144	1,379,144
Hearing board fees	20,000	20,000	14,125	(5,875)
Asbestos fees	1,900,000	1,900,000	2,786,443	886,443
State subvention	1,713,406	1,713,406	1,721,405	7,999
State grants	509,346	1,045,926	723,670	(322,256)
Portable equipment registration program (PERP)	380,000	380,000	533,981	153,981
Special environmental projects	37,962	998,898	238,159	(760,739)
Interest	277,695	277,695	283,459	5,764
Miscellaneous	100,000	100,000	117,660	17,660
Total revenues	63,598,033	66,392,536	68,770,518	2,377,982
EXPENDITURES				
Executive office	3,304,157	3,744,364	3,891,221	(146,857)
Finance and administration	11,013,794	11,147,783	10,513,150	634,633
Information systems	2,010,360	2,071,952	2,055,444	16,508
Legal services	2,628,499	2,658,287	2,773,477	(115,190)
Outreach and incentives	3,873,805	4,950,058	3,834,645	1,115,413
Compliance and enforcement	10,414,417	10,459,100	9,720,345	738,755
Engineering	8,556,529	8,791,422	8,755,259	36,163
Planning and research	6,253,115	7,103,735	5,971,768	1,131,967
Technical services	9,754,325	10,763,176	9,520,445	1,242,731
Strategic incentives division	771,778	771,778	500,653	271,125
Program distribution		1,497,516	1,245,307	252,209
Total current expenditures	58,580,779	63,959,171	58,781,714	5,177,457
Capital outlay	4,894,948	5,787,991	4,172,041	1,615,950
Total expenditures	63,475,727	69,747,162	62,953,755	6,793,407
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	122,306	(3,354,626)	5,816,763	9,171,389
OTHER FINANCING SOURCES (USES)				
Transfers in			845,190	845,190
Transfers out	(122,306)	(122,301)		122,301
Total other financing sources	(122,306)	(122,301)	845,190	967,491
SPECIAL ITEM				
Sale of 939 Ellis Street building			15,771,303	15,771,303
EXTRAORDINARY ITEM				
Recovery on Lehman Brothers Loss			488,531	488,531
NET CHANGE IN FUND BALANCE				
	\$	\$ (3,476,927)	22,921,787	\$ 26,398,714
BEGINNING BUDGETARY FUND BALANCE				
			25,199,142	
ENDING BUDGETARY FUND BALANCE				
			\$ 48,120,929	

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		Actual (Budgetary Basis)	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
TFCA/MSIF DMV fee	\$ 33,642,618	\$ 68,383,517	\$ 32,229,327	\$(36,154,190)
CA Goods Movement revenue & other programs	26,615,862	21,591,704	20,915,526	(676,178)
Carl Moyer Program	10,205,990	13,434,112	13,053,955	(380,157)
AB 434/923 others	<u>246,066</u>	<u>246,066</u>	<u>1,213,562</u>	<u>967,496</u>
Total revenues	<u>70,710,536</u>	<u>103,655,399</u>	<u>67,412,370</u>	<u>(36,243,029)</u>
EXPENDITURES				
TFCA/MSIF, Carl Moyer, & other programs:				
Program distribution	28,704,695	54,647,705	39,209,954	15,437,751
Intermittent control	1,197,601	1,323,677	1,142,709	180,968
TFCA administration	1,187,251	1,267,969	1,038,449	229,520
Vehicle buy-back	5,032,450	2,076,332	2,275,826	(199,494)
Mobile source incentive	539,149	540,149	513,350	26,799
Regional BikeShare	5,159,068	7,731,913	3,225,150	4,506,763
CarSharing incentive program	3,382,184	3,382,184	297,360	3,084,824
Regional electric vehicle deployment	6,241,549	8,889,307	621,757	8,267,550
Enhanced mobile source inspection	1,679,802	1,679,802	1,421,360	258,442
Commute assistance	348,592	278,592	23,851	254,741
California Goods Movement Program & other programs:				
Grant administration	1,190,501	1,190,501	730,609	459,892
Truck Program/LESBP	<u>16,170,000</u>	<u>20,769,574</u>	<u>17,375,575</u>	<u>3,393,999</u>
Total expenditures	<u>70,832,842</u>	<u>103,777,705</u>	<u>67,875,950</u>	<u>35,901,755</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(122,306)</u>	<u>(122,306)</u>	<u>(463,580)</u>	<u>(341,274)</u>
OTHER FINANCING USES				
Transfers in	122,306	122,306		(122,306)
Transfers out			<u>(845,190)</u>	<u>(845,190)</u>
Total other financing uses	<u>122,306</u>	<u>122,306</u>	<u>(845,190)</u>	<u>(967,496)</u>
EXTRAORDINARY ITEM				
Recovery on Lehman Brothers Loss			<u>1,308,770</u>	<u>1,308,770</u>
NET CHANGE IN FUND BALANCE	<u>\$</u>	<u>\$</u>		<u>\$</u>
BEGINNING BUDGETARY FUND BALANCE				
ENDING BUDGETARY FUND BALANCE			<u>\$</u>	

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2014

Budgetary Principles

Through the budget process, the Board of Directors sets the direction of the District. The annual budget assures the most efficient and effective use of the District's economic resources, and establishes the priority of objectives that are to be accomplished during the fiscal year.

The annual budget covers the period from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees, and other public agencies. In addition, it establishes the foundation of effective financial planning by providing resource allocation, performance measures and controls that permit the evaluation and adjustment of the District's performance.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a) The Board of Directors adopts an annual budget by resolution prior to July 1 of each fiscal year. The annual budget indicates appropriations by fund and by program. The Board of Directors may also adopt supplemental appropriations during the year. At the fund level, expenditures may not legally exceed appropriations. The Air Pollution Control Officer (APCO) is authorized to transfer budgeted amounts between divisions and programs within any fund.
- b) Budgets are adopted on a basis that is consistent with Generally Accepted Accounting Principles (GAAP) with the exception of recognition of certain revenues, as discussed below. Annual appropriated budgets are adopted for the General and Special Revenue funds.
- c) Supplementary budgetary revenue and expenditure appropriations were adopted by the Board of Directors during the fiscal year. These supplemental appropriations have been included in the Budgeted Amounts - Final column of the Budgetary Comparison Schedules.

Reconciliation to the Statement of Revenues, Expenditures, and Changes in Fund Balances

The District's budgetary basis is consistent with Generally Accepted Accounting Principles (GAAP), with the exception of certain revenues that are recognized when earned in the GAAP-basis financial statements, but deferred until expended on the budgetary basis. Revenues in the Budget and Actual schedules have been presented on the budgetary basis to provide a more meaningful comparison of actual results with the budget. The following is a reconciliation between revenues on the budgetary basis and the GAAP basis reflected in the statement of revenues, expenditures, and changes in fund balance.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Revenues – Budgetary Basis	\$ 68,770,518	\$ 67,412,370
Revenue recognition adjustments	<u>(254,614)</u>	<u>2,902,635</u>
Revenues – GAAP Basis	<u>\$ 68,515,904</u>	<u>\$ 70,315,005</u>

SUPPLEMENTARY INFORMATION

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROGRAM, MOBILE SOURCE INCENTIVE PROGRAM, CARL MOYER PROGRAM, & OTHER PROGRAMS SCHEDULE OF EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2014

<u>Programs</u>	<u>Salaries and Benefits</u>	<u>Services and Supplies</u>	<u>Program Distribution</u>	<u>Total</u>
Program distribution			\$ 39,209,954	\$ 39,209,954
Intermittent control	\$ 433,786	\$ 708,923		1,142,709
TFCA administration	753,827	284,622		1,038,449
Vehicle Buy-Back	42,002	2,233,824		2,275,826
Mobile source incentive	488,142	25,208		513,350
Regional BikeShare	143,781	3,081,369		3,225,150
CarSharing Incentive Program	37,266	260,094		297,360
Regional Electric Vehicle Deployment	127,849	493,908		621,757
Enhanced Inspection Program	1,392,005	29,355		1,421,360
Commuter Assistance	23,851			23,851
 Total expenditures	 <u>\$ 3,442,509</u>	 <u>\$ 7,117,303</u>	 <u>\$ 39,209,954</u>	 <u>\$ 49,769,766</u>

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**OMB CIRCULAR A-133 AND
TRANSPORTATION FUND FOR CLEAN AIR
COMPLIANCE REPORTS**

FOR THE YEAR ENDED JUNE 30, 2014

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

FOR THE YEAR ENDED JUNE 30, 2014

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BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through / Grant Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Environmental Protection Agency:			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	PM98977301-A	66.034	\$ 152,225
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	PM99T08001	66.034	49,416
National Air Toxics Trend Study	XA00T63001-0	66.034	101,637
Lead NAAQS Airport Study	XA00T76401	66.034	65,982
NO2 Near Roadway	XA00T83001	66.034	<u>503,763</u>
Subtotal CFDA 66.034			<u>873,023</u>
National Clean Diesel Program-Truck Replacement	DE00T77901	66.039	916,715
National Clean Diesel Program-Truck Replacement	DE00T96101	66.039	<u>748,136</u>
Subtotal CFDA 66.039			<u>1,664,851</u>
Air Pollution Control Program Support	A00905613	66.001	62,510
Air Pollution Control Program Support	A00905614	66.001	<u>2,166,975</u>
Subtotal CFDA 66.001			<u>2,229,485</u>
Exchange Network EPA	OS-83466001-0	66.608	<u>50,101</u>
Total U.S. Environmental Protection Agency			<u>4,817,460</u>
U.S. Department of Homeland Security:			
Homeland Security Biowatch Program	2006-ST-91-2	97.091	<u>1,227,035</u>
U.S. Department of Energy:			
Conservation Research and Development	DE-EE0006007	81.086	<u>260,094</u>
U.S. Department of Transportation:			
Passed through California Department of Transportation:			
Highway Planning and Construction	CML-6297(003)	20.205	651,377
Highway Planning and Construction	CML-6297(006)	20.205	<u>2,633,368</u>
Highway Planning and Construction/Total U.S. Department of Transportation			<u>3,284,745</u>
Total Expenditures of Federal Awards			<u>\$ 9,589,334</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2014

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the Bay Area Air Quality Management District (the District). The District's reporting entity is defined in Note 1 of the District's basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the SEFA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – Funds received under the various grant programs have been recorded within the general fund and the special revenue fund of the District. The accompanying SEFA is presented using the modified accrual basis of accounting for expenditures that are accounted for in the general fund and the special revenue fund, which are both governmental funds, as described in Note 1 of the District's basic financial statements.

Relationship to Financial Statements – Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the District's basic financial statements.

Catalog of Federal Domestic Assistance (CFDA) – The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant or contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

3. PASS-THROUGH ENTITIES' IDENTIFYING NUMBERS

When federal awards are received from a pass-through entity, the SEFA indicates, if assigned, the identifying grant or contract number that has been assigned by the pass-through entity.

4. PASS-THROUGH AWARDS

Federal assistance provided to subrecipients is treated as expenditures when it is paid to the subrecipient and is summarized as follows:

<u>Program</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Air Pollution Control Program Support	66.001	\$ 670,473
National Clean Diesel Program-Truck Replacement	66.039	916,715



Gilbert Associates, Inc.
CPAs and Advisors

With Integrity

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND THE
TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROGRAM**

Independent Auditor's Report

**To the Board of Directors
Bay Area Air Quality Management District
San Francisco, California**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bay Area Air Quality Management District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Fund for Clean Air (TFCA) funds allocated to and received by the District were expended in conformance with applicable statutes, rules, and regulations of the Health and Safety Code Sections 44220 through 44225 and 44229 through 44242. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**GILBERT ASSOCIATES, INC.
Sacramento, California**

December 17, 2014



Gilbert Associates, Inc.
CPAs and Advisors

Robert W. Gilbert, Jr.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Independent Auditor's Report

**To the Board of Directors
Bay Area Air Quality Management District
San Francisco, California**

Report on Compliance for Each Major Federal Program

We have audited the Bay Area Air Quality Management District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities and each major fund of the District as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 17, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial

**To the Board of Directors
Bay Area Air Quality Management District
Page 2**

statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California**

December 17, 2014

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes No

Significant deficiencies identified? _____ Yes None Reported

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes No

Significant deficiencies identified? _____ Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? _____ Yes No

Identification of major programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.001	Air Pollution Control Program Support
97.091	Homeland Security Biowatch Program

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes _____ No

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported.

SECTION III - FEDERAL COMPLIANCE

There were no federal compliance findings reported.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no findings in the prior year.

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: January 12, 2015

Re: Second Quarter Financial Report – Fiscal Year Ending 2015

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District’s financial results for the second quarter of the 2014-15 fiscal year. The following information summarizes those results.

GENERAL FUND BUDGET: STATEMENT OF REVENUES

Comparison of Budget to Actual Revenues

County receipts	\$ 10,848,105	(48%) of budgeted revenue.
Permit Fee receipts	\$ 22,513,786	(82%) of budgeted revenue.
Title V Permit Fees	\$ 3,653,289	(94%) of budgeted revenue.
Asbestos Fees	\$ 1,600,269	(70%) of budgeted revenue.
Toxic Inventory Fees	\$ 261,891	(47%) of budgeted revenue.
Penalties and Settlements	\$ 1,646,639	(97%) of budgeted revenue.
Miscellaneous Revenues	\$ 41,309	(31%) of budgeted revenue.
Interest Revenues	\$ 58,266	(31%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

Personnel - Salaries*	\$15,754,382	(45%) of budgeted expenditures.
Personnel - Fringe Benefits*	\$ 6,088,450	(40%) of budgeted expenditures.
Operational Services and Supplies	\$ 5,624,547	(26%) of budgeted expenditures.
Capital Outlay	\$ 1,875,499	(35%) of budgeted expenditures
* Consolidated (includes Special Funds)		

CASH AND INVESTMENTS IN COUNTY TREASURY

(Based on the December 2014 Account Balance)

General Fund	\$55,802,414	
TFCA	\$69,198,172	
MSIF	\$36,058,816	
Carl Moyer	\$3,585,232	
CA Goods Movement	\$16,334,757	
Total	\$180,979,391	

FUND BALANCES

	6/30/2014	Board Approved	6/30/2015
	Audited	Transfers	Projected
Building and Facilities	15,168,200	(1,000,000)	14,168,200
PERS Funding	800,000		800,000
Worker's Compensation	1,000,000		1,000,000
Post Employment Benefits	1,000,000		1,000,000
JD Edwards Software Upgrade	1,000,000		1,000,000
IT-Desktop Equipment	500,000		500,000
IT-Event Response	500,000		500,000
Capital Equipment	1,000,000		1,000,000
Tech-GHG Monitoring Equipment	360,900		360,900
Tech-Meteorological Network Equipment	417,100		417,100
Tech-Mobile Monitoring Instruments	450,000		450,000
Economic Uncertainties	10,114,309		10,114,309
TOTAL SPECIAL RESERVES	\$ 32,310,509	\$ (1,000,000)	\$ 31,310,509
UNDESIGNATED	7,404,751		7,404,751
TOTAL FUND BALANCES	\$ 39,715,260	\$ (1,000,000)	\$ 38,715,260

VENDOR PAYMENTS

In accordance with provisions of the Administrative Code, Division II Fiscal Policies and Procedures - Section 4 Purchasing Procedures: 4.3 Contract Limitations, staff is required to present recurring payments for routine business needs such as utilities, licenses, office supplies and the like, more than, or accumulating to more than \$70,000 for the fiscal year. In addition, this report includes all of the vendors receiving payments in excess of \$70,000 under contracts that have not been previously reviewed by the Board. In addition, staff will report on vendors that undertook work for the Air District on several projects that individually were less than \$70,000, but cumulatively exceed \$70,000.

Below is a list of vendors including payments made during the second quarter of 2014-2015 fiscal year that exceeded \$70,000 and meets the reporting criteria noted above. All expenditures have been appropriately budgeted as a part of the overall Air District budget for Fiscal Year 2014-15.

	VENDOR NAME	AMOUNT PAID (July 2014 - December 2014)	Explanation
1	ALLIANT INSURANCE SERVICES	415,976	Various Business Insurance Policies
2	CA PUBLIC EMPLOYEE RETIREMENT SYSTEM	3,114,540	Health Insurance Plan
3	CA PUBLIC EMPLOYEE RETIREMENT SYSTEM	4,084,760	Retirement Benefits & 457 Supplemental Plan
4	CAPCOA	618,831	Pass through EPA grants
5	COMPUCOM SYSTEMS, INC.	150,120	Microsoft license agreement
6	COMPUTER DISCOUNT WAREHOUSE	72,391	IT Servers Maintenance
7	CSAC EXCESS INSURANCE AUTHORITY	365,935	Life Insurance Plan & LTD Insurance
8	CUBIC TRANSPORTATIONS SYSTEMS	159,530	Clipper Transit Subsidy
9	EMPLOYEE BENEFIT SPECIALISTS	172,547	Medical & Dependent Care Flexible Spending Plan
10	ENTERPRISE FLEET SERVICES	194,348	Fleet Leasing and Maintenance services
11	EPLUS TECHNOLOGY, INC.	138,543	Cisco Manitenence and Support
12	HARTFORD LIFE INS. CO.	209,099	457 Supplemental Plan
13	NETAPP INC.	85,198	SF & SAC Net Application Support
14	PACIFIC GAS & ELECTRIC COMPANY	222,907	Utilities
15	PREFERRED BENEFIT INSURANCE AD	299,212	Dental Insurance Plan
16	RENNE SLOAN HOLTZMAN & SAKAI	102,308	Human Resources Consulting Services
17	RICHMOND PARKWAY BUSINESS PARK	116,429	Building Lease
18	SONOMA TECHNOLOGY INC.	93,584	Programming & Special Studies
19	THERMO ENVIRONMENTAL INSTRUMENTS	125,691	Air monitoring and source test instrumentation
20	VERIZON WIRELESS	94,565	Cell phone services

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 12, 2015

Re: Selection of a Contractor for Upgrade of the Air District Financial System

RECOMMENDED ACTION:

Recommend the Board of Directors:

1. Approve the selection of Denovo, a contractor to upgrade the Air District's Financial System.
2. Authorize the Executive Officer/APCO to enter into all necessary agreements with Denovo to upgrade the financial system in amount not to exceed \$1,358,036, and amend the Program 701 budget by the corresponding amount transferring \$1,000,000 from the *Reserve for JD Edwards Software Upgrade* and \$358,036 from the *Undesignated Fund Balance* for this purpose.

BACKGROUND

The Air District implemented JD Edwards (JDE) financial system (JDE) in 2004 and currently operates off this 10 year old platform. As the Air District's JDE software is outdated, it receives limited support from Oracle; which does not include new updates, security alerts, data fixes, and critical patch updates. The Air District is now seeking to upgrade its financial software to take advantage of new functionalities and enhancements offered by the current software version. These new upgrades will allow greater overall performance and productivity. This project requires a technical JDE expert to assist the Air District in this effort, including integration with the Air District's two billing systems: IRIS and Production System.

As part of the Fiscal Year 2014-2015 Adopted Budget, staff recommended and the Board approved a reserve of \$1,000,000 to be set-aside for this project with the understanding that staff would issue a Request for Proposal (RFP) and present recommendations for the Board's consideration and approval.

DISCUSSION

On September 29, 2014, the Air District issued a Request for Proposals (RFP) to solicit bids for JD Edwards EnterpriseOne 9.1 Upgrade. The District forwarded the RFP to JDE business partners, posted it on the California Society Municipal Officers’ website and posted it on the District’s website. A total of 4 firms attended on October 21, 2014 pre-bidders conference held at the Air District for the purpose of providing an outline of the RFP requirements and an opportunity to submit questions. The Air District received a total of 80 questions from interested parties by the October 16, 2014, deadline and responses to these questions were posted on the Air District’s website by November 6, 2014. The deadline to submit proposals was December 4, 2014. The Air District received proposals from the following five companies by the deadline December 4, 2014: AT&T; Denovo; Grant Thornton; Inventive Infotech; and SNP GL Associates.

Evaluation of Proposals

A panel, comprising of a deputy air pollution officer, the Information Technology officer, the finance manager, Metropolitan Transportation Commission technology staff and a JD Edwards consultant, conducted the evaluation and scoring of the proposals. The panel relied on the RFP’s listed six criteria to evaluate and score the proposals. The individual scores were then averaged to determine the recommended firm. Table 1 below shows each firm’s scores:

TABLE 1: Scoring of Proposals						
CRITERIA	Max Points	AT&T	Denovo	Grant Thornton	Inventive Infotech	SNP GL Assoc.
Technical expertise, size and structure of the firm and personnel assigned to RFP tasks; firm's ability to perform and complete the work in a professional and timely manner	30	23	27	23	15	24
Past experience of the firm and, in particular, experience of the team working on projects of similar scope for other governmental agencies	30	22	26	22	19	24
Responsiveness of the proposal, based upon a clear understanding of the work to be performed	20	13	17	16	12	15
Cost or cost effectiveness and resource allocation strategy	10	3	6	5	8	7
References of the firm	5	3	4	2	2	3
Local business/Green Business	5	2	2	2	1	1
TOTAL	100	66	82	70	57	74

Based on the scores above and adherence to the evaluation criteria, staff is recommending Denovo for a contract not to exceed \$ 1,358,036 to conduct the upgrade of the Air District's financial system. This firm had the highest overall score, and scored highest on the criteria related to expertise, past experience, references and responsiveness of the proposal.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The Fiscal Year 2014/2015 Finance Budget (Program 701) will be increased by \$1,358,036 with a transfer of the entire \$1,000,000 from the *Reserve for JD Edwards Software Upgrade* and \$358,036 transferred from *Undesignated Fund Balance*.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay