

BOARD OF DIRECTORS
POLICY, GRANTS, AND TECHNOLOGY COMMITTEE
December 17, 2025

COMMITTEE MEMBERS

VICKI VEENKER – CHAIR
MARGARET ABE-KOGA
JOELLE GALLAGHER
OTTO LEE
RAY MUELLER

JUAN GONZÁLEZ III – VICE-CHAIR
KEN CARLSON
DAVID HAUBERT
RICO MEDINA
LENA TAM

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

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

Office of Alameda County
Supervisor David Haubert
Scott Haggerty House
4501 Pleasanton Avenue
Pleasanton, CA 94566

Office of Contra Costa County
Supervisor Ken Carlson
2255 Contra Costa Blvd., Suite 202
Pleasant Hill, CA 94523

San Mateo County
Board of Supervisors' Office
5th Floor
500 County Center
Redwood City, CA 94063

City of San Bruno
Room 138
567 El Camino Real
San Bruno, CA 94066

Alameda County
Board of Supervisors District 3
101 Callan Ave., Suite 103
San Leandro, CA 94577

Office of the Mayor
2nd Floor, Room 201
835 E.14th Street
San Leandro, CA 94577

THE FOLLOWING STREAMING OPTIONS WILL ALSO BE PROVIDED

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

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

Members of the public may participate remotely via Zoom at <https://bayareametro.zoom.us/j/86983158877>, or may join Zoom by phone by dialing (669) 900-6833 or (408) 638-0968. The Webinar ID for this meeting is: 869 8315 8877

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

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

POLICY, GRANTS, AND TECHNOLOGY COMMITTEE MEETING AGENDA

WEDNESDAY, DECEMBER 17, 2025

10:00 AM

Chairperson, Vicki Veenker

1. Call to Order - Roll Call

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

2. Pledge of Allegiance

CONSENT CALENDAR (Item 3)

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

3. Approval of the Draft Minutes of the Policy, Grants, and Technology Committee Meeting of November 19, 2025

The Committee will consider approving the Draft Minutes of the Policy, Grants, and Technology Committee Meeting of November 19, 2025.

ACTION ITEM(S)

4. Proposed 2026 Legislative Activities

The Committee will consider recommending to the Board of Directors that the Board approve the proposed legislative activities for the 2026 Legislative Session. This item will be presented by Alan Abbs, Legislative Officer in the Legislative and Government Affairs Division.

INFORMATIONAL ITEM(S)

5. Transportation Fund for Clean Air Program Audit #26 Results

The Committee will discuss the Transportation Fund for Clean Air Program Audit #26 results. This item will be presented by the audit partner, Joseph Moussa, from Simpson & Simpson, LLP.

OTHER BUSINESS

6. Public Comment on Non-Agenda Matters

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

7. Committee Member Comments

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

8. Time and Place of Next Meeting

Wednesday, February 18, 2026, at 10:00 a.m. The meeting will be held in-person at the Bay Area Metro Center and at satellite locations as may be specified on the meeting agenda using a remote teleconferencing link. Members of the Policy, Grants, and Technology Committee and the public may attend at any of those in-person locations, and members of the public may also attend virtually via webcast.

9. Adjournment

The Committee meeting shall be adjourned by the Chair.

CONTACT:

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

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

- Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the Air District's offices at 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

Accessibility and Non-Discrimination Policy

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

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

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

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

Questions regarding this Policy should be directed to the Air District's Non-Discrimination Coordinator, Diana Ruiz, Acting Environmental Justice and Community Engagement Officer at (415) 749-8840 or by email at druiz@baaqmd.gov.

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

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

JANUARY 2026

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Community Advisory Council Special Meeting	Friday	23	9:30 a.m.	1 st Floor, Yerba Buena Room
Board of Directors Special Meeting/Retreat	Wednesday	28	10:00 a.m.	Bloc15, 252 2 nd Street Oakland, CA 94607

FEBRUARY 2026

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Meeting	Wednesday	4	10:00 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee	Wednesday	11	10:00 a.m.	1 st Floor, Yerba Buena Room
Board of Directors Community Equity, Health, and Justice Committee	Wednesday	11	1:00 p.m.	1 st Floor, Yerba Buena Room
Board of Directors Policy, Grants and Technology Committee	Wednesday	18	10:00 a.m.	1 st Floor Board Room
Board of Directors Finance and Administration Committee	Wednesday	18	1:00 p.m.	1 st Floor Board Room

HL 12/2/25 – 9:10 a.m.

G/Board/Executive Office/Moncal

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Vicki Veenker and Members
of the Policy, Grants, and Technology Committee

From: Philip M. Fine
Executive Officer/APCO

Date: December 17, 2025

Re: Approval of the Draft Minutes of the Policy, Grants, and Technology
Committee Meeting of November 19, 2025

RECOMMENDED ACTION

Approve the attached Draft Minutes of the Policy, Grants, and Technology Committee Meeting of November 19, 2025.

BACKGROUND

None.

DISCUSSION

Attached for your review and approval are the Draft Minutes of the Policy, Grants, and Technology Committee Meeting of November 19, 2025.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

ATTACHMENT(S):

1. Draft Minutes of the Policy, Grants, and Technology Committee Meeting of November 19, 2025

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

Policy, Grants, and Technology Committee Meeting
Wednesday, November 19, 2025

DRAFT MINUTES

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

CALL TO ORDER

1. **Opening Comments:** Policy, Grants, and Technology Committee (Committee) Chairperson, Vicki Veenker, called the meeting to order at 10:00 a.m.

Roll Call:

Present, In-Person (Bay Area Metro Center (375 Beale Street, 1st Floor Board Room, San Francisco, California, 94105): Committee Chairperson Vicki Veenker; and Director Ken Carlson.

Present, In-Person Satellite Location (Alameda County Board of Supervisors District 3, Office of Supervisor Lena Tam, 101 Callan Avenue, Suite #103, San Leandro, CA 94577): Director Lena Tam.

Present, In-Person Satellite Location (San Mateo County Board of Supervisors, 500 County Center, 5th Floor, Redwood City, CA 94063): Director Ray Mueller.

Present, In-Person Satellite Location (Office of Alameda County Supervisor David Haubert, Scott Haggerty House, 4501 Pleasanton Ave, Pleasanton, CA 94566): Director David Haubert.

Present, In-Person Satellite Location (City of San Bruno, Room 138, 567 El Camino Real, San Bruno, CA 94066): Director Rico E. Medina.

Present, In-Person Satellite Location (Napa County Administration Building, 1195 Third Street, Suite 310, County Executive's Office, Napa, CA 94559): Director Joelle Gallagher.

Present, In-Person Satellite Location (Office of the Mayor, 2nd Floor, Room 201, 835 E.14th Street, San Leandro, CA 94577): Vice Chair González.

Present, In-Person Satellite Location (Office of Santa Clara County, 10th Floor, 70 W. Hedding Street, San Jose, CA 95110): Director Otto Lee.

Absent: Directors Margaret Abe-Koga.

2. **PLEDGE OF ALLEGIANCE**

CONSENT CALENDAR

3. **APPROVAL OF THE DRAFT MINUTES OF THE POLICY, GRANTS, AND TECHNOLOGY COMMITTEE MEETING OF OCTOBER 15, 2025**

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Haubert made a motion, seconded by Director Lee, to **approve** the Draft Minutes of the Policy, Grants, and Technology Committee Meeting of October 15, 2025; and the motion **carried** by the following vote of the Committee:

AYES: Carlson, Gallagher, González, Haubert, Lee, Medina, Tam, Veenker.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Mueller.

ACTION ITEM

4. **FISCAL YEAR ENDING 2025 CHARGE! PROGRAM PROJECT RECOMMENDATIONS**

Caylee Mercado, Staff Specialist, gave the staff presentation *Charge! Program*, including: recommended action; outline; existing Bay Area electric vehicle (EV) structure; program overview; Fiscal Year Ending (FYE) 2025 solicitation; application scoring; application summary; and recommended action.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed whether the Air District monitors the level of use of the chargers that were funded by the Air District; whether the presence EV chargers in a given area results in more EVs being driven in that area; the desire for more EV chargers made available to affordable housing multi-family units; whether the Air District monitors EV charger maintenance and malfunctions; how many of the 69 eligible project applications may be funded with the proposed allocation of \$23.3M; whether there is a nexus between funding levels for priority population areas and multi-family housing; and whether the Air District prefers to promote Level 1, Level 2, or DC fast EV chargers.

Committee Action

Director Carlson made a motion, seconded by Director Lee, to recommend the Board of Directors **approve** the Charge! Program rank list, **authorize** \$23.3 million for the recommended projects, and **authorize** the Executive Officer/Air Pollution Control Officer (APCO) to enter into all necessary agreements with applicants for the recommended projects; and the motion **carried** by the following vote of the Committee:

AYES: Carlson, Gallagher, González, Haubert, Lee, Medina, Tam, Veenker.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Mueller.

INFORMATIONAL ITEM

5. **2026 LEGISLATIVE PLATFORM**

Alan Abbs, Legislative Officer, gave the staff presentation *Proposed 2026 Legislative Platform*, including: overview; State Budget; State legislation; and federal legislation and regulatory activity.

Public Comments

Public comments were given by Patrick Messac, Air District Community Advisory Council Member.

NOTED PRESENT: Director Mueller was noted present at 10:20 a.m.

Committee Comments

The Committee and staff discussed whether the Air District should support Senate Bill (SB) 684 (Mejivar, 2025) - Polluters Pay Climate Superfund Act of 2025, and whether there would be any risk in doing so; whether the US Environmental Protection Agency (EPA) or the California Air Resources Board (CARB) imposes particulate requirements on motor vehicles; whether Air District regulations must be approved by CARB; whether the Air District has purview over highway dust from brake and tire wear (versus CARB); the status of the EPA's final endangerment finding in October 2023, regarding lead emissions from piston-engine

aircraft using leaded fuel, and contributing to air pollution that endangers public health; eligible uses for funds allocated for “Wildfire Smoke Mitigation/Prescribed Fire”; the request that the Air District supports Assembly Bill (AB) 306 (Schultz, 2025) - Building regulations: state building standards; whether the Air District is still tracking the issue of data centers’ energy usage reporting and efficiency standards; and appreciation for the Air District’s policy development reflecting its strategic priorities and mission statement.

Committee Action

No action taken.

OTHER BUSINESS

6. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

7. COMMITTEE MEMBER COMMENTS

None.

8. TIME AND PLACE OF NEXT MEETING

Wednesday, December 17, 2025, at 10:00 a.m. The meeting will be held in-person at the Bay Area Metro Center and at satellite locations as may be specified on the meeting agenda using a remote teleconferencing link. Members of the Policy, Grants, and Technology Committee and the public may attend at any of those in-person locations, and members of the public may also attend virtually via webcast.

9. ADJOURNMENT

The meeting was adjourned at 11:24 a.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Vicki Veenker and Members
of the Policy, Grants, and Technology Committee

From: Philip M. Fine
Executive Officer/APCO

Date: December 17, 2025

Re: Proposed 2026 Legislative Activities

RECOMMENDED ACTION

Recommend to the Board of Directors that the Board approve the proposed legislative activities for the 2026 Legislative Session.

BACKGROUND

The Legislature will reconvene on January 5, 2026, for the second year of the 2025-26 Legislative Session. Key dates and deadlines for Members are listed below and the 2026 Tentative Legislative Calendar is attached.

Date/Deadline	Description
January 5, 2026	Legislature reconvenes
January 23, 2026	Last day to submit bill requests to the Office of Legislative Counsel
January 31, 2026	Last day for each house to pass bills introduced in that house in the odd-numbered year
February 20, 2026	Last day for bills to be introduced
May 29, 2026	Last day for each house to pass bills introduced in that house
August 31, 2026	Last day for each house to pass bills
September 30, 2026	Last day for the Governor to sign or veto bills passed by the Legislature before September 1 and in the Governor's possession on or after September 1
November 3, 2026	General Election
November 30, 2026	Adjournment <i>sine die</i> at midnight
December 7, 2026	12 Noon convening of the 2027-28 Regular Session
January 1, 2027	Statutes take effect

DISCUSSION

The Committee will consider the following proposed legislative activities for the 2026 Legislative Session.

1. California Air Resources Board Air District Board Member Compensation

The proposal would provide that California Air Resources Board (CARB) Board Members representing air districts receive the same level of compensation as other Governor-appointed voting CARB board members. Per current statute, Health and Safety Code Section 39512.5, air district CARB Board Members only receive \$100 per meeting plus actual and necessary expenses. This bill is sponsored by the South Coast Air Quality Management District (South Coast AQMD) and is a reintroduction of Assembly Bill (AB) 2958 (Calderon), also sponsored by South Coast AQMD, and supported by the Air District, which made it through the full Assembly and the policy committees in the Senate but was ultimately held under submission in the Senate Appropriations Committee.

Staff Note: Carry-over item from the Board-Approved 2025 Legislative Activities. AB 907 (Chen) was introduced in the 2025 Legislative Session, sponsored by South Coast AQMD, and supported by the Air District. AB 907 is a 2-Year bill and is awaiting a hearing in the Senate Environmental Quality Committee.

2. California Environmental Quality Act (CEQA) Streamlining for Clean Air Plans and Rulemaking

Look for opportunities to streamline CEQA requirements for clean air plans and rulemaking, either as a standalone sponsored bill, or as an amendment to an introduced bill in the same topic area.

3. Air District Advisory Council

Various changes that could include a reduction in the number of required meetings, allow for a Board Chair designee as ex officio member, expand council by one (1), add other background areas for members, etc. Some of these changes might be eligible for the annual Senate Local Government Omnibus Bill, while others might require a standalone bill.

4. Clarification of Existing Statute Regarding Representation on Board

This would clarify use of the final annual demographic report from the Department of Finance in determining changes in Board representation. This may be eligible for the Senate Local Government Omnibus Bill.

5. Reintroduction of Senate Bill (SB) 282 (Wiener) Heat Pump Permit Streamlining

Senator Wiener is planning to move forward on a new version of this bill, and staff is working with San Francisco Bay Area Planning and Urban Research Association (SPUR) and Building Decarbonization Coalition (BDC) on language.

The intent is to make cost-saving, energy efficient heat pump water heater and HVAC installations faster, simpler and more affordable by streamlining the permitting process.

6. Air District Permit Streamlining

Explore changes that could be made to existing statute related to permitting or toxics reporting that would streamline air district permit activities.

7. Heat Pump Mitigation Fee

Explore ways to create a funding source for heat pump changeouts.

8. Housing/CEQA

Explore changes to CEQA related to zero lot line district permit issues with regards to particulate.

9. Indirect Source Regulation

Monitor AB 914 (Garcia) and participate/support, as necessary. AB 914 is a 2-year bill that is currently awaiting action on the Assembly Floor.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Alan Abbs
Reviewed by: Viet Tran

ATTACHMENT(S):

1. 2026 Tentative Legislative Calendar
2. Proposed 2026 Legislative Activities Presentation

DEADLINES

JANUARY						
S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
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FEBRUARY						
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MARCH						
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APRIL						
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MAY						
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31						

- Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).
- Jan. 5 Legislature reconvenes (J.R. 51(a)(4)).
- Jan. 10 Budget must be submitted by Governor (Art. IV, Sec. 12 (a)).
- Jan. 16 Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house in the odd-numbered year (J.R. 61(b)(1)).
- Jan. 19 Martin Luther King, Jr. Day.
- Jan. 23 Last day for any committee to hear and report to the **Floor** bills introduced in that house in the odd-numbered year (J.R. 61(b)(2)). Last day to **submit bill requests** to the Office of Legislative Counsel.
- Jan. 31 Last day for each house to **pass bills introduced** in that house in the odd-numbered year (Art. IV, Sec. 10(c)), (J.R. 61(b)(3)).

- Feb. 16 Presidents’ Day.
- Feb. 20 Last day for bills to be **introduced** (J.R. 61(b)(4)), (J.R. 54(a)).

- Mar. 26 **Spring Recess** begins upon adjournment (J.R. 51(b)(1)).
- Mar. 30 Cesar Chavez Day observed.

- Apr. 6 Legislature reconvenes from **Spring Recess** (J.R. 51(b)(1)).
- Apr. 24 Last day for **policy committees** to hear and report to fiscal committees **fiscal bills** introduced in their house (J.R. 61(b)(5)).

- May 1 Last day for **policy committees** to hear and report to the Floor **non-fiscal bills** introduced in their house (J.R. 61(b)(6)).
- May 8 Last day for **policy committees** to meet prior to June 1 (J.R. 61(b)(7)).
- May 15 Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61 (b)(8)). Last day for **fiscal committees** to meet prior to June 1 (J.R. 61 (b)(9)).
- May 25 Memorial Day.
- May 26 – 29 **Floor Session only**. No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(b)(10)).
- May 29 Last day for each house to pass bills introduced in that house (J.R. 61(b)(11)).

*Holiday schedule subject to Senate Rules committee approval.

JUNE						
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JULY						
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AUGUST						
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30	31					

- June 1** Committee meetings may resume (J.R. 61(b)(12)).
- June 15** Budget Bill must be passed by **midnight** (Art. IV, Sec. 12(c)(3)).
- June 25** Last day for a legislative measure to qualify for the Nov. 3 General Election ballot (Elections Code Sec. 9040).
- July 2** Last day for **policy committees** to meet and report bills (J.R. 61(b)(13)). **Summer Recess** begins upon adjournment of session, provided Budget Bill has passed (J.R. 51(b)(2)).
- July 3** Independence Day observed.
- Aug. 3** Legislature reconvenes from **Summer Recess** (J.R. 51(b)(2)).
- Aug. 14** Last day for **fiscal committees** to meet and report bills to the Floor (J.R. 61(b)(14)).
- Aug. 17 – 31** **Floor Session only.** No committee, other than conference and Rules committees, may meet for any purpose (J.R. 61(b)(15)).
- Aug. 21** Last day to **amend** on the Floor (J.R. 61(b)(16)).
- Aug. 31** Last day for **each house to pass bills** (Art. IV, Sec. 10(c)), (J.R. 61(b)(17)). **Final recess** begins upon adjournment. (J.R. 51(b)(3)).

*Holiday schedule subject to Senate Rules committee approval.

IMPORTANT DATES OCCURRING DURING FINAL RECESS

- 2026

Sept. 30

Last day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in the Governor’s possession on or after Sept. 1 (Art. IV, Sec. 10(b)(2)).
- Nov. 3

General Election.
- Nov. 30

Adjournment *sine die* at midnight (Art. IV, Sec. 3(a)).
- Dec. 7

12 Noon convening of the 2027-28 Regular Session (Art. IV, Sec. 3(a)).
- 2027

Jan. 1

Statutes take effect (Art. IV, Sec. 8(c)).



Proposed 2026 Legislative Activities

Policy, Grants, and Technology Committee

December 17, 2025

Alan Abbs

Legislative Officer

Legislative and Government Affairs

Recommended Action

Recommend to the Board of Directors that the Board approve the proposed legislative activities for the 2026 Legislative Session.

Abbreviations

- Assembly Bill (AB)
- Senate Bill (SB)
- South Coast Air Quality Management District (South Coast AQMD)
- California Air Resources Board (CARB)
- California Environmental Quality Act (CEQA)
- San Francisco Bay Area Planning and Urban Research Association (SPUR)
- Building Decarbonization Coalition (BDC)
- Heating, Ventilation, and Air Conditioning (HVAC)

Key Dates and Deadlines

2026 Legislative Session

Date/Deadline	Description
January 5, 2026	Legislature reconvenes
January 23, 2026	Last day to submit bill requests to the Office of Legislative Counsel
January 31, 2026	Last day for each house to pass bills introduced in that house in the odd-numbered year
February 20, 2026	Last day for bills to be introduced
May 29, 2026	Last day for each house to pass bills introduced in that house
August 31, 2026	Last day for each house to pass bills
September 30, 2026	Last day for the Governor to sign or veto bills passed by the Legislature before September 1 and in the Governor's possession on or after September 1
November 3, 2026	General Election
November 30, 2026	Adjournment <i>sine die</i> at midnight (Article IV, Section 3(a))
December 7, 2026	12 Noon convening of the 2027-28 Regular Session
January 1, 2027	Statutes take effect

Proposed Legislative Activities for 2026

CARB Air District Board Members Compensation

CARB Air District Board Member Compensation

AB 907 (Chen) would provide that CARB Board Members representing air districts receive the same level of compensation as other Governor-appointed voting CARB Board Members.

AB 907 was introduced in the 2025 Legislative Session, sponsored by South Coast AQMD, and supported by the Air District. AB 907 is a 2-Year bill and is awaiting a hearing in the Senate Environmental Quality Committee.

CEQA Streamlining

CEQA Streamlining for Clean Air Plans and Rulemaking

Look for opportunities to streamline CEQA requirements for clean air plans and rulemaking, either as a standalone sponsored bill, or as an amendment to an introduced bill in the same topic area.

Air District Advisory Council

Air District Advisory Council

Various changes that could include a reduction in the number of required meetings, allow for a Board Chair designee as ex officio member, expand council by one (1), add other background areas for members, etc. Some of these changes might be eligible for the annual Senate Local Government Omnibus Bill, while others might require a standalone bill.

Air District Board Representation

Clarification of Existing Statute Regarding Representation on Board

This would clarify use of the final annual demographic report from the Department of Finance in determining changes in Board representation. This may be eligible for the Senate Local Government Omnibus Bill.

Heat Pump Permit Streamlining

Reintroduction of SB 282 (Wiener) Heat Pump Permit Streamlining

Senator Wiener is planning to move forward on a new version of this bill, and staff is working with SPUR and BDC on language.

The intent is to make cost-saving, energy efficient heat pump water heater and HVAC installations faster, simpler and more affordable by streamlining the permitting process.

Air District Permit Streamlining

Air District Permit Streamlining

Explore changes that could be made to existing statute related to permitting or toxics reporting that would streamline air district permit activities.

Heat Pump Mitigation Fee

Heat Pump Mitigation Fee

Explore ways to create a funding source for heat pump changeouts.

Housing/CEQA

Housing/CEQA

Explore changes to CEQA related to zero lot line district permit issues with regards to particulate.

Indirect Source Regulation

Indirect Source Regulation

Monitor AB 914 (Garcia) and participate/support, as necessary.

AB 914 is a 2-year bill that is currently awaiting action on the Assembly Floor.

Recommended Action

Recommend to the Board of Directors that the Board approve the proposed legislative activities for the 2026 Legislative Session.

Questions & Discussion

For more information:

Alan Abbs | Legislative Officer | aabbs@baaqmd.gov

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Vicki Veenker and Members
of the Policy, Grants, and Technology Committee

From: Philip M. Fine
Executive Officer/APCO

Date: December 17, 2025

Re: Transportation Fund for Clean Air Program Audit #26 Results

RECOMMENDED ACTION

None; the Committee will discuss this item, but no action is requested at this time.

BACKGROUND

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (Air District) to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions. Since 1992, the Air District has allocated these funds to its Transportation Fund for Clean Air (TFCA) Program to fund eligible projects and programs. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code (HSC) Sections 44241 through 44242.

Sixty percent (60%) of TFCA funds are awarded by the Air District to eligible projects and programs implemented directly by the Air District (e.g., Spare the Air) and through a grant program referred to as the TFCA Regional Fund. The remaining 40% of TFCA funds are forwarded to the designated administering transportation agency within each Bay Area County through a program referred to as the TFCA 40% Fund (also known as the TFCA County Program Manager Fund).

HSC Section 44242 requires an audit of projects and programs funded with TFCA monies, at least once every two years. On July 6, 2022, the Air District's Board of Directors (Board) approved the award of a contract to Simpson & Simpson, LLP for up to a five-year term for audit services, including a financial and compliance review of TFCA-funded projects and programs.

DISCUSSION

The Audit Summary Report, included as Attachment 1, summarizes the results of Audit #26 conducted by Simpson & Simpson covering TFCA Regional Fund and Air District-sponsored projects that were completed prior to June 30, 2024, and Air District administrative expense of TFCA funds incurred between July 1, 2023, and June 30, 2024. For TFCA audits, projects are considered “completed” after the Air District has approved a project sponsor’s final invoice, which documents the project sponsor’s expenditure of all eligible project funds and the completion of transportation services or all initial project milestones.

Audit field work was conducted by Simpson & Simpson, LLP during the months of January 2025 through October 2025. Following the completion of field work, Simpson & Simpson, LLP issued a draft audit report to each of the project sponsors and offered an opportunity to those with any preliminary findings to provide a management response.

At the meeting, the auditors will summarize the results of their review of projects and programs funded by the TFCA 60% Funds and Air District administrative expenses. The Audit Summary Report for the TFCA Regional Fund and Air District-Sponsored Programs is included as Attachment 1. Appendix B of this report contains a list of the projects and programs that were audited.

A total of three projects were identified as having instances of noncompliance:

- Project # 17R21: City of San Leandro Construction of Class II and III Bikeways
- Project # 18R15: City of San Rafael Construction of Class I Bikeways
- Project # 18R20: City of Gilroy Construction of Class II Bikeways

Each of these projects involved the construction of a bikeway network, where the Air District provided funding for only certain segments of the overall network. As a result of how construction contracts are typically structured, it is difficult to separate out and attribute specific costs to the segments that the Air District funded, leading to questioned costs and a significant deficiency or material weakness in internal control over compliance.

These findings reflect areas for improvement for both the project sponsors and the Air District regarding how to calculate and account for match funding in large construction projects that include components outside the scope of the grant. The Air District will review internally how match dollars are determined, documented in contracts, and accounted for at time of payment to update procedures and create safeguards with multiple levels of review to ensure that this issue does not recur.

An additional three projects were found to have significant internal control deficiencies within the project sponsors’ organizations. These issues included incomplete documentation of invoice review, approval, and payment authorization. They were limited to the sponsors’ internal administrative processes, did not result in questioned

costs, and did not involve any Air District procedures.

These projects were:

- Project # 2202-27777: 45th Street Artists' Cooperative, Inc. – Installation and operation of Level 2 charging stations at a multi-unit dwelling facility in Emeryville
- Project # 2302-33950: EVmatch, Inc. – Installation and operation of Level 2 charging stations at a multi-family housing facility in Oakland
- Project # 19EV064: JKL Corporation – Installation and operation of Level 2 charging stations at workplace facilities in San Jose, Walnut Creek, Pleasanton, and Fremont

While the Air District does not assess internal controls as part of its reimbursement process, Air District staff will work with the auditors to provide project sponsors with clearer upfront guidance on the types of documentation and organizational practices that auditors may review during a TFCA audit.

Agreed-Upon Procedures

In addition to the financial and compliance audits, Simpson & Simpson, LLP also performed a review of Agreed-Upon Procedures (AUP) to verify project sponsors' compliance with other aspects of the TFCA Funding Agreement, including that:

1. Expenditures are properly supported;
2. Administrative expenses are appropriately documented;
3. Use of an indirect cost rate is consistent with the Air District Guidelines;
4. Appropriate resolutions authorizing the grant application are adopted or, where applicable, an authorizing letter of commitment is included;
5. Required reports are submitted on time and contained all information required;
6. The Air District is acknowledged as a project funder; and
7. Matching Funds requirements are met or exceeded.

The AUP results are currently being reviewed internally and will be used by Air District staff to further improve the administration of the TFCA program.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Administrative costs for the TFCA audit and staff are provided by the funding source.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Minda Berbeco, Tin Lee, Caylee Mercado
Reviewed by: Alona Davis, Anthony Fournier

ATTACHMENT(S):

1. TFCA Audit 26 Summary Report
2. Simpson & Simpson, LLP - TFCA Audit #26 Presentation

**12/17/2025 POLICY, GRANTS, AND TECHNOLOGY
COMMITTEE MEETING**

ATTACHMENT 1

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**TRANSPORTATION FUND
FOR CLEAN AIR PROGRAM**

**REGIONAL FUND AND
AIR DISTRICT-SPONSORED PROGRAMS**

AUDIT NO. 26 SUMMARY REPORT

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS**

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**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
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1 – INTRODUCTION

The Bay Area Air Quality Management District (Air District) was created by the California legislature in 1955. The Air District's structure, operating procedures and authority are established by Division 26 of the California Health and Safety Code.

The Air 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 Air District is governed by a twenty-four-member Board of Directors that includes representatives from all of the above counties.

The Air District's jurisdiction is limited principally to regulating stationary 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 Air District to ensure that the facility complies with all applicable rules.

The Air District also acts as the program administrator for Transportation Fund for Clean Air (TFCA) funds derived from Assembly Bill 434. TFCA funding comes from a \$4 surcharge, on motor vehicles registered within the Air District. 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 Clean Air Plan in place at time of award. All projects must fall within the categories listed in State Law (Health and Safety Code Section 44241).

The Health and Safety Code requires the Air District to pass-through no less than 40% of the TFCA revenues raised within a particular county, after audit and administrative costs, to that county's designated Program Manager. The remaining 60% is for Regional Fund grants and Air District-sponsored programs and is allocated to projects on both a competitive and first-come, first-serve basis, depending on the solicitation or program.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
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2 – PROGRAM DESCRIPTION

Health and Safety Code Section 44223 and 44225 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the Bay Area Air Quality Management District (Air District) and local governments specifically for programs to reduce air pollution from motor vehicles. The Department of Motor Vehicles collects the surcharge and allocates the amounts to the Air District. The Air District administers these funds through the Transportation Fund for Clean Air (TFCA) Program. Under the TFCA Program, 60% of the funds stay with the Air District and are used for Regional Fund Grants and Air District-sponsored programs, such as *Spare the Air*. The remaining 40% is passed-through to Administering Agencies of the 9 Bay-Area Counties. Allowable projects under Health and Safety Code Section 44241 include the following:

- The implementation of ridesharing programs.
- The purchase or lease of clean fuel buses for school districts and transit operators.
- The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
- Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and “smart streets.”
- Implementation of rail-bus integration and regional transit information systems.
- Implementation of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit.
- Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations.
- Implementation of a smoking vehicles program.
- Implementation of an automobile buy-back scrappage program operated by a governmental agency.
- Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
- The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plans.

State law requires that any entity receiving TFCA funding be subject to an audit, at least once every two years. Health and Safety Code Section 44242 provides the legal compliance guidelines for the Air District to follow in the event revenues are not spent appropriately or when projects do not result in emission reductions. Health and Safety Code Sections 44241 and 44242 are provided in Appendix A.

The Air District retained the firm of Simpson and Simpson LLP to conduct TFCA financial and compliance Audit No. 26, which included Regional Fund projects and Air District-sponsored programs completed prior to June 30, 2024. These audits were conducted during the months of January 2025 through October 2025.

A total of 10 individual project sponsors and 13 projects were audited, with \$4,204,833.64 total funds expended for projects included in Audit No. 26. A listing of the projects audited is provided in Appendix B. Unmodified opinions were issued on all 10 financial audit reports.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
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3 – AUDIT PROCESS

The audits were designed to address numerous financial and compliance objectives; however, the principal objectives of the audits were to (1) provide assurance that amounts reported in the Schedules of Expenditures are fairly stated, and (2) determine whether projects financed through the Air District's Regional Fund met funding agreement requirements. The audit procedures were specifically designed for TFCA financial and compliance requirements, which are described below:

Audit of the Schedules of Expenditures

The financial audits were conducted 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.

Procedures performed included, but were not limited to:

- Gaining an understanding of the project sponsors' internal controls over the financial reporting of the TFCA program through observation, inquiry, and supporting documentation.
- Tracing expenditures related to the TFCA program to the project sponsor's accounting records.
- Validating TFCA expenditures related to vendor disbursements, payroll, and administrative charges to supporting documentation.
- Conducting interviews with project sponsors to inquire about known, alleged, or suspected fraud related to the program.

Compliance Auditing Procedures

The audits were performed in accordance with the requirements outlined in the Health and Safety Code, individual funding agreements, and Government Auditing Standards. The principal focus of the compliance auditing procedures was to ensure TFCA expenditures were paid in accordance with the program's objectives (Health and Safety Code Section (HSC) 44241). Compliance audits were planned and performed to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to in the HSC could have a direct and material effect on projects reported in the Schedules occurred.

The audit includes examining, on a test basis, evidence about the project sponsor's compliance with those requirements and performing such other procedures as considered necessary in the circumstances.

Auditing procedures performed included, but were not limited to:

- Testing expenditures for allowable costs in accordance with Section 44241 of the Health and Safety Code.
- Verifying that the project sponsor used the TFCA funds for the reduction of emissions from motor vehicles.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
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4 – PROJECT SPONSOR FINDINGS

Noncompliance and Material Weaknesses in Internal Control

A total of three projects were identified as having instances of noncompliance, which resulted in questioned costs. These instances of noncompliance have also led to a significant deficiency or material weakness in internal control over compliance.

Below is a summary of the identified findings:

City of San Leandro (17R21)

TFCA Project Affected

- Project Number: 17R21 (Material Weakness)
- Project Sponsor: City of San Leandro (City)
- Project Description: Project Sponsor shall construct and maintain 0.99 miles of Class II and 7.50 miles of Class III bikeways in San Leandro. (Material Weakness)

Criteria

Non-payroll expenditures incurred by the City for the approved project bicycle facilities are required to be appropriately invoiced and fully paid prior to submission of the Final Invoice to the Air District for reimbursement as stipulated in the funding agreement between the Bay Area Air Quality Management District (Air District) and the Sponsor:

II.2. The Project Sponsor shall pay all Project costs necessary to complete the Project prior to submission of the Final Invoice to the Air District for reimbursement. Air District's funding obligation under this Agreement is limited to reimbursement of Eligible Costs, as specified in Attachment B, the amount of which shall not exceed the TFCA Funds Awarded, also as specified in Attachment B. The Project Sponsor shall be solely responsible for all costs that exceed the TFCA Funds Awarded.

A.9. Approved Project Bicycle Facilities (Project Components)

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
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City of San Leandro (17R21) continued

Bikeway ID	Bikeway Class*	Bikeway Length (miles)	Maximum Eligible Costs	Maximum TFCA Funds Awarded	Percentage of Maximum TFCA Funds Awarded of Maximum Eligible Costs	Maximum TFCA Funds Awarded Per Mile
17R21-1a	Class II	0.08	\$2,400	\$2,160	90.0000%	\$27,000
17R21-1b	Class III	0.30	\$9,000	\$8,100	90.0000%	\$27,000
17R21-2	Class III	0.40	\$12,000	\$1,750	14.5833%	\$4,375
17R21-3	Class III	0.40	\$12,000	\$10,800	90.0000%	\$27,000
17R21-4	Class III	0.30	\$9,000	\$8,100	90.0000%	\$27,000
17R21-6	Class II	0.40	\$12,000	\$10,800	90.0000%	\$27,000
17R21-7a	Class II	0.04	\$900	\$800	88.8889%	\$20,000
17R21-7b	Class III	0.36	\$8,100	\$7,277	89.8395%	\$20,214
17R21-8	Class III	0.30	\$4,500	\$3,823	84.9556%	\$12,743
17R21-9	Class III	0.90	\$13,500	\$12,150	90.0000%	\$13,500
17R21-10	Class III	0.70	\$10,500	\$3,076	29.2952%	\$4,394
17R21-11	Class II	0.40	\$6,000	\$5,400	90.0000%	\$13,500
17R21-12	Class III	0.60	\$15,000	\$10,150	67.6667%	\$16,917
17R21-13	Class III	1.20	\$19,500	\$12,129	62.2000%	\$10,108
17R21-14	Class III	0.70	\$10,500	\$6,920	65.9048%	\$9,886
17R21-15	Class III	0.80	\$12,000	\$1,750	14.5833%	\$2,188
17R21-16	Class III	0.50	\$7,500	\$6,750	90.0000%	\$13,500
17R21-17a	Class II	0.07	\$6,300	\$5,670	90.0000%	\$81,000
17R21-17b	Class III	0.04	\$3,600	\$1,704	47.3333%	\$42,600
	Total:	8.49	\$174,300	\$119,309		

The City should claim only the eligible costs for the approved project bicycle facilities that have been completely constructed and properly maintained for reimbursement from the Air District, as required by the funding agreement.

Condition, Cause and Effect

We reviewed total expenditures charged on the project amounting to \$196,905.50. The following project bicycle facilities are not constructed as required by the funding agreement. Consequently, the total eligible costs and the amount reimbursable as per contract are overstated as follows.

Bikeway ID	Bikeway Class	Bikeway Length (miles)	Maximum Eligible Costs	Maximum TFCA Funds Awarded	Percentage of Maximum TFCA Funds Awarded of Maximum Eligible Costs	Eligible Costs	Amount Reimbursable (As per contract)	Withholding	Payment
17R21-2	Class III	0.40	\$12,000.00	\$ 1,750.00	14.58333%	6,986.85	\$ 1,019.00	\$ (153.00)	\$ 866.00
17R21-4	Class III	0.30	\$ 9,000.00	\$ 8,100.00	90.00000%	5,240.14	\$ 4,716.00	\$ (707.00)	\$ 4,009.00
17R21-6	Class II	0.40	\$12,000.00	\$10,800.00	90.00000%	13,973.70	\$ 12,576.00	\$ (1,620.00)	\$ 9,180.00
17R21-10	Class III	0.70	\$10,500.00	\$ 3,076.00	29.29524%	12,226.99	\$ 3,582.00	\$ (461.00)	\$ 2,615.00
17R21-11	Class II	0.40	\$ 6,000.00	\$ 5,400.00	90.00000%	13,973.70	\$ 12,576.00	\$ (810.00)	\$ 4,590.00
17R21-16	Class III	0.50	\$ 7,500.00	\$ 6,750.00	90.00000%	8,733.57	\$ 7,860.00	\$ (1,013.00)	\$ 5,737.00
				Total:		\$ 61,134.96	\$ 42,329.00	\$ (4,764.00)	\$ 26,997.00

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City of San Leandro (17R21) *continued*

Questioned Costs

As a result, a total of \$26,997 represents unsupported non-payroll costs charged to TFCA Project 17R21.

The Schedule of Expenditures of Transportation Fund reflects an audit adjustment removing these costs from the Final Project Expenditures as of June 30, 2024.

Recommendation

We recommend that the City implement an review and approval system which requires that project work scope, along with invoices and payments, to be reviewed and approved before being submitted to the Air District for reimbursement, to make sure the project scope is in line with the project description as per the executed funding agreement.

Project Sponsor's Response

The City accepts the audit findings and will implement a strengthened review and approval process to ensure that all project work scopes align with the with the funding agreement, and that invoices and payments are thoroughly verified prior to submitting reimbursement requests and project closeout to the BAAQMD.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
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City of San Rafael (18R15)

TFCA Project Affected

- Project Number: 18R15 (Significant Deficiency)
- Project Sponsor: City of San Rafael (City)
- Project Description: Project Sponsor shall construct and maintain 0.87 miles of Class I bikeways in San Rafael. (Significant Deficiency)

Criteria

Non-payroll expenditures incurred by the City are required to be appropriately invoiced and fully paid prior to submission of the Final Invoice to the Air District for reimbursement as stipulated in the funding agreement between the Bay Area Air Quality Management District (Air District) and the City:

II.2. The Project Sponsor shall pay all Project costs necessary to complete the Project prior to submission of the Final Invoice to the Air District for reimbursement. Air District's funding obligation under this Agreement is limited to reimbursement of Eligible Costs, as specified in Attachment B, the amount of which shall not exceed the TFCA Funds Awarded, also as specified in Attachment B. The Project Sponsor shall be solely responsible for all costs that exceed the TFCA Funds Awarded.

The City should claim only the eligible costs that have been fully paid for reimbursement from the Air District.

Condition, Cause and Effect

We reviewed the total expenditures charged to the project, on a sampled basis, amounting to \$3,500,456.82. There is one invoice with the amount of \$1,901,002.14 that was claimed as \$1,915,830.39 by the City for reimbursement from the Air District, resulting in a difference of \$14,828.25.

As stipulated in the funding agreement, the maximum TFCA Funds Awarded as a Percentage of Eligible Costs is 4.6191%.

Consequently, the City was overpaid by \$684.93, 4.6191% of \$14,828.25.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
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City of San Rafael (18R15) *continued*

Questioned Costs

As a result, a total of \$684.93 represents unsupported non-payroll costs charged to TFCA Project 18R15.

The Schedule of Expenditures of Transportation Fund reflects an audit adjustment removing these costs from the Final Project Expenditures as of June 30, 2024.

Recommendation

We recommend that the City implement an invoice review and approval system which requires invoices along with payments to be reviewed and approved before being submitted to the Air District for reimbursement.

Project Sponsor's Response

The City of San Rafael has recently transitioned to a new financial accounting and tracking platform. This new platform includes an approval process that requires invoices to be reviewed and approved as part of any reimbursement request with any agency. Therefore, the City has implemented the finding's recommendation and all invoices associated with reimbursement agreements will follow this process as of July 1st, 2025.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
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City of Gilroy (18R20)

TFCA Project Affected

- Project Number: 18R20 (Material Weakness)
- Project Sponsor: City of Gilroy (City)
- Project Description: Project Sponsor shall construct and maintain 1.57 miles of Class II bikeways. (Material Weakness)

Criteria

Non-payroll expenditures incurred by the City for the approved project bicycle facilities are required to be appropriately invoiced and fully paid prior to submission of the Final Invoice to the Air District for reimbursement as stipulated in the funding agreement between the Bay Area Air Quality Management District (Air District) and the Sponsor:

II.2. The Project Sponsor shall pay all Project costs necessary to complete the Project prior to submission of the Final Invoice to the Air District for reimbursement. Air District's funding obligation under this Agreement is limited to reimbursement of Eligible Costs, as specified in Attachment B, the amount of which shall not exceed the TFCA Funds Awarded, also as specified in Attachment B. The Project Sponsor shall be solely responsible for all costs that exceed the TFCA Funds Awarded.

The City should claim only the eligible costs that have been fully paid for reimbursement from the Air District.

Condition, Cause and Effect

We reviewed the total expenditures charged to the project, amounting to \$43,866.70 (includes matching expenses). The eligible cost was claimed as \$51,692.25 by the City for reimbursement from the Air District, resulting in a difference of \$7,825.55.

As stipulated in the funding agreement, the maximum TFCA Funds Awarded as a Percentage of Eligible Costs for each approved bikeway ID is as follows.

9. Approved Project Bicycle Facilities (Project Bikeway Components):

Bikeway ID	Bikeway Class*	Bikeway Length (miles)	Eligible Costs	Maximum TFCA Funds Awarded	Maximum TFCA Funds Awarded as a Percentage of Eligible Costs	Maximum TFCA Funds Awarded Per Mile
18R20-1	Class II	0.37	\$11,818	\$10,500	88.8475%	\$28,378
18R20-2	Class II	0.49	\$13,417	\$12,050	89.8114%	\$24,592
18R20-3	Class II	0.71	\$24,318	\$12,000	49.3462%	\$16,901
Total:		1.57	\$49,553	\$34,550		

Consequently, the City was overpaid by \$3,752.91.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
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City of Gilroy (18R20) *continued*

Questioned Costs

As a result, a total of \$3,752.91 represents unsupported non-payroll costs charged to TFCA Project 18R20.

The Schedule of Expenditures of Transportation Fund reflects an audit adjustment removing these costs from the Final Project Expenditures as of June 30, 2024.

Recommendation

We recommend that the City implement an invoice review and approval system which requires invoices along with payments to be reviewed and approved before being submitted to the Air District for reimbursement.

Project Sponsor's Response

The City acknowledges the auditor's finding regarding unsupported non-payroll expenditures and the resulting overpayment of \$3,752.91 for TFCA Project 18R20. Upon review, the discrepancy resulted from claiming project costs prior to confirming that all associated vendor invoices had been fully processed and paid.

To address this finding, the City will implement enhanced internal controls to ensure compliance with TFCA funding requirements. These improvements will include:

- Verification that all eligible project invoices are fully paid prior to submission for reimbursement.
- Documentation and approval of payment confirmation as part of the invoice reimbursement process.
- Staff training to reinforce TFCA reimbursement procedures and compliance requirements.

The City will also coordinate directly with the Bay Area Air Quality Management District to reconcile the identified overpayment in accordance with TFCA grant requirements.

The City is committed to maintaining high standards of fiscal accountability and ensuring future reimbursement requests fully comply with TFCA policies and the funding agreement.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
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Significant Deficiencies in Internal Control

A total of three projects were identified as having significant deficiencies in internal control, which did not lead to questioned costs.

Below is a summary of the identified findings:

45th Street Artists' Cooperative, Inc. (2202-27777)

TFCA Project Affected

- Project Number: 2202-27777 (Significant Deficiency)
- Project Sponsor: 45th Street Artists' Cooperative, Inc.
- Project Description: Project Sponsor shall install and operate 2 single-port Level 2 (high) charging stations at 1 multi-unit dwelling facility in Emeryville.

Criteria

Non-payroll expenses incurred by the Sponsor are required to maintain proper invoicing documentation as stipulated in the funding agreement between the Bay Area Air Quality Management District (Air District) and the Sponsor:

The Project Sponsor shall prepare and maintain all necessary Project Records to document Project activities and performance, including invoicing documentation set forth in Section V of Attachment B, documentation to support the Project reporting requirements set forth in Attachment C, and insurance documentation set forth in Attachment D (all of which comprise "Project Records"). Project Records shall also include documentation that verifies compliance with the requirements set forth in Section II.8. The Project Sponsor shall keep Project Records in one central location for a period of three (3) years after the later of a) the date of the Air District's final payment, or b) the end of the Project Operational Period.

Invoices should be internally reviewed and approved before being processed for payment.

Condition, Cause and Effect

We reviewed the total expenses charged to the project, amounting to \$16,850.14 (includes matching expenses). The Project Sponsor is not able to provide support regarding general ledger information nor the invoice approval or payment approval process (including credit card payments) for all the expenses.

The Project Sponsor's lack of internal review and approval documentation for expenses establishes an internal control environment in which the Project Sponsor would be unable to prevent or detect potential unauthorized non-payroll incurred.

Consequently, the supporting documentation provided is not sufficient to support the total non-payroll costs charged amounting to \$16,850.14.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 26 Summary Report**

45th Street Artists' Cooperative, Inc. (2202-27777) continued

Questioned Costs

None.

Recommendation

We recommend that the Project Sponsor implement an invoice review and approval system which requires invoices to be reviewed and approved before being processed for payment with clear review and approval evidence.

Project Sponsor's Response

The Co-op has established an invoice review and approval procedure in accordance with recommendations from a financial statement audit. Each invoice is examined and authorized by a board member, with signature and date required prior to processing for payment by management.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 26 Summary Report**

EVmatch, Inc. (2302-33950)

Finding No. 2024-1 – Non-Payroll Expenses

TFCA Project Affected

- Project Number: 2302-33950 (Significant Deficiency)
- Project Sponsor: EVmatch, Inc.
- Project Description: Project Sponsor shall own, install, and operate electric vehicle charging stations with 8 Level 2 (high) active connectors at one multi-family housing facility in Oakland.

Criteria

Non-payroll expenses incurred by the Sponsor are required to maintain proper invoicing documentation as stipulated in the funding agreement between the Bay Area Air Quality Management District (Air District) and the Sponsor:

The Project Sponsor shall prepare and maintain all necessary Project Records to document Project activities and performance, including invoicing documentation set forth in Section V of Attachment B, documentation to support the Project reporting requirements set forth in Attachment C, and insurance documentation set forth in Attachment D (all of which comprise "Project Records"). Project Records shall also include documentation that verifies compliance with the requirements set forth in Section 11.8. The Project Sponsor shall keep Project Records in one central location for a period of three (3) years after the later of a) the date of the Air District's final payment, or b) the end of the Project Operational Period.

According to *COSO Framework, 2013, Principle 10, Points of Focus*, an entity should develop control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels. Segregation of duties is typically built into the selection and development of control activities so that no one individual controls all key aspects of a transaction. One of the key examples of control activities under Principle 10 is segregation of duties and independent checks. Typically, one individual should review and approve invoices for validity and accuracy and a separate individual should review and authorize payments to ensure that only properly approved invoices are paid. However, COSO also acknowledges that complete segregation may not always be practical (e.g., in smaller entities). In those cases, management should design compensating controls.

Condition, Cause and Effect

During the audit of the total expenses charged against the project, amounting to \$52,234.44 (includes matching expenses), it was noted that the CEO maintained authority for both approving vendor invoices and initiating payments for those invoices.

When the same individual is authorized to both approve invoices and authorize payments, segregation of duties is compromised. This practice increases the risk of control override and diminishes adherence to internal control best practices established under the COSO Framework.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 26 Summary Report**

EVmatch, Inc. (2302-33950) *continued*

Questioned Costs

None.

Recommendation

We recommend that the Project Sponsor implement appropriate segregation of duties by ensuring that invoice approval and payment authorization are performed by different individuals/roles. If implementing complete segregation is not feasible due to resource constraints, Project Sponsor could consider implementing compensating controls, such as independent payment reviews, exception reporting, or periodic audits.

Project Sponsor's Response

We do in fact have an internal review process for paying invoices. As the CEO, I review and pay every invoice and have control over all credit card expenses. I am the acting controller/CFO and review all expenses before they are paid. We have a closely held process for tracking invoices and all credit card payments. Only after I review in detail are payments made.

Auditor Rejoinder

The Project Sponsor's response describing the CEO's review and oversight of all invoices and payments does not resolve the underlying internal control deficiency identified in the finding. Concentrating invoice approval, credit card oversight, and payment authorization within a single individual, regardless of the level of scrutiny applied, does not provide for adequate segregation of duties, and does not constitute a compensating control under the COSO Framework. The purpose of segregation of duties is to ensure that no one person is responsible for multiple key stages of a transaction, thereby reducing the risk of error, misstatement, or override of controls.

While smaller organizations may lack the resources to implement full separation of responsibilities, compensating controls must involve an independent review by a person not involved in both invoice approval and payment processing. As independent controls were not in place during the audit period, the condition remains as reported.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 26 Summary Report**

JKL Corporation (19EV064)

Finding No. 2024-1 – Non-Payroll Expenses

TFCA Project Affected

- Project Number: 19EV064 (Significant Deficiency)
- Project Sponsor: JKL Corporation
- Project Description: Project Sponsor shall install and operate 10 single-port level 2 (high) charging stations at 5 workplace facilities in San Jose, Walnut Creek, Pleasanton. and Fremont. (Significant Deficiency)

Criteria

Non-payroll expenses incurred by the Sponsor are required to maintain proper invoicing documentation as stipulated in the funding agreement between the Bay Area Air Quality Management District (Air District) and the Sponsor:

The Project Sponsor shall prepare and maintain all necessary Project Records to document Project activities and performance, including invoicing documentation set forth in Section 5 of Attachment B, documentation to support the Project reporting requirements set forth in Attachment C, and insurance documentation set forth in Attachment D (all of which comprise "Project Records"). Project Records shall also include documentation that verifies compliance with the requirements set forth in Section 11.8. The Project Sponsor shall keep Project Records in one central location for a period of three (3) years after the later of a) the date of the Air District's final payment, or b) the end of the Project Operational Period.

Invoices should be internally reviewed and approved before being processed for payment.

Condition, Cause and Effect

We reviewed the total expenses charged to the project, amounting to \$65,765.75 (includes matching expenses). The Project Sponsor is not able to provide support regarding general ledger information nor the invoice approval or payment approval process (including credit card payments) for all the expenses.

The Project Sponsor's lack of internal review and approval documentation for expenses establishes an internal control environment in which the Project Sponsor would be unable to prevent or detect potential unauthorized non-payroll incurred.

Consequently, the supporting documentation provided is not sufficient to support the total non-payroll costs charged amounting to \$65,765.75.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 26 Summary Report**

JKL Corporation (19EV064) *continued*

Questioned Costs

None.

Recommendation

We recommend that the Project Sponsor implement an invoice review and approval system which requires invoices to be reviewed and approved before being processed for payment with clear review and approval evidence.

Project Sponsor's Response

The total amount spent on this project was provided by previous property managers who worked on this project. Respectfully, this was done years ago and none of the property managers who worked on this project work in this company anymore. Everything they provided was true to their knowledge.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 26 Summary Report**

5 – OTHER PROGRAM COMPLIANCE REVIEW

An Agreed Upon Procedures (AUP) engagement was performed to test the project sponsor's compliance with other aspects of the TFCA Funding Agreement. These procedures were determined and prepared by the Air District for the auditors to perform.

The auditors issued a separate AUP Report on the results of the procedures performed.

APPENDIX A
HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Appendix A - Health and Safety Code Sections 44241 and 44242
For Audit No. 26**

44241

- (a) Fee revenues generated under this chapter in the bay district shall be subvented to the bay district by the Department of Motor Vehicles after deducting its administrative costs pursuant to Section 44229.
- (b) Fee revenues generated under this chapter shall be allocated by the bay district to implement the following mobile source and transportation control projects and programs that are included in the plan adopted pursuant to Sections 40233, 40717, and 40919:
 - (1) The implementation of ridesharing programs.
 - (2) The purchase or lease of clean fuel buses for school districts and transit operators.
 - (3) The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
 - (4) Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and "smart streets."
 - (5) Implementation of rail-bus integration and regional transit information systems.
 - (6) Implementation of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit. No funds expended pursuant to this paragraph for telecommuting projects shall be used for the purchase of personal computing equipment for an individual's home use.
 - (7) Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations.
 - (8) Implementation of a smoking vehicles program.
 - (9) Implementation of an automobile buy-back scrappage program operated by a governmental agency.
 - (10) Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
 - (11) The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plan.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Appendix A - Health and Safety Code Sections 44241 and 44242
For Audit No. 26**

44241 (continued)

- (c) (1) Fee revenue generated under this chapter shall be allocated by the bay district for projects and programs specified in subdivision (b) to cities, counties, the Metropolitan Transportation Commission, transit districts, or any other public agency responsible for implementing one or more of the specified projects or programs. Fee revenue generated under this chapter may also be allocated by the bay district for projects and programs specified in paragraph (7) of subdivision (b) to entities that include, but are not limited to, public agencies, consistent with applicable policies adopted by the governing board of the bay district. Those policies shall include, but are not limited to, requirements for cost-sharing for projects subject to the policies. Fee revenues shall not be used for any planning activities that are not directly related to the implementation of a specific project or program.
- (2) The bay district shall adopt cost-effectiveness criteria for fee revenue generated under this chapter that projects and programs are required to meet. The cost-effectiveness criteria shall maximize emissions reductions and public health benefits.
- (d) Not less than 40 percent of fee revenues shall be allocated to the entity or entities designated pursuant to subdivision (e) for projects and programs in each county within the bay district based upon the county's proportionate share of fee-paid vehicle registration.
- (e) In each county, one or more entities may be designated as the overall program manager for the county by resolutions adopted by the county board of supervisors and the city councils of a majority of the cities representing a majority of the population in the incorporated area of the county. The resolution shall specify the terms and conditions for the expenditure of funds. The entities so designated shall be allocated the funds pursuant to subdivision (d) in accordance with the terms and conditions of the resolution.
- (f) Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall hold one or more public meetings for the purpose of adopting criteria for expenditure of the funds, if those criteria have been modified in any way from the previous year. Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall also hold one or more public meetings to review the expenditure of revenues received pursuant to this section by any designated entity. If any county or entity designated pursuant to subdivision (e) that receives funds pursuant to this section has not allocated all of those funds within six months of the date of the formal approval of its expenditure plan by the bay district, the bay district shall allocate the unallocated funds in accordance with subdivision (c).

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Appendix A - Health and Safety Code Sections 44241 and 44242
For Audit No. 26**

44242

- (a) Any agency which receives funds pursuant to Section 44241 shall, at least once every two years, undertake an audit of each program or project funded. The audit shall be conducted by an independent auditor selected by the bay district in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. The district shall deduct any audit costs which will be incurred pursuant to this section prior to distributing fee revenues to cities, counties, or other agencies pursuant to Section 44241.
- (b) Upon completion of an audit conducted pursuant to subdivision (a), the bay district shall do both of the following:
 - (1) Make the audit available to the public and to the affected agency upon request.
 - (2) Review the audit to determine if the fee revenues received by the agency were spent for the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717.
- (c) If, after reviewing the audit, the bay district determines that the revenues from the fees may have been expended in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to that plan, the district shall do all of the following:
 - (1) Notify the agency of its determination.
 - (2) Within 45 days of the notification pursuant to paragraph (1), hold a public hearing at which the agency may present information relating to expenditure of the revenues from the fees.
 - (3) After the public hearing, if the district determines that the agency has expended the revenues from the fees in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717, the district shall withhold these revenues from the agency in an amount equal to the amount which was inappropriately expended. Any revenues withheld pursuant to this paragraph shall be redistributed to the other cities within the county, or to the county, to the extent the district determines that they have complied with the requirements of this chapter.
- (d) Any agency which receives funds pursuant to Section 44241 shall encumber and expend the funds within two years of receiving the funds, unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 44241. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.

APPENDIX B
LISTING OF AUDITED PROJECTS

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Appendix B – Listing of Audited Projects
For Audit No. 26**

TFCA Project Number	Project Sponsor	Project Title	Final Project Expenditures through 6/30/2024
20R11	Town of Los Gatos	Install 1.58 miles of Class IV bikeway in Los Gatos	\$ 293,900.00
22SBP232	Antioch Unified School District	School Bus Replacement	777,402.00
2302-33950	EVmatch, Inc.	Evmatch, Inc's Electric Vehicle Charging Station Project	36,000.00
19EV063	City of Milpitas	City of Milpitas' Electric Vehicle Charging Station Project	32,000.00
17R21	City of San Leandro	San Leandro Bikeway Project	70,773.00
18R15	City of San Rafael	City of San Rafael Bikeway Project	161,689.55
18R20	City of Gilroy	City of Gilroy Bikeway and Bicycle Rack Project	30,797.09
2202-27777	45th Street Artists' Cooperative, Inc.	45th Street Artists' Cooperative, Inc.'s Electric Vehicle Charging Station Project	14,000.00
19EV064	JKL Corporation	JKL Corporation's Electric Vehicle Charging Station Project	30,000.00
24R00	Bay Area Air Quality Management District	Administration	857,039.00
24R01	Bay Area Air Quality Management District	Enhanced Mobile Source Inspections/ Commuter Benefits Program	8,583.00
24R02	Bay Area Air Quality Management District	Vehicle Buy Back Program	254,000.00
24R03	Bay Area Air Quality Management District	Spare the Air/Intermittent Control Programs	1,638,650.00
Final Project Expenses			\$ 4,204,833.64
Total Projects			13
Total Project Sponsors			10

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
PRESENTATION OF THE
TRANSPORTATION FUND FOR CLEAN AIR
PROGRAM AUDIT #26 RESULTS
TO THE POLICY, GRANTS, AND TECHNOLOGY
COMMITTEE**



Bay Area Air District

December 17, 2025



*Joseph Moussa, Partner
Simpson & Simpson, LLP*

Background: Transportation Fund for Clean Air



- ☐ Authorized by CA Health and Safety Code § 44241 and 44242
- ☐ Funding provided by \$4 surcharge on motor vehicles
- ☐ 60% go to the Air District for Air District-Sponsored Programs and Regional Fund Projects
- ☐ 40% Goes to the County Administering Agencies through the Transportation Fund for Clean Air (TFCA) 40% Fund (also called the Program Manager Fund)
- ☐ Requires fiscal audit of all TFCA-funded projects & programs at least once every two years
- ☐ Board approved contract with Simpson & Simpson, LLP for independent audit services on July 6, 2022.



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AGENDA

- ❖ Auditor's Required Communication (SAS 114)
- ❖ Audit Results and Highlights of the Schedule of Expenditures (Schedule)
- ❖ Other Program Compliance Review (Agreed-Upon Procedures)
- ❖ Questions



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Auditor's Required Communications

SAS 114



1. Our Responsibility under Generally Accepted Auditing Standards (GAAS)

- ☐ Consider internal control to the extent necessary to design an effective and efficient audit approach, not for the purpose of providing assurance on internal control.
- ☐ Design and implement audit procedures based on our understanding of the Project Sponsor / Program Manager to gain reasonable, not absolute, assurance as to the absence of material misstatements in the Schedule.
- ☐ Perform tests of compliance with Section 44241 of the California Health and Safety Code (HSC), noncompliance with which could have a direct and material effect on the determination of the Schedule amounts.



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Auditor's Required Communications

SAS 114 (continued)



1. Our Responsibility under Generally Accepted Auditing Standards (GAAS) (continued)

- ☐ Opine on the Schedule based on our audit.

2. Significant Accounting Policies

- ☐ The Project Sponsor / Program Manager's significant accounting policies are described in Note 2 to the Schedule and are in accordance with generally accepted accounting principles and consistent with industry practices and standards.
- ☐ The application of existing policies was not changed during the year.
- ☐ All significant transactions have been recognized in the Schedule.



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Auditor's Required Communications SAS 114 (continued)



3. *Corrected Misstatements*

- City of San Leandro (17R21): \$26,997
- City of San Rafael (18R15): \$685
- City of Gilroy (18R20): \$3,753

4. *Uncorrected Misstatements*

There were no material uncorrected misstatements.

5. *No Disagreements or Difficulties with Management*

- ☐ There were no disagreements with management on the Schedule and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the Project Sponsor/Program Manager's Schedule, nor were there significant difficulties in dealing with management in performing our audit.



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Auditor's Required Communications

SAS 114 (continued)



6. **No Consultations with Other Accountants**

- ☐ To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that was subject to the requirements of AU 625, *Reports on the Application of Accounting Principles*.

7. **Management Representations**

- ☐ We have requested certain representations from management that are included in the management representation letter dated on the date of the audit reports.



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Audit Results and Highlights of the Schedule of Expenditures



1. *Unmodified Opinion*

- ☐ Unmodified opinion with respect to the Schedule of Expenditures for Regional Funds and County Program Manager Funds.

2. *Financial Highlights*

- ☐ Regional Funds



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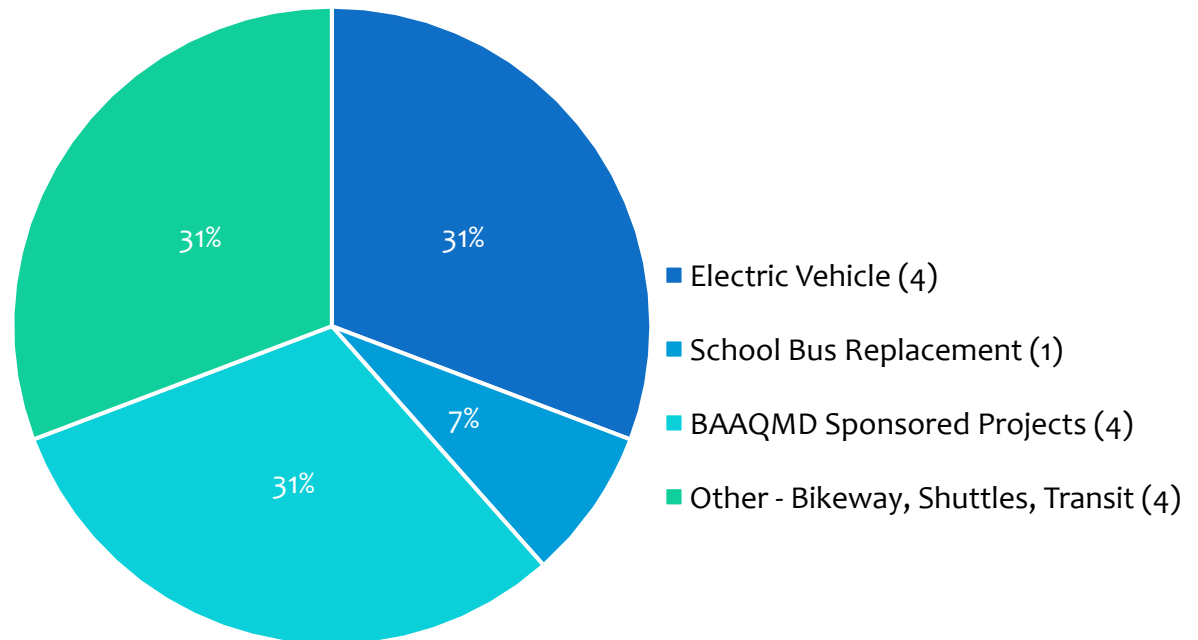
Audit Results and Highlights of the Schedule of Expenditures (continued)



2. Financial Highlights (continued)

A. Regional Funds

- 10 Individual Project Sponsors
- 13 Projects Audited
- Total Expenditures: \$4.2M



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Audit Results and Highlights of the Schedule of Expenditures (continued)



3. **Government Auditing Standards Opinion**

- ☐ Compliance with HSC Section 44241
 - Three (3) instances of noncompliance:
 1. City of San Leandro (17R21): \$26,997
 2. City of San Rafael (18R15): \$685
 3. City of Gilroy (18R20): \$3,753
- ☐ Internal Control over Compliance
 - Three (3) instances of a material weakness in internal control:
 1. City of San Leandro (17R21)
 2. City of San Rafael (18R15)
 3. City of Gilroy (18R20)



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Audit Results and Highlights of the Schedule of Expenditures (continued)



3. Government Auditing Standards Opinion (continued)

☐ Internal Control over Compliance (continued)

- Three (3) instances of a significant deficiency in internal control:
 1. 45th Street Artists' Cooperative, Inc. (2202-27777)
 2. EVmatch, Inc. (2302-33950)
 3. JKL Corporation (19EV064)



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Other Program Compliance Review (Agreed-Upon Procedures)



1. *Agreed-Upon Procedures*

- ☐ An Agreed Upon Procedures (AUP) engagement was performed to test the project sponsor/program manager's compliance with other aspects of the TFCA Funding Agreement
- ☐ These procedures were determined and prepared by the Air District for the auditors to perform



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Questions & Answers



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Thank You