

BOARD OF DIRECTORS
FINANCE AND ADMINISTRATION COMMITTEE
February 18, 2026

COMMITTEE MEMBERS

LYNDA HOPKINS – CHAIR
BRIAN COLBERT
DAVID HAUBERT
LINDA SELL

JUAN GONZÁLEZ III – VICE CHAIR
NOELIA CORZO
TYRONE JUE
VICKI VEENKER

**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

Sunnyvale City Hall
Cedar Conference Room
456 W Olive Ave.
Sunnyvale, CA 94086

Alameda County Supervisor
David Haubert
246A Argonne Ave.
Long Beach, CA 90803

Marin County Civic Center
3501 Civic Center Dr.
Room 326
San Rafael, CA 94903

THE FOLLOWING STREAMING OPTIONS WILL ALSO BE PROVIDED

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

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

Members of the public may participate remotely via Zoom at <https://bayareametro.zoom.us/j/86275049118>, or may join Zoom by phone by dialing (669) 900-6833 or (408) 638-0968. The Webinar ID for this meeting is: [862 7504 9118](https://bayareametro.zoom.us/j/86275049118)

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 Air 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 Air District is committed to maintaining a workplace free of unlawful harassment and is mindful that Air District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is *per se* disruptive to a meeting and will not be tolerated.

FINANCE AND ADMINISTRATION COMMITTEE MEETING AGENDA

WEDNESDAY, FEBRUARY 18, 2026

1:00 PM

Chairperson, Lynda Hopkins

1. Call to Order - Roll Call

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

2. Pledge of Allegiance

CONSENT CALENDAR (Items 3 - 6)

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

3. Approval of the Draft Minutes of the Finance and Administration Committee Meeting of December 17, 2025

The Committee will consider approving the Draft Minutes of the Finance and Administration Committee Meeting of December 17, 2025.

4. Hearing Board Quarterly Report: October through December 2025

The Committee will receive the Hearing Board Quarterly Report for the period of October through December 2025.

5. Fiscal Year 2025-2026 Second Quarter Financial Report, Ending December 31, 2025

The Committee will receive the financial report for the second quarter of Fiscal Year 2025-2026, which ended December 31, 2025. The report provides an overview of the General Fund's financial activities for the period from July 1, 2025, to December 31, 2025, including preliminary revenue, expenditures, and cash investment balance results for the period.

6. Fiscal Year 2025-2026 Second Quarter Reporting of Payments for Routine and Recurring Goods/Services Expenses and Contracts Executed under Delegated Authority

The Committee will receive a report of vendor payments for routine and recurring essential services and contracts executed under delegated authority for the second quarter of Fiscal Year 2025-2026, which ended December 31, 2025.

ACTION ITEM(S)

7. Update on Air District Information Management Projects and Recommendation of Software Development and Maintenance Contracts for Permitting and Compliance Systems

The Committee will discuss recent Information Management initiatives and consider recommending that the Board of Directors approve 24-month contracts for software development and maintenance services supporting the Air District's Permitting and Compliance Systems with qualified fulfillment partners, ClearSparc and DVBE, in a combined not-to-exceed amount of \$5.8 million. The item will be presented by John Chiladakis, Deputy Executive Officer for Information Management.

INFORMATIONAL ITEM(S)

8. Overview of the Air District's Fleet Greening Strategy

The Committee will discuss an initial strategy for transitioning the Air District's fleet to zero-emission electric vehicles, including the overall process and anticipated timeline. The discussion will include an overview of the upcoming initial pilot effort planned for 2026, the program criteria that will be evaluated, and potential next steps. The item will be presented by Karen Schkolnick, Director of Administrative Resources.

OTHER BUSINESS

9. 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 Air 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 Air District is committed to maintaining a workplace free of unlawful harassment and is mindful that Air 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.

10. Committee Member Comments

Any member of the Committee, or its staff, on their own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on their 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)

11. Time and Place of Next Meeting

Wednesday, March 18, 2026, at 1:00 p.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 Finance and Administration Committee and the public may attend at any of those in-person locations, and members of the public may also attend virtually via webcast.

12. 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 less than 72 hours before the meeting 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

FEBRUARY 2026

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
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

MARCH 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
Advisory Council Meeting	Monday	16	9:00 a.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
Community Advisory Council Meeting	Thursday	19	6:00 p.m.	Juntos Fruitvale 3357 International Boulevard Oakland, CA 94601

HL 2/11/26 – 1:55 p.m.

G/Board/Executive Office/Moncal

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Lynda Hopkins and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: February 18, 2026

Re: Approval of the Draft Minutes of the Finance and Administration Committee
Meeting of December 17, 2025

RECOMMENDED ACTION

Approve the Draft Minutes of the Finance and Administration Committee Meeting of December 17, 2025.

BACKGROUND

None.

DISCUSSION

Attached for your review and approval are the Draft Minutes of the Finance and Administration Committee Meeting of December 17, 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 Finance and Administration Committee Meeting of December 17, 2025

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

Finance and Administration Committee Meeting
Wednesday, December 17, 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:** Finance and Administration Committee (Committee) Chairperson, Lynda Hopkins, called the meeting to order at 1:02 p.m.

Roll Call:

Present, In-Person (Bay Area Metro Center (375 Beale Street, 1st Floor Board Room, San Francisco, California, 94105): Chairperson Lynda Hopkins; Vice Chairperson Tyrone Jue; and Director Vicki Veenker.

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 (Office of the Mayor, 835 E. 14th Street, 2nd Floor, Room 201, San Leandro, CA 94577): Director Juan González III.

Absent: Director Noelia Corzo.

2. **PLEDGE OF ALLEGIANCE**

CONSENT CALENDAR

3. **APPROVAL OF THE DRAFT MINUTES OF THE FINANCE AND ADMINISTRATION COMMITTEE MEETING OF NOVEMBER 19, 2025**

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Vice Chair Jue made a motion, seconded by Director Veenker, to **approve** the Draft Minutes of the Finance and Administration Committee Meeting of November 19, 2025; and the motion **carried** by the following vote of the Committee:

AYES:	González, Haubert, Hopkins, Jue, Veenker.
NOES:	None.
ABSTAIN:	None.
ABSENT:	Corzo.

ACTION ITEMS

4. **AUTHORIZATION TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH ALLISON & PARTNERS LLC FOR ADVERTISING, COMMUNICATIONS, AND OUTREACH SERVICES FOR THE BUILDING APPLIANCE RULES**

Viet Tran, Deputy Executive Officer of Public Affairs, gave the staff presentation *Approval for Contractor for Building Appliances Rules Advertising, Communications, and Outreach Services*, including: appliance rule Request for Proposals (RFP) overview; proposals received; RFP evaluation criteria; firm evaluation scores; and recommended action.

Public Comments

No requests received.

Committee Comments

The Committee and Air District staff discussed whether the cost of placing digital or newspaper ads is covered by the contract, or the contractor's overhead; how much of the awarded \$2,500,000 goes to the contractor for implementation; how to measure success of awareness of Air District rules; how this effort compares to previous campaign efforts, such as Spare the Air; the suggestion of pooling local jurisdictions' communications resources for a targeted campaign; whether staff has concerns about the fact that the interview process resulted in material changes in scoring; and the fact that sometimes, written explanations included in an application can be delivered more professionally than verbally, in person.

Committee Action

Vice Chair Jue made a motion, seconded by Director Haubert, to recommend the Board of Directors **approve** up to a two-year professional services agreement with Allison & Partners LLC, as the lead contractor for the work outlined in the RFP, at the Air District's discretion, based on the contractor's performance, with contract cost not to exceed \$2,500,000, for advertising, communications, and outreach services to support the Air District's implementation of its Building Appliance Rules; and **authorize** the transfer of \$2,500,000 from

Appliance Rules Outreach Reserve Designation to program 301 to cover the cost of the contract.

The motion **carried** by the following vote of the Committee:

AYES: González, Haubert, Hopkins, Jue, Veenker.
NOES: None.
ABSTAIN: None.
ABSENT: Corzo.

5. **AMENDMENTS TO THE ADMINISTRATIVE CODE INCLUDING NEW SECTION 10
— EMPLOYMENT**

Clif Brady, Human Resources Manager, gave the staff presentation *Revised Administrative Code with New Section 10 – Employment*, including: recommended action; overview of changes; Administrative Code redline summary; Summary of Authorities – Section 10; detailed changes – Section 10 Employment; authority and coverage by employee group; next steps; personnel policies status; and recommended action.

Public Comments

No requests received.

Committee Comments

The Committee and Air District staff discussed when the final number of Limited-Term Contract Employees (LTCE) will be considered; the request that the Board be advised of any revisions to Section 10.1 - Development, Maintenance and Administration of Personnel; regarding Section 10.7 – At-Will Employee, whether there is a limitation to step placement/increases, financial impacts on the Air District when such adjustments are made, legal risk that might exist if employees can be appointed without a competitive process, and other employees who are eligible for this protection; and at what point when a Full-Time Equivalent employee might become an LTCE.

Committee Action

Vice Chair Jue made a motion, seconded by Director Veenker, to recommend the Board of Directors **adopt** a revision to the Administrative Code by replacing the legacy Division III – Personnel Policies and Procedures, including the addition of Section 10 – Employment, which grants authority to the Executive Officer/APCO to develop and administer personnel policies; and the motion **carried** by the following vote of the Committee:

AYES: González, Haubert, Hopkins, Jue, Veenker.
NOES: None.
ABSTAIN: None.
ABSENT: Corzo.

INFORMATIONAL ITEM

6. COST RECOVERY STRATEGY FOR AMENDMENTS TO REGULATION 3: FEES FOR FISCAL YEAR 2026 – 2027

Fred Tanaka, Engineering Manager, and Leonid Bak, Senior Advanced Projects Advisor, gave the staff presentation *Cost Recovery Strategy for Amendments to Regulation 3: Fees for Fiscal Year 2027*, including: outline; cost recovery background; fee schedules and percent of fee schedule revenue (Fiscal Year Ending (FYE) 2025); economic update and forecast: inflation, unemployment, and economic performance; cost recovery trends: by fee schedule and overall; cost recovery strategies – historical and smoothing option; cost recovery strategies for FYE 2027; proposed fee change strategy; potential strategy impact; other related considerations; and next steps: budget and rule development schedule.

Public Comments

No requests received.

Committee Comments

The Committee and Air District staff discussed the anticipated timeline for the Request for Proposals to review cost containment and containment practices; the importance of ensuring that the fully-loaded costs of the Air District's regulations and permitting is captured in the Air District's pricing, while driving efficiencies at the same time; the anticipated energy-related inflation rate in future years; which fee schedules recover less than 95% of their costs, and how that is translated in dollar amounts; preference for the proposed smoothing option (minimum 0%, maximum 1%); the Air District's current rate of under cost recovery; and concerns regarding equity impacts within the small business community.

Committee Action

No action taken.

OTHER BUSINESS

7. PUBLIC COMMENTS ON NON-AGENDA MATTERS

No requests received.

8. COMMITTEE MEMBER COMMENTS

None.

9. TIME AND PLACE OF NEXT MEETING

Wednesday, February 18, 2026, at 1:00 p.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 Finance and Administration Committee and

the public may attend at any of those in-person locations, and members of the public may also attend virtually via webcast.

10. **ADJOURNMENT**

The meeting was adjourned at 2:26 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Lynda Hopkins and Members
of the Finance and Administration Committee

From: Chairperson Valerie J. Armento, Esq.

Date: February 18, 2026

Re: Hearing Board Quarterly Report: October – December 2025

RECOMMENDED ACTION

No action requested.

BACKGROUND

None.

DISCUSSION

This report covers the fourth calendar quarter (October – December) of 2025.

- Held one hearing;
- Processed four orders: and
- Collected a total of \$7,971.00 in Hearing Board filing fees

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

**Docket: 3764 – Safeway Stores Inc, Bakery Plant - Richmond Bread Facility ID#93
– Request for Emergency Variance**

Location: Contra Costa County; City of Richmond

Regulation(s): Air District Authority to Construct Permit Application #31756 Permit Conditions #3.a, 4, 5, and 7.

Synopsis (from the Petitioner):

Richmond Bread Facility ID#93 (Richmond Bread) is a commercial baking facility that produces a variety of bread products for retail distribution. As part of the Safeway/Albertsons family of brands, the bakery supplies fresh and packaged baked goods to grocery stores in Northern California. Richmond Bread specializes in largescale production of bread, rolls and other yeast-raised baked items.

On-site equipment includes bulk flour silos and industrial ovens. The variance is needed to allow the facility to continue to operate the S1 bread line oven and satisfy contracts with third party retailers.

Richmond Bread operates permitted baking equipment that vents to an air pollution control system, a catalytic oxidizer. At 11:00 AM on Wednesday, October 01, 2025, it was determined that the catalytic oxidizer (DeviceA5) was not maintaining an exit temperature of 700 Fahrenheit. The S1 bread line recently went through alterations, under the Authority to Construct Permit #100343, the week prior and a start-up date was given as Monday, September 29, 2025. It is believed that during these alterations, the catalytic oxidizer was not isolated from the oven line by the contractor performing the work when a pressure test was performed which resulted in a mechanical failure of the pressure regulator valve for the inlet of the natural gas valve. The Bay Area Air District was notified of this breakdown on Thursday, October 02, 2025 at 5:15 PM through the Reportable Compliance Activity Report (RCA ID# RCA202022).

This incident was unforeseen and unavoidable. If the variance is denied and Richmond Bread is forced to temporarily shut down the oven, the costs to Petitioner would be significant.

Baking operations at Richmond Bread are essential and include bread and bun ovens that have the potential to emit volatile organic compounds (VOCs) and odors during production. To comply with permit conditions, Richmond Bread installed and operates a catalytic oxidizer (A5) as an air pollution control device for the variety 3 (continuous) bread line (S1). The catalytic oxidizer is designed to thermally oxidize and destroy VOCs and odors generated during baking processes. The unit that is the subject of this variance petition is a natural-gas-fired catalytic oxidizer used to control VOC emissions from one bread oven. This bread oven cannot operate in compliance with Bay Area Air District Rules and permit conditions with the catalytic oxidizer, which requires repairs.

The root cause of the catalytic oxidizer not being able to maintain an exit temperature of 700F during all operations is because the pressure regulator valve for the inlet of the natural gas valve failed in a closed position; therefore, not allowing natural gas to operate the catalytic oxidizer at its required constant temperature to destroy emitted VOCs. On Thursday, October 02, 2025, the facility reached out to a provider and found a replacement pressure regulator valve. The facility received this part on Friday, October 03, 2025, and will replace this valve on Sunday, October 05, 2025. On Thursday, October 02, 2025, the facility continually manually adjusted the inlet isolation valve for the natural gas to maintain an exit temperature of the catalytic oxidizer above 700F. This manual adjustment practice is now in place, with an hourly check that is signed off for all production that continued Friday, October 03, 2025 and for production that is to occur on Saturday, October 04, 2025.

Requested Period of Variance: September 29, 2025 to October 5, 2025

Estimated Excess Emissions: (Provided by Petitioner): Estimated excess emissions during the period are expected to be equal to or less than 680 lb/day Parameter

Occurrence Code (POC). Detailed calculations are pending emission calculation refinement.

Fees collected this quarter: \$2,657.00 (Hearing Board filing fee)

Status: Application for Emergency Variance filed by Petitioner on October 6, 2025; application sent to Air District Compliance & Enforcement staff for review on October 6, 2025; staff response filed and application sent to Hearing Board on October 8, 2025; Hearing Board response filed and Order Denying Emergency Variance filed/issued on October 15, 2025.

THE HEARING BOARD ORDERED:

- A. *Applicant filed an application under the Emergency Variance (EV) procedures, Hearing Board Rules, Section 7.1 I(a). Pursuant to Health and Safety Code Sections 42359 and 42359.5, the Hearing Board determined that this Application properly could be ruled upon without notice and hearing. Prior to making this determination, and in accordance with Hearing Board Rules Section 7.11 (c), the Hearing Board requested and received a response to this Application from the Executive Officer/Air Pollution Control Officer for the Bay Area Air Quality Management District (Air District). The Air District staff response recommended the Application for EV be denied.*
- B. *Applicant operates the Richmond Refinery (the "Facility") located in Richmond, California. The Facility is a bakery that makes food products for the Safeway/Albertsons family of brands.*
- C. *Applicant operates Source# 1, Amflow Oven #3, S-1, which is a large industrial natural gas oven with a capacity of 8.9 MMBtu/hour. S-1 is abated by Abatement Device #5, a catalytic oxidizer (A-5).*
- D. *The Applicant altered S-1 as part of A/C 31756; these alterations took place during the week September 22, 2025 when a third-party contractor, L.J. Kruse Company, replaced and replumbed portions of the natural gas line that feed S-1. This natural gas line also supplies natural gas to A-5 in order to maintain operating temperature above 700F. A section of the natural gas line that connects to A-5 was replaced inside the building; however, the natural gas line to A-5 outside the building was not replaced. An isolation valve for the natural gas line is located outside of the building, upstream of A-5. A safety diaphragm valve is located downstream of the isolation valve and prior to the inlet of A-5. A safety diaphragm valve is in place to prevent over-pressurization of natural gas at A-5.*
- E. *After the new gas line was installed, the contractor conducted a pressure test on the natural gas line to check for leaks. The contractor failed to close the isolation valve during the test, causing the safety diaphragm valve at A-5 to rupture when the natural gas line was pressurized. The safety diaphragm valve sealed the natural gas line and prevented natural gas from reaching A-5. Since the diaphragm closed off the natural gas, the site passed the pressurized line test. A start-up date for S-1 was given as Monday September 29, 2025.*
- F. *On September 29, 2025, the Applicant started up operation of S-1 for a two-hour test run. As part of the start-up procedures, Safeway staff are supposed to: 1) start A-5, 2) set the temperature to 800F 3) conduct an additional check and 4) conduct another check on A-5 before the product hits the oven.*

- G. As of September 30, 2025 Applicant operated S-1 without verifying the temperature at A-5 as S-1's start-up procedures require.
- H. The failure of A-5 went undetected because the Facility staff did not follow the Facility's written procedures requiring staff to confirm that S-1 was operating within temperature limits, as well as not following start-up policy and procedures. Verifying the temperature on A-5 at start-up could have either averted this variance or minimized the emissions. The Board notes that this key fact was omitted from the Applicant's Petition for Variance. Applicant states that A-5 was "operating well and as expected" which is inaccurate; S-1 was operating at an incorrect temperature.
- I. On October 1, 2025 at 11:00 am the Facility observed that A-5 was below 700F.
- J. The Applicant states that" ... the need for relief in this matter is due to equipment failure and not the product of operator error or neglect." The Air District Staff's response to Applicant's Petition for Variance shows that this statement is inaccurate. The Applicant did have notice of a problem: S-1 was operating below temperature. The Air District's response also demonstrates that the equipment failure was not immediately detected, and substantial emissions occurred, because of operator error or neglect resulting from staff not complying with the Facility's procedures regarding S-1 and A-5. In this case, the equipment failure need not have led to the violation had S-1 's incorrect temperature been observed by following S-1 's startup procedures.
- K. The Bay Area Air District was notified of this breakdown on Thursday, October 02, 2025 at 5:15 PM through the Reportable Compliance Activity Report (RCA ID# RCA202022).
- L. On October 2, 2025, the Applicant manually adjusted the natural gas flow to control and monitor the temperature of S-1 and ensure the temperature was above 700F on an hourly basis. It is unclear to the Board why this remedial measure did not begin on October 1, 2025; however it does demonstrate that the excess emissions had the potential to be controlled.
- M. Long term compliance was achieved on October 4, 2025 when the safety diaphragm valve was replaced and A-5 operated as normal.
- N. Applicant requested an emergency variance period of September 29, 2025 to October 5, 2025.
- O. Excess emissions are estimated at 103 7 lbs/day by the Applicant.
- P. In summary, the Applicant does not meet the good cause standard for an issuance of an EV. Non-compliance was foreseeable, and was possibly preventable had the Facility's start-up procedures for A-5 been observed. The Applicant provided evidence that the violation was within Applicant's reasonable control by its mitigation starting October 1.

THEREFORE, THE HEARING BOARD ORDERS:

The Application for Emergency Variance from Air District Authority to Construct Application #31756 Permit Conditions 3.a, 4, 5, and 7, is hereby denied.

Docket: 3765 – City of San Mateo, Department of Public Works – Request for Interim and Regular Variances

Location: San Mateo County; City of San Mateo

Regulation(s): Regulation 2, Rule 1, Section 320; Regulation 2, Rule 1, Section 403; Regulation 7, Rule 2; Regulation 9, Rule 2, Sections 301, 501, & 601; and Permit Condition #100538).

Synopsis (from the Petitioner):

The subject of this variance is the City's Underground Flow Equalization System (UFES) (Facility ID 201762). The UFES is newly constructed and during the testing phase the contractor allowed it to overfill and suffered damages to the electrical and abatement equipment. The City did not realize the full extent of the damage until recent discussions on preparedness for upcoming wet weather. The UFES is a critical part of our infrastructure that reduces the potential for a sanitary sewer overflow to our creek and the City must operate it during stormy weather.

The UFES is a 5.3-million-gallon tank that allows for excessive wet weather wastewater flows in the collection system to be captured and stored which prevents sanitary sewer overflows. This was designed to stop wastewater from overflowing into the state waterways and eventually into the San Francisco Bay as well as regulating flow to the wastewater treatment plant. UFES passively receives flow from 6 different points in the San Mateo collection system. This design ensures that the system is ready to manage flow surges at any time. In normal operation, the tank is disconnected from the collection system by an isolation valve when it reaches full capacity. This is to protect it from damage due to overfilling. Once the isolation valve loses, sewage will overflow from manholes in the street blocking traffic and entering the nearby streams. Closing the isolation valve will cause a sanitary sewer overflow in almost any weather. So, UFES must stay in operation to prevent sewage discharges.

The odor control system was rendered inoperable by the mechanical vault flooding during commissioning testing. The constructor of the facility is currently procuring replacement equipment but will not be finished until March, 2026.

The mechanical vault flooded, ruining the electrical equipment, on February 13th 2025. In the subsequent months the contractor constructing the UFES did a damage assessment of the mechanical equipment and then began the process of procuring replacement equipment. Some of the electrical and foul air components had long lead times. That added to the additional time to remove or remediate equipment then install and test the replacement equipment pushed the timeline to restart the foul air system into March, 2026. We only learned of the March timeline after a meeting with the contractor on September 8th.

We have been exploring multiple options, if it was possible to return the foul air system back to service before the rest of the equipment which turned out to not be possible. Now we are attempting to rent a portable foul air system that could meet the permit requirements.

There will be environmental damage resulting from the Sanitary Sewer Overflows that UFES was designed to prevent. These overflows occur when pipeline capacity is exceeded due to the infiltration of rainwater during storms. UFES was designed to stop these overflows from getting in the state's waterways and eventually ending up in the SF bay.

Requested Period of Variance: October 16, 2025 to March 2026

Estimated Excess Emissions: (Provided by Petitioner): None.

Fees collected this quarter: None were collected, since the Petitioner withdrew the application four days after it was filed.

Status: Application for Interim/Regular Variances filed by Petitioner on October 16, 2025; on October 20, 2025, the Petitioner indicated (via phone) that they intended to withdraw the application; Petitioner officially requested to withdraw the application on November 5, 2025, and the Hearing Board Chair allowed the withdrawal on the same day; Order of Dismissal filed/issued on December 2, 2025.

Docket: 3766 – Republic Services of Sonoma County, Inc. (Sonoma County Central Landfill) – Request for Emergency Variance

Location: Sonoma County; City of Petaluma

Regulation(s): Regulation 8, Rule 34, Sections 301.1, 301.3, 501.2, 507; Permit Condition #4044-A-4, Parts 8, 9, 10, 13, 14, 16, 17; and Permit Condition #19933, Parts 8, 9.

Synopsis (from the Petitioner):

The Sonoma County Central Landfill (Sonoma Central) is currently permitted as an active municipal solid waste (MSW) landfill for disposal of MSW under a Title V/MFR Permit and Permit to Operate (PTO) both issued by the Bay Area Air District under Facility Number A2254. The landfill is owned by Sonoma County and is operated by your permittee, Republic Services of Sonoma County, Inc. (Republic), under an operations agreement with the County. As such, this is a public facility which performs an essential public service, including the control and destruction of landfill gas.

The Sonoma County Central Landfill must take the current primary destruction/control device, the A-4 flare, offline immediately for approximately six to seven days to replace severely degraded insulation within the flare body. This condition represents an imminent risk to the flare's structural integrity and must be addressed without delay to prevent

complete failure of the device and uncontrolled landfill gas emissions. Continued operation under current conditions could result in catastrophic equipment damage, unsafe combustion temperatures, and loss of destruction efficiency. The need for a variance arose only after inspection confirmed that the insulation deterioration was severe enough to require immediate replacement critical to maintain safety and compliance. The outage is essential to prevent irreparable damage to the flare that could lead to the potential failure of the device and unpermitted emissions. Compounding this urgency, the landfill gas engines, the site's primary abatement system-are currently offline due to a faulty Pacific Gas and Electric (PG&E) switch, leaving the A-4 flare as the sole functional control device for the past 3 weeks and until the switch is repaired.

Because these conditions developed suddenly and require immediate action to prevent equipment failure and unpermitted emissions, there is not sufficient time to complete the public notice process prior to conducting the necessary maintenance. The requested emergency variance is therefore required to allow prompt repairs and ensure continuous control of landfill gas.

Due to emergent and essential maintenance needs, Sonoma Central cannot reasonably maintain full compliance with the cited District regulations and Permit Condition #4044 during the A-4 Landfill Gas Flare outage. The flare's insulation has severely deteriorated over the past few weeks, requiring immediate replacement to preserve proper combustion temperature and prevent complete loss of flare integrity. Delaying this maintenance could lead to catastrophic structural damage to the flare shell and internal refractory, rendering the control device inoperable and resulting in uncontrolled landfill gas emissions. The site has no equivalent control redundancy currently available.

The urgency is compounded by a concurrent power outage at the Landfill Gas to Energy (LFGTE) facility caused by a faulty PG&E switch, which has taken the landfill gas engines offline. As a result, the engines cannot serve as the primary abatement device during this outage. In the event the LFGTE engines were to come back online, the existing LFGTE facility is not able to operate at peak capacity as several of their engines are currently down for major repairs/overhaul. The remaining available Internal Combustion engine capacity is not sufficient to maintain the necessary vacuum to the large collection field to mitigate potential surface emissions while the flare is offline. Further operation of the engine at the enriched methane levels that could result from the lower collection volume could damage the IC engines due to the higher heating that would be seen. Additionally, District permit conditions mandate continuous operation of a compliant combustor with temperature monitoring, alarm systems, and destruction efficiency requirements, conditions that cannot be met without temporarily taking the A-4 flare offline to replace the insulation before failure occurs.

These technical and safety constraints, combined with the urgency of the repair and the lack of feasible alternatives, make compliance temporarily beyond the facility's reasonable control. To mitigate impacts, Sonoma Central proposes the operation of a temporary portable thermal oxidizer (TOX), that will be operated and monitored by Envent Corporation during the seven-day flare maintenance period in December 2025 to ensure equivalent emission control and regulatory compliance. The TOX is authorized for

operation in the Bay Area under a Permit to Operate issued by BAAD for Facility ID 16338 (copy attached in Appendix A) which expires in November 2026.

Sonoma Central first became aware of the potential non-compliance in October 2025, when inspection and operating data indicated that the A-4 Landfill Gas Flare insulation had deteriorated to a critical condition. Once it became clear that the repair would require a full shutdown of the flare for several consecutive days and that no alternate onsite control device could fully handle the gas load, Sonoma Central determined that temporary noncompliance with continuous operation requirements under Regulation 8-34-301.1 and Permit Condition #4044 would be unavoidable.

Since identifying the need for immediate flare insulation replacement in late October 2025, Sonoma Central has taken a series of urgent steps to restore and maintain compliance. In late October, Sonoma Central coordinated with Tetra Tech to evaluate potential regulatory options to maintain compliance and determined that an emergency variance would be necessary to complete the repair and allow a portable TOX to be operating in order to maintain emission control. In early November, Sonoma Central engaged Envent Corporation to provide a portable thermal oxidizer capable of controlling landfill gas during the flare outage. At the same time, a power failure at the Pacific Gas and Electric (PG&E) switch rendered the landfill gas engines-the site's primary abatement devices-inoperable, further elevating the urgency of the situation. Throughout November 2025, Sonoma Central has prepared this Emergency Variance petition to allow temporary operation of the TOX while the A-4 flare is repaired. These actions are being undertaken to ensure continuous control of landfill gas, prevent uncontrolled emissions, and return the facility to full compliance immediately following the completion of the flare maintenance.

Requested Period of Variance: December 8, 2025 to December 19, 2025

Estimated Excess Emissions: (Provided by Petitioner):

Gas Type	Calculated Emissions											
	Calculated Estimated Potential to Emit						HAP		GHG ¹			
	CO (lb/hr) (tpd)	NO _x (lb/hr) (tpd)	PM ₁₀ (lb/hr) (tpd)	PM _{2.5} (lb/hr) (tpd)	SO ₂ (lb/hr) (tpd)	VOC (lb/hr) (tpd)	HAP (T) (lb/hr) (tpd)	HAP (S) (lb/hr) (tpd)	CO ₂ (lb/hr) (tpd)	CH ₄ (lb/hr) (tpd)	N ₂ O (lb/hr) (tpd)	CO _{2e} (lb/hr) (tpd)
Thermal Oxidizer Total	37.59	9.48	1.28	1.28	1.28	0.17	0.87	0.61	19,694	0.37	0.07	19,726
	902.18	227.45	30.61	30.61	30.79	3.97	20.91	14.57	472,667	8.97	1.77	473,417

Gas Type	Currently Permitted Flare Potential to Emit						HAP		GHG ¹			
	CO (lb/hr) (tpd)	NO _x (lb/hr) (tpd)	PM ₁₀ (lb/hr) (tpd)	PM _{2.5} (lb/hr) (tpd)	SO ₂ (lb/hr) (tpd)	VOC (lb/hr) (tpd)	HAP (T) (lb/hr) (tpd)	HAP (S) (lb/hr) (tpd)	CO ₂ (lb/hr) (tpd)	CH ₄ (lb/hr) (tpd)	N ₂ O (lb/hr) (tpd)	CO _{2e} (lb/hr) (tpd)
	CO (lb/hr) (tpd)	NO _x (lb/hr) (tpd)	PM ₁₀ (lb/hr) (tpd)	PM _{2.5} (lb/hr) (tpd)	SO ₂ (lb/hr) (tpd)	VOC (lb/hr) (tpd)	HAP (T) (lb/hr) (tpd)	HAP (S) (lb/hr) (tpd)	CO ₂ (lb/hr) (tpd)	CH ₄ (lb/hr) (tpd)	N ₂ O (lb/hr) (tpd)	CO _{2e} (lb/hr) (tpd)
Current Enclosed Flare	18.23	4.56	1.56	1.56	9.11	1.28	8.27	7.23	20,897	0.64	0.13	20,951
	437.62	109.40	37.42	37.42	218.59	30.63	198.57	173.41	501,538	15.44	3.04	502,830

Gas Type	Calculated Potential Excess Emissions						HAP		GHG ¹			
	CO (lb/hr) (tpd)	NO _x (lb/hr) (tpd)	PM ₁₀ (lb/hr) (tpd)	PM _{2.5} (lb/hr) (tpd)	SO ₂ (lb/hr) (tpd)	VOC (lb/hr) (tpd)	HAP (T) (lb/hr) (tpd)	HAP (S) (lb/hr) (tpd)	CO ₂ (lb/hr) (tpd)	CH ₄ (lb/hr) (tpd)	N ₂ O (lb/hr) (tpd)	CO _{2e} (lb/hr) (tpd)
	CO (lb/hr) (tpd)	NO _x (lb/hr) (tpd)	PM ₁₀ (lb/hr) (tpd)	PM _{2.5} (lb/hr) (tpd)	SO ₂ (lb/hr) (tpd)	VOC (lb/hr) (tpd)	HAP (T) (lb/hr) (tpd)	HAP (S) (lb/hr) (tpd)	CO ₂ (lb/hr) (tpd)	CH ₄ (lb/hr) (tpd)	N ₂ O (lb/hr) (tpd)	CO _{2e} (lb/hr) (tpd)
Difference in Emissions While Operating TOX	19.36	4.92	-0.28	-0.28	-7.82	-1.11	-7.40	-6.62	-1,203	-0.27	-0.05	-1,226
	464.56	118.05	-6.81	-6.81	-187.80	-26.66	-177.66	-158.84	-28,872	-6.47	-1.27	-29,413

Fees collected this quarter: \$2,657.00 (Hearing Board filing fee)

Status: Application for Emergency Variance filed by Petitioner on November 26, 2025; application sent to Air District Compliance & Enforcement staff for review on November 26, 2025; staff response filed and application sent to Hearing Board on December 3, 2025; Hearing Board response filed on December 4, 2025; and Order Denying Emergency Variance filed/issued on December 10, 2025.

THE HEARING BOARD ORDERED:

- A. *Applicant filed an application under the Hearing Board Rules, Section 7.1 I(a), and the Hearing Board determined that this Application properly could be ruled upon without notice and hearing. Prior to making this determination, and in accordance with Hearing Board Rules Section 7.11 (c), the Hearing Board requested and received a response to this Application from the Executive Officer/ Air Pollution Control Officer for the Bay Area Air Quality Management District (Air District). The Air District staff response recommended the Application for EV be denied.*
- B. *Applicant operates the Sonoma County Central Landfill (the Facility) located in Petaluma, California. The Facility is an active municipal solid waste (MSW) landfill for disposal of MSW.*
- C. *In October 2025, Applicant became aware that the inspection and operating data indicated that the insulation within the flare body of the A-4 Landfill Gas Flare (A-4 flare) at the Facility is severely deteriorated. Applicant later confirmed that the flare insulation would require urgent replacement to prevent imminent structural failure, that the repair would require a full shutdown of the flare for several consecutive days, and that no alternate onsite control device could handle the gas load.*
- D. *Applicant requested an emergency variance period of December 8, 2025 to December 19, 2025. A summary of potential excess emissions is estimated in the EV application. During the variance period, Applicants intends to mitigate excess emissions by temporarily installing and operating a portable thermal oxidizer (TOX) with equivalent destruction efficiency to the A-4 flares*
- E. *Ten (10) internal combustion engines are permitted and are expected to be used as the primary landfill gas abatement system at the Facility and the A-4 flare is only expected to be used "as necessary to combust excess gas whenever the flow of landfill gas exceeds the capacity of the internal combustion engines." In response to Applicant's EV application, the Air District staff points out that a review of flare operation since August 1, 2024, shows that the A-4 flare has operated for 8650 hours out of a possible 8760 hours. This is clear evidence that the A-4 flare is running constantly, has become the primary abatement system, and has been operating for far more hours than designed and permitted. Therefore, the deterioration in the insulation of the A-4 flare should have been expected and foreseeable.*

Applicant does not meet the good cause standard for an issuance of an Emergency Variance under either the Hearing Board Rules or the applicable provisions of the Health and Safety Code. Applicant has not provided sufficient evidence to support that the flare

insulation degradation was not foreseeable or preventable with proper maintenance. There was no clear evidence that non-compliance was unforeseeable and that the violation was beyond Applicant's reasonable control.

THEREFORE, THE HEARING BOARD ORDERS:

The Application for Emergency Variance from Air District Regulation 8, Rule 34, Sections 301.1, 301.3, 501.2, 507; and Permit Condition #4044-A-4, Parts 8, 9, 10, 13, 14, 16; and Permit Condition #19933, Parts 8, 9, is hereby denied.

Docket: 3767 – Air Products – Request for Emergency Variance

Location: Contra Costa County; City of Martinez

Regulation(s): Permit Condition #12271, Parts 29 and 31.

Synopsis (from the Petitioner):

The Air Products HP-3 unit (S-4160) Steam Methane Reformer (SMR) furnace (S-4161) is abated by Selective Catalytic Reduction (SCR) unit A4161 at all times per Facility #A0011 Title V permit condition 12271 part 31 to ensure nitrogen oxides (NOx) emissions from the SMR stack meet the Title V limit of 10 parts per million by volume (ppmv), dry, corrected to 3% oxygen, averaged over 3 hours per permit condition 12271 part 29. This variance is being requested to allow for preventative maintenance on the SCR ammonia injection system that will likely result in a short term deviation of this limit.

For the SCR to function properly, ammonia and heated air are mixed together and injected into the flue gas at the SCR. To reach an approximate temperature of 550°F, the air injection is heated to approximately 600°F upstream of the mixer using an inline electrical heating element. This heating element is currently indicating that it needs to be replaced and based on analysis of the system, will not likely reach the next maintenance turnaround prior to failure.

To perform the heating element replacement, the ammonia injection system will need to be shut down and temporarily removed from service. Air Products predicts the total time to replace the heating element, barring any unforeseen issues, will take less than 12 hours (one shift). Following replacement of the heating element, the ammonia injection will immediately be recommissioned and returned to service.

During this time, the SMR flue gas will not be abated, and NOx emissions will exceed the Title V limit of 10 ppm. The alternative case, to shut down and restart the unit to replace this heating element, would ultimately result in a greater net sum of Nox emissions (24 hour exemptions individually for shutdown and startup). Therefore, Air Products requests that this variance be approved to proactively address maintenance of the abatement device while minimizing emissions. Air Products would like to note that planned on line replacement of the heating element will take substantially less time than an unplanned emergency repair.

Please also note that the HP-3 unit is the only source of pure H₂ (PSA H₂) and shutting

down HP-3 to perform this maintenance will also result in shutdowns of various downstream process units in the refinery (including the Distillate Hydrotreater and the Distillate Saturation Unit), increasing net emissions even further. Process units such as the Hydrocracker Unit and the Isomerization Unit would also have to significantly reduce production rates if HP-3 is shut down.

For the E-119 heater, Air Products has a Preventative Maintenance (PM) schedule established in its SAP system. The frequency of the PM inspection is 48 months and scheduled to coincide with planned maintenance outages. From Air Products maintenance records that date back to 2006, we know that the last PM performed on this heater was in February of 2023.

The E-119 heating element (Watlow, model 700-2157-0249) does not have a discreet expected life expectancy. Nonetheless, this heater was replaced in 2017 and prior to that, maintenance records back to 2006 do not indicate that it was replaced in the 11 years prior. It is reasonable to expect that the life expectancy for a similar heating element would be at least 10 years. Given that this heating element was only in service for approximately eight years, Air Products anticipated at least an additional two years of service before considering replacement.

To date, Air Products has not taken any action to perform any repairs. The air heater on the SCR ammonia injection system so far has not failed yet and Air Products has remained in compliance with the HP-3 stack NOx limit. Nonetheless, Air Products is predicting that the air heater will fail within the next few weeks and is proactively taking steps to replace the heater while simultaneously minimizing NOx emissions.

Air products has the replacement heating element on site, confirmed it is functioning, and is staging the equipment to begin immediate maintenance work pending district approval.

Requested Period of Variance: Either December 11 or 12, 2025 until twelve hours within starting the heater replacement (either end of day on December 11 or 12, 2025.)

Estimated Excess Emissions: (Provided by Petitioner):

Estimated NOx Emissions= 541.2 lbs (based on actual data from previous shutdown and startup.)

Fees collected this quarter: \$2,657.00 (Hearing Board filing fee)

Status: Application for Emergency Variance filed by Petitioner on December 3, 2025; application sent to Air District Compliance & Enforcement staff for review on December 3, 2025; staff response filed and application sent to Hearing Board on December 8, 2025; Hearing Board response filed on December 9, 2025; and Order Granting Emergency Variance filed/issued on December 10, 2025.

THE HEARING BOARD ORDERED:

- A. *Applicant filed an application under the Hearing Board Rules, Section 7.1 I(a), and the Hearing Board determined that this Application properly could be ruled upon without notice and hearing. Prior to making this determination, and in accordance with Hearing Board Rules Section 7.11 (c), the Hearing Board requested and received a response to this Application from the Executive Officer/ Air Pollution Control Officer for the Bay Area Air Quality Management District (Air District). The Air District staff response recommended the Application for EV be granted.*
- B. *Applicant operates the industrial hydrogen plant at the Martinez Refining Company (MRC) in Martinez, California.*
- C. *In November 2025, Applicant became aware that the operating data indicated that the electric heating element (E-119) associated with the HP-3 unit (S-4160) Steam Methane Reformer (SMR) furnace (S-4161) was underperforming. Applicant confirmed that the electric heating element (E-119) is degrading at a faster rate than expected and would require replacement to ensure NOx emissions from the SMR stack meet the Title V limit of 10 ppmv, dry, corrected to 3% oxygen, averaged over 3 hours per permit condition 12271 part 29. Applicant stated that they have a new electric heat element (E-119) on site, fully functional, and that the changeout should take no longer than 12 hours (one shift).*
- D. *Applicant requested an emergency variance period of December 8, 2025, to December 19, 2025. Total emissions from granting this Variance are less than the emissions from the shutdown and startup where the emissions are exempt from the Permit Condition limits. Calculations provided by the Applicant and checked by Air District staff, calculate approximately 153 pounds of NOx emissions to the atmosphere with the assumption of 90% destruction efficiency for the variance and approximately 541 pounds NOx emissions to shutdown and restart the Hydrogen Plant. Applicant shall submit any required Reportable Compliance Activity (RCA) for indicated excesses as well as any deviations for deviating from the Major Facility Review (Title V) permit conditions during the Emergency Variance period.*
- E. *The Applicant does meet the good cause standard for an issuance of an Emergency Variance under either the Hearing Board Rules or the applicable provisions of the Health and Safety Code.*

THEREFORE, THE HEARING BOARD ORDERS:

The Application for Emergency Variance from Air District Permit Condition #12271, Parts 29 and 31, is hereby granted, for a period from December 11 or 12, 2025 (whichever of those two dates on which the work begins), until midnight on December 12, 2025.

Respectfully submitted,

/s/ Valerie J. Armento

Valerie J. Armento, Esq.
Chair, Hearing Board

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

ATTACHMENT(S):

None.

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Lynda Hopkins and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: February 18, 2026

Re: Fiscal Year 2025-2026 Second Quarter Financial Report, Ending December
31, 2025

RECOMMENDED ACTION

None; this is an informational item, no action is requested at this time.

BACKGROUND

A financial report is submitted to the Committee quarterly for the relevant reporting period covering from the beginning of the fiscal year to the most recent quarter-end.

This report provides an overview of the General Fund's financial activities for both the first and second quarters of fiscal year 2025-2026, including preliminary results for revenues, expenditures, cash account balances, and investment earnings for the reporting period.

DISCUSSION

Attachment A provides the financial report for the Second quarter of Fiscal Year 2025-2026, from July 1, 2025, to December 31, 2025.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Jun Pan
Reviewed by: Stephanie Osaze

ATTACHMENT(S):

1. Attachment A - Second Quarter ending December 31, 2025 Financial Report

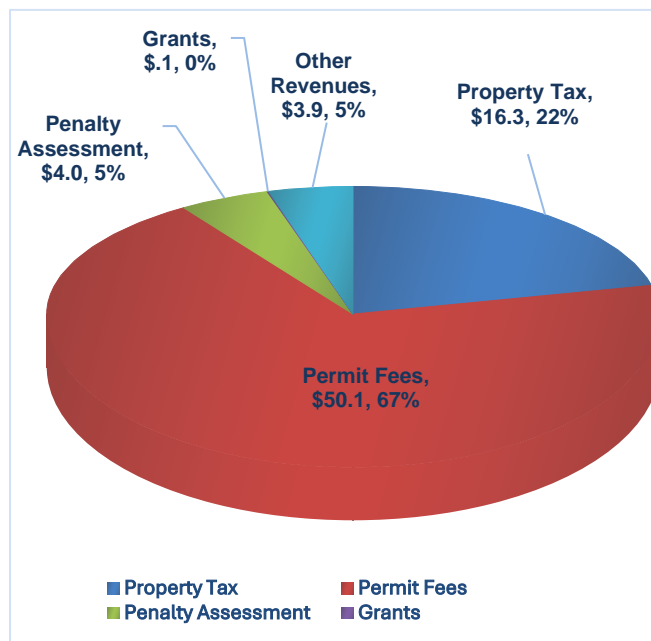
Attachment A: Financial Summary for the Second Quarter of Fiscal Year 2025-2026

This report provides an update on the Air District's financial performance for the second quarter of the 2025-2026 fiscal year, covering the period from July 1, 2025, through December 31, 2025. As of the second quarter, General Fund revenues total \$74.4 million, with expenditures at \$62.53 million. Revenues are in line with expectations, and no significant changes are anticipated through the end of the fiscal year on June 30, 2026. Expenditures, such as professional services, may fluctuate based on when work is performed under contract terms, making them less predictable for projecting through the end of the fiscal year.

FINANCIAL RESULTS

The following information summarizes the second quarter financial results for fiscal year (FY) 2025-2026

TABLE 1: FISCAL YEAR 2026 GENERAL FUND REVENUE OVERVIEW



FY 2026 Q2 (as of 12/31/2025) General Fund Revenues	in Millions	% of Total
Property Tax	\$16.3	22%
Permit Fees	\$50.1	67%
Penalty Assessment	\$4.0	5%
Grants	\$.1	0%
Other Revenues	\$3.9	5%
Total	\$74.4	100%

Summary of Table 1

As of December 31, 2025, total revenue recognized a total of \$74.4 million. Permit Fees and Property Tax are the largest revenue sources in the General Fund, totaling \$50.1M and \$16.3M, respectively.

TABLE 2: GENERAL FUND REVENUE – BUDGET VS ACTUAL (IN MILLIONS \$)

Categories	FYE 2026 Adopted Budget	FYE 2026 Amended Budget	FYE 2026 Actual (as of 12/31/2025)	Percentage of Amended Budget
Property Tax	\$47.6	\$47.6	\$16.3	34%
Permit Fees*	\$68.4	\$68.4	\$50.1	73%
Penalty Assessment	\$4.0	\$4.0	\$4.0	100%
Grants (includes AB617)	\$17.9	\$17.9	\$1.1	0%
Other Revenues	\$8.6	\$8.6	\$3.9	46%
Total Revenues	\$146.5	\$146.5	\$74.4	51%

* Permit Fees				
Application & Renewal Fees	\$48.4	\$48.4	\$37.1	77%
Title V Permit Fees	\$8.5	\$8.5	\$5.7	67%
Asbestos Fees	\$3.3	\$3.3	\$2.0	60%
Toxic Inventory Fees	\$1.2	\$1.2	\$0.7	60%
Community Health Impact Fees	\$1.2	\$1.2	\$1.0	77%
Criteria Toxic Reporting Fees	\$1.8	\$1.8	\$1.2	67%
Greenhouse Gas Fees	\$4.0	\$4.0	\$2.3	59%
Other Fees	\$0.1	\$0.1	\$0.0	21%
Total Permit Fees	\$68.4	\$68.4	\$50.1	73%

Summary of Table 2:

Overall revenue recognized for the 2nd quarter of the fiscal year represents 51% of the budget, which is on target with projections.

- Property tax is 34%, which is based on the normal timing of the revenues received by the end of December. This ratio is consistent with the same period last year. Property tax largest receipts are usually received in December and April timeframe.
- Permit fees are consistent with the annual progress of the permitting process.
- Other revenues increased due to higher interest income resulting from improved investment performance in the San Mateo County Investment Pool, where Air District funds are managed.
- Grant revenues recognition occurs usually at the end of the fiscal year when the grant activities are reconciled and charged to the grant funds. This portion of funding is mainly related to the Assembly Bill 617 Implementation grant program.

**TABLE 3: GENERAL FUND REVENUE PRIOR YEARS TREND VS. CURRENT YEAR
(IN MILLIONS \$)**

Major Categories	FYE 2024 (As of 12/31/2023)	FYE 2025 (As of 12/31/2024)	FYE 2026 (As of 12/31/2025)	\$ DIFF FY26 - FY25
Property Tax	\$14.4	\$15.6	\$16.3	\$.7
Permit Fees*	\$43.7	\$47.6	\$50.1	\$2.5
Penalty Assessment	\$2.4	\$4.0	\$4.0	(\$.1)
Grants (includes AB617)	\$.3	\$.0	\$.1	\$.1
Other Revenues	\$1.9	\$3.6	\$3.9	\$.4
Total Revenues	\$62.6	\$70.8	\$74.4	\$3.6

	(As of 12/31/2023)	(As of 12/31/2024)	(As of 12/31/2025)	\$ DIFFERENCE
*Permit Fees				
Application & Renewal Fees	\$31.4	\$35.9	\$37.1	\$1.2
Title V Permit Fees	\$4.6	\$4.8	\$5.7	\$.9
Asbestos Fees	\$1.7	\$1.7	\$2.0	\$.3
Toxic Inventory Fees	\$1.5	\$.8	\$.7	(\$.0)
Community Health Impact Fees	\$.8	\$.9	\$1.0	\$.0
Criteria Toxic Reporting Fees	\$1.0	\$1.1	\$1.2	\$.1
Greenhouse Gas Fees	\$2.5	\$2.3	\$2.3	\$.0
Other Fees	\$.2	\$.1	\$.0	(\$.0)
Total Permit Fees	\$43.7	\$47.6	\$50.1	\$2.5

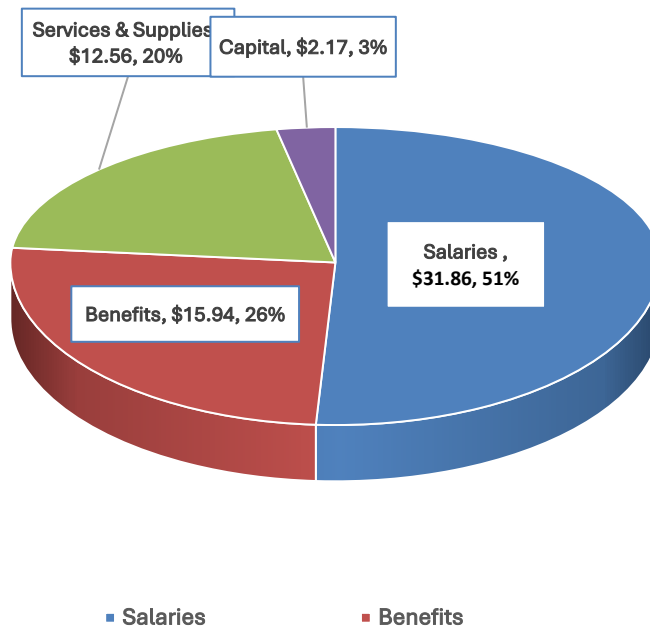
Summary of Table 3:

Property tax revenue increased as expected due to growth in tax assessments from previous years

- Permit fees increase consistently with fee rate increase
- The \$4M Penalty assessment represents the General Fund portion only which supports general activities
- Other revenues increased mainly due to interest income earned as of December 2025

TABLE 4: FISCAL YEAR 2025 GENERAL FUND EXPENDITURE OVERVIEW

FY 2026 Q2 (as of 12/31/2025) General Fund Expenditures	in Millions	% of Total
Salaries	\$31.86	51%
Benefits	\$15.94	26%
Services & Supplies	\$12.56	20%
Capital	\$2.17	3%
Total	\$62.53	100%



Summary of Table 4:

As of December 31, 2025, total expenditure recognized a total of \$62.5 million. Salaries and Benefits are the largest expenditure costs in the General Fund totaling \$31.9M and \$15.9M respectively.

TABLE 5: GENERAL FUND EXPENDITURE – BUDGET VS ACTUAL (IN MILLIONS \$)

Major Categories	FYE 2026 Adopted Budget	FYE 2026 Amended Budget	FYE 2026 Actual (as of 12/31/2025)	Percentage of Amended Budget
Personnel - Salaries	\$76.0	\$76.0	\$31.9	42%
Personnel - Benefits	\$34.3	\$34.3	\$15.9	47%
Operational Services and Supplies	\$46.5	\$61.5	\$12.6	20%
Capital Outlay	\$6.5	\$7.1	\$2.2	31%
TOTAL	\$163.3	\$178.8	\$62.5	35%

*Consolidated Personnel Salaries & Benefits				
Personnel - Salaries	\$83.2	\$83.2	\$34.4	41%
Personnel - Benefits	\$37.5	\$37.5	\$17.0	45%
Total	\$120.7	\$120.7	\$51.4	43%

***Consolidated includes both General Fund and Special Fund**

Summary of Table 5:

- Amended Budget includes carryover of FYE 25 encumbrances as authorized by the board.
- Salaries and benefits are consistent with the budgeted projections and reflect lower costs in the first half of the fiscal year due to vacancies.
- Actual Services/Supplies and Capital expenses are lower due to the timing of payments for services rendered.

TABLE 6: EXPENDITURE PRIOR YEARS TREND VS. CURRENT YEAR (IN MILLIONS \$)

Major Categories	FYE 2024 (As of 12/31/2023)	FYE 2025 (As of 12/31/2024)	FYE 2026 (As of 12/31/2025)	\$ DIFF FY26 - FY25
Personnel - Salaries	\$26.3	\$30.4	\$31.9	\$1.5
Personnel - Benefits	\$15.4	\$14.6	\$15.9	\$1.4
Operational Services and Supplies	\$12.9	\$12.8	\$12.6	(\$.3)
Capital Outlay	\$2.1	\$4.5	\$2.2	(\$2.3)
Total Expenditures	\$56.7	\$62.2	\$62.5	\$3

*Consolidated Personnel Salaries & Benefits				
Personnel - Salaries	\$28.8	\$32.9	\$34.4	\$1.5
Personnel - Benefits	\$16.4	\$15.6	\$17.0	\$1.4
Total Consolidated	\$45.1	\$48.6	\$51.4	\$2.9

***Consolidated includes both General Fund and Special Fund**

Summary of Table 6:

- Salary expenses are higher in FYE 2026, due to general wage adjustments and more filled positions
- Benefit expenses are higher in FYE 2026, due to the higher insurance premiums, transit, and retirement costs
- Capital costs are lower in FYE 2026 due to less science equipment purchase and less expending in Information Technology infrastructure, both major science equipment and IT infrastructure replacement in fiscal year 2025.

TABLE 7: CASH ACCOUNT BALANCES – AS OF THE THIRD QUARTER:

CASH/INVESTMENTS	2nd QTR FY 2025	2nd QTR FY 2026
General Fund	\$237,762,214	\$246,150,296
Transportation for Clean Air (TFCA)	\$158,361,325	\$154,916,611
Mobile Source Incentive Fund (MSIF)	\$83,451,570	\$95,221,566
Carl Moyer	\$127,890,706	\$166,500,495
CA Goods Movement	\$20,769,367	\$21,377,630
Air Quality Projects (Other)	\$1,570,706	\$1,293,925
Vehicles Mitigation	\$60,553,844	\$65,494,565
Total	\$690,359,731	\$750,955,088

Summary of Table 7:

The fiscal year ending (FYE) 2026 second quarter cash increased by approximately \$60 million compared to the same period in FYE 2025. This increase in these cash accounts is caused by increasing funding opportunities, positive investment returns, and large penalty assessments collected in the current year.

TABLE 8: DETAIL DESCRIPTION OF CASH ACCOUNTS

Cash and Investments with County Treasury:	Description/Purpose
(Based on Dec 2025 Account Balance) (In Million \$)	
General Fund (GF)	
General Operation \$98.0	General Operation
Local & Regional Benefits \$110.0	Penalty Assessment Community Benefits
Restricted \$38.2	Section 115 Prefunding Pension Trust & Debt Service
Total General Fund \$246.2	
Special Funds (Grant Funds) \$504.8	
Total \$751.0	

Summary of Table 8

The Air District's cash total on December 31, 2025, of \$750.9 million represents 7.6 % of the \$9.9 billion in the San Mateo County Investment Pool.

- December 31, 2025, net investment earnings are 3.865%
- The average maturity of the portfolio is 2.54 years.
- The second quarter General Fund interest earned is \$2.25M
- Of the \$246.2M total General Fund balance, \$98M is available for general operations.

TABLE 9: Detail Description of Special Fund Grant Cash Account

Special Funds (Grant Funds):	Description/Purpose
TFCA \$154.9 Transportation for Clean Air	Programs for on-road vehicles emission reduction (trucks, buses and charging infrastructure, Vehicle Buy-Back, Clean Cars 4 All, trip reduction, and Spare the Air) and pass through funding for local transportation agencies
MSIF \$95.2 Mobile Source Incentive Fund	Mobile source emission reduction programs and match funds for Carl Moyer Program
Carl Moyer \$166.5	State funding under Carl Moyer, Community Air Protection Incentives, and FARMER programs to reduce emission reductions from mobile sources and reduce exposures to pollution in communities.
Good Movement \$21.4	Emission Reduction Programs (Projects eligible for Goods Movement I-Bond Funding)
Air Quality Projects \$1.3	Miscellaneous funding sources: project eligibility is specific to each source
Vehicles Mitigation \$65.5	Volkswagen Environmental Mitigation Trust statewide programs reducing NOx emissions (Light-duty charging stations and zero-emissions port, freight, and marine projects)
Total Special Funds \$504.8	

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Lynda Hopkins and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: February 18, 2026

Re: Fiscal Year 2025-2026 Second Quarter Reporting of Payments for Routine
and Recurring Goods/Services Expenses and Contracts Executed under
Delegated Authority

RECOMMENDED ACTION

None. Informational item only, no action is requested at this time.

BACKGROUND

The Board of Directors has authorized the Executive Officer/Air Pollution Control Officer (APCO) to execute certain contracts without further Board approval as a matter of administrative convenience. This authorization is provided in the Administrative Code and requires the Executive Officer/APCO to provide a report of such activities to the Board of Directors.

DISCUSSION

Attached, in accordance with the Air District's Administrative Code, Section 9.4, is the second quarter Fiscal Year 2025-2026 report of vendor payments for routine and recurring essential services and contracts executed under delegated authority by the Executive Officer/APCO.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Erica Flahan
Reviewed by: Hyacinth Hinojosa

ATTACHMENT(S):

1. Second Quarter Fiscal Year 2025-2026, Ending December 31, 2025 Report

**Air District Report of Vendor Payments for Routine and Recurring
Essential Services and Contracts Executed Under Delegated Authority**

Second Quarter Fiscal Year 2025 -2026, Ending December 31, 2025

Contracts and Payments for Select Goods/Services Expenditures

The Air District's Administrative Code Section 9.4(e) authorizes the Executive Officer/APCO to renew contracts for specific categories of routine, recurring goods and services without requiring formal Board of Directors approval. This provision is intended to streamline procurement for essential expenditures without further approval by the Board due to their recurring nature.

To ensure transparency, Air District staff are required to report all contract renewals executed and expenditures made under this procurement provision to the Board of Directors with the quarterly financial report. This informational report provides a summary of such contract renewals for the second quarter of Fiscal Year (FY) 2025 - 2026 to accompany the second quarter FY 2025 - 2026 financial report which will be presented as an informational report on the same Committee meeting agenda as a consent item.

The eligible categories of goods and services under this provision are strictly limited to essential and recurring needs: utilities; insurance; employee benefits; fueling and charging of Air District vehicles; Bay Area Headquarters Authority common area and shared services expenses; real property leases and license agreements; software services; cloud-based information infrastructure and services; OEM equipment warranties; and equipment leases. These expenditures support the Air District's ongoing operations and ensure continuity of critical services.

The tables below list all such goods and services contract renewals executed, and payments made, in the reporting period.

Quarter 2 FY 2025 - 2026 Contract Renewals Executed for Select Essential Goods/Services:

The following contract renewals were executed under this provision during the second quarter of FY 2026.

Vendor	Synopsis	Renewal Amount	Total Contract Value	Date Executed
Cloud Based Information Infrastructure and Services				
CivicPlus, LLC	Renewal of subscription for Agenda Management System	\$42,173.16	\$87,259.66	10/07/2025
LeaseQuery	Renewal of subscription for new lease accounting standards, FASB ASC 842, IFRS 16, and GASB 87	\$16,704.00	\$80,262.80	11/12/2025
Questica, Inc. (Euna Solutions)	Renewal of subscription for Budget Software	\$35,361.47	\$412,092.81	10/21/2025

**Air District Report of Vendor Payments for Routine and Recurring
Essential Services and Contracts Executed Under Delegated Authority**

Vendor	Synopsis	Renewal Amount	Total Contract Value	Date Executed
OEM Equipment Maintenance and Warranties				
Entech Instruments Inc.	Renewal of service contract for preconcentrator	\$7,919.00	\$76,621.00	12/04/2025
Software Licenses, Warranties, Maintenance, and Support Services				
Oracle	Renewal of Oracle-JDE Technical Support Services and True-Up Licenses	\$126,822.56	\$488,841.81	11/19/2025
Oshyn	Renewal of support services contract for ONS Web Operations and NPS Software Documentation	\$200,000.00	\$1,154,568.00	12/29/2025
Regroup	Renewal of subscription for Service to provide automated STA phone alerts	\$20,000.00	\$33,600.00	11/05/2025

FY 2025 - 2026 Routine and Recurring Vendor Payments by Category:

The following payments were made under this provision during the first and second quarters of FY 2025 - 2026.

Payment Categories	Amount Paid (July 1, 2025 – December 31, 2025)
AIR DISTRICT INSURANCE	
ALLIANT INSURANCE SERVICES, IN	\$1,009,245.69
BENEFIT COORDINATORS CORPORATION - LIFE INSURANCE	\$839,762.18
BAY AREA HEADQUARTERS AUTHORITY (SHARED SERVICES EXPENSES)	
BAY AREA HEADQUARTERS AUTHORITY	\$1,611,962.80
CLOUD BASED INFORMATION INFRASTRUCTURE AND SERVICES	
CARAHSOFT TECHNOLOGY CORPORATI	\$58,593.36
DAYFORCE US, INC.	\$168,453.23
DELL MARKETING LP	\$965,433.24
DENOVO VENTURES, LLC	\$127,447.74
EPLUS TECHNOLOGY, INC.	\$166,019.83
EUNA SOLUTIONS, INC.	\$69,180.64
OFFICESPACE SOFTWARE INC.	\$36,524.22
ORACLE AMERICA, INC.	\$78,674.85
THOMSON REUTERS - WEST PAYMENT	\$36,275.49
EMPLOYEE HEALTH AND BENEFITS	
BENEFIT COORDINATORS CORPORATION - DENTAL	\$463,494.06

**Air District Report of Vendor Payments for Routine and Recurring
Essential Services and Contracts Executed Under Delegated Authority**

Payment Categories	Amount Paid (July 1, 2025 – December 31, 2025)
CA PUBLIC EMP RET SYSTEM - HEALTH	\$6,290,485.85
CA PUBLIC EMP RET SYSTEM - PENSION	\$5,136,572.80
CALIFORNIA VISION SERVICE PLAN	\$71,940.00
P & A ADMINISTRATIVE SERVICES	\$390,589.15
SEDGWICK CLAIMS MANAGEMENT SER	\$46,431.00
EQUIPMENT LEASES	
ENTERPRISE FLEET SERVICES	\$141,250.65
FUEL	
WEX FLEET UNIVERSAL-ENTERPRISE	\$76,883.52
OEM EQUIPMENT MAINTENANCE AND WARRANTIES	
PROPERTY LEASES AND LICENSE AGREEMENTS	
HOLLIS PROPERTY	\$75,765.00
LAO FAMILY COMMUNITY DEVELOPME	\$39,333.78
MARINA BAY CROSSING, LLC	\$32,683.53
PACIFIC GATEWAY PROPERTIES, IN	\$40,391.34
WANG BROTHERS INVESTMENTS, LLC	\$243,839.02
WESTERN PACIFIC PROPERTY, LLC	\$49,859.52
ZUCKERMAN CONSTRUCTION CO	\$30,530.17
SOFTWARE LICENSES, WARRANTIES, MAINTENANCE, AND SUPPORT SERVICES	
CIPHEREX INC.	\$117,018.00
CLEARSPARC	\$642,177.00
COMPLETE DISCOVERY SOURCE INC.	\$35,008.36
DVBE CONNECT INC	\$977,486.45
GOLDEN STAR TECHNOLOGY INC.	\$93,678.00
LIGHTBOX PARENT, L.P.	\$42,240.00
NAVIANT, INC	\$76,061.15
OSHYN INC.	\$262,973.92
PRODIGY CONSULTING LLC	\$47,000.00
SUPPORTFOCUS, INC.	\$84,750.00
TRYFACTA, INC.	\$102,376.80
UTILITIES	
AT & T CALNET; AT&T; AT&T MOBILITY; AT&T U-VERSE	\$75,241.40
COMCAST; COMCAST CABLE COMMUNICATIONS	\$134,590.08
PACIFIC GAS & ELECTRIC COMPANY	\$134,004.23
VERIZON BUSINESS; VERIZON WIRELESS	\$143,490.65

**Air District Report of Vendor Payments for Routine and Recurring
Essential Services and Contracts Executed Under Delegated Authority**

Contracts Executed under Board-Delegated Contracting Authority

Under Section 9.4(b) of the Administrative Code, the Executive Officer/APCO is delegated the authority to execute contracts in the amount that does not exceed two hundred thousand dollars (\$200,000) without further approval by the Board of Directors. The Executive Officer/APCO is required to report such contracts to the Board of Directors if they exceed one hundred thousand dollars (\$100,000).

Additionally, pursuant to Section 9.4(c) of the Administrative Code, the Executive Officer/APCO may execute contract amendments without Board of Directors approval when either (1) the total contract amount, as amended, does not exceed two hundred thousand dollars (\$200,000), or (2) for contracts previously approved by the Board, the cumulative value of all amendments since the last Board approval does not increase the contract amount by more than the lesser of two hundred thousand dollars (\$200,000) or 25%. The Executive Officer/APCO is required to report to the Board of Directors any amendments that cause a contract to exceed one hundred thousand dollars (\$100,000) in total value, or that increase the value of a contract already exceeding one hundred thousand dollars (\$100,000) by more than 25%.

For reporting purposes, the total contract value is calculated by combining the base contract value with any approved amendments and option years. The following tables provide a summary of contracts and contract amendments executed under these provisions during the second quarter of FY 2025 - 2026.

New Contracts Executed Under Section 9.4(b):

Vendor	Synopsis	Total Contract Value	Date Executed

Contract Amendments Executed Under Section 9.4(c):

Vendor	Synopsis	Previous Approved Amount	Increase	Total Contract Value	Date Executed
Avantpage	Language Translation Services	\$500,000.00	\$125,000.00	\$625,000.00	11/25/2025
Lores Maintenance	Janitorial Services at Field Offices	\$96,660.00	\$39,579.00	\$136,239.00	12/02/2025

**Air District Report of Vendor Payments for Routine and Recurring
Essential Services and Contracts Executed Under Delegated Authority**

Vendor	Synopsis	Previous Approved Amount	Increase	Total Contract Value	Date Executed
Marie Harrison Community Foundation Inc.	Community Engagement Support, Policy Development, and Facilitation Services	\$892,226.00	\$99,660.00	\$991,886.00	11/25/2025
Universal Building Services & Supply Co.	Janitorial Services for HQE and Richmond Pkwy suites	\$96,120.00	\$6,000.00	\$102,120.00	11/12/2025
Van Dermyden Makus Law Corporation	Independent Outside Investigations	\$100,000.00	\$50,000.00	\$150,000.00	10/20/2025

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Lynda Hopkins and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: February 18, 2026

Re: Update on Air District Information Management Projects and
Recommendation of Software Development and Maintenance Contracts for
Permitting and Compliance Systems

RECOMMENDED ACTION

Recommend to the Board of Directors that the Board authorize the Executive Officer/APCO to amend contracts for software development and support services for a total combined amended authorization not to exceed \$5.8 million over the 24-month period beginning March 2026 as listed in Table 1.

Table 1 Requested Authorization

Vendor	Procurement Method	Service Description	Not to Exceed for this Authorization	Total Amount Contracted
ClearSparc	RFQ# 2024-009	Software Design, Development, and DevOps Services	\$2,400,000	\$3,915,000
DVBE	RFQ# 2024-009	Software Development Supporting Services	\$3,400,000	\$5,632,000
TOTAL:			\$5,800,000	

BACKGROUND

The Air District continues to modernize its Information Technology (IT) systems as authorized by the Board of Directors in June 2024. This effort aims to enhance operational efficiency, transparency, and regulatory accountability in alignment with the Air District's overall strategic goals. Key results over the past eighteen months include:

- Unified Information Management into a cohesive service area encompassing Information Technology operations, User Support, Cybersecurity, Software Development, data services, online services, and records management
- Migrated to cloud-based solutions, increasing system resilience and reducing costs
- Implemented advanced reporting systems for permitting and compliance, improving transparency and efficiency
- Improved efficiency and cost-effectiveness in software development and maintenance

This work has delivered significant and measurable value, including more than \$1.2 million in annual cost savings, improved operational reliability, and over \$1.7 million per year in increased software development productivity. These gains have enabled the Air District to redirect Information Management resources toward initiatives that directly advance the Air District's Strategic Plan.

Over the past 18 months, Information Management has completed the following projects that support the Air District's Strategic Plan:

Achieve Impact— Streamline upfront estimates for rule development operations

- Develop a methodology, process and procedure that will standardize operational resource estimates for proposed initiatives

Advance Environmental Justice

- Develop a Title V Deviation Compliance Reporting Tool
- Develop the Complaint Reporting System with a community-focused interface
- Develop a data collection system to acquire and securely retain community volunteer information for community air quality monitoring

Be Effective and Accountable — Data Transparency

- Lay the foundation for a comprehensive and user-friendly data portal that fosters accessibility and transparency. Finalize scope definition, build a clickable design, that includes search enhancements such as advanced filters and improved indexing

- Enhance transparency by surfacing air quality geospatial data through the implementation of modern mapping tools for the Air District's website

Be Effective and Accountable — Efficiency and modernization

- Conduct procurement and manage project framework and requirements gathering for establishing a modern grants management system
- Develop a dedicated communication platform for regulated entities to provide timely updates, share resources, and foster collaborative engagement
- Implement a governance framework with a governance board and regular audits to provide for modern change control
- Develop and maintain comprehensive documentation for Permitting and Compliance system architecture, configuration, workflows, and dependencies, ensuring clarity for troubleshooting, onboarding and upgrades
- Develop policy, governance, and implement a proof-of-concept system to improve efficiency leveraging artificial intelligence
- Provide staff with documentation, training, and knowledge transfer for systems implemented in recent years

DISCUSSION

The proposed contract authorization will allow the Air District to operate and maintain its core Permitting and Compliance software systems over a 24-month period beginning in March 2026, while also advancing a defined set of strategic deliverables. These include targeted enhancements to reporting, permitting, compliance, billing, and rule development, all of which directly support the Air District's strategic objectives.

The two-year, \$5.8 million request includes approximately \$1.3 million per year for essential software maintenance and support, with the remaining approximately \$1.6 million per year is dedicated to the strategic deliverables outlined below:

Advance Environmental Justice

- Create systems to tag and alert compliance activities at high-interest facilities
- Develop a new complaint intake system that is more user-friendly and provides better transparency for complaint resolution
- Create Air Pollution log so community members can upload and view photos of any air pollution observations

Be Effective and Accountable — Data Transparency

- Implement functionality for greater public transparency for complaint investigations
- Create notification for any permitting or enforcement actions in Assembly Bill (AB) 617 communities
- Provide better information to applicants regarding the status of their permit application

Be Effective and Accountable — Efficiency and modernization

- Provide for bulk data exchange for large and mid-sized facilities allowing for efficient annual emission calculations and renewals of permits
- Implement workflow enhancements to track and report on all tasks during the permit application process allowing for estimation of completion dates for each task
- Integrate source test workflow into the system so engineers and inspectors are informed about source testing events
- Create systems to support Notice to Comply (NTC) business functions
- Implement online processes to achieve higher rates of paperless workflow improving the velocity of permit applications

Vendor Qualification

On August 19, 2024, the Air District issued Request for Qualifications (RFQ) 2024-009 for IT Consulting Services in the following categories:

- Software Development
- Web Content Management
- IT Project Management
- Software Documentation
- Knowledge Transfer

The Air District received forty-six (46) submissions under this procurement, and an evaluation panel of Air District staff qualified a total of nine (9) vendors across the various categories to form a qualified pool of vendors under which additional requests for proposals were solicited for the multiple deliverables listed under this authorization request. A panel of Air District staff evaluated the additional proposals, resulting in the authorization request for the recommended amounts listed in Table 1:

Contract Authorization Request

If approved, this authorization will allocate \$5.8 million over the 24-month period starting March 2026 to support information services core permitting and compliance system development and maintenance including the critical strategic deliverables described in this memo and the table below:

Vendor	Procurement Method	Service Description	Not to Exceed for this Authorization	Total Amount Contracted
ClearSparc	RFQ# 2024-009	Software Design, Development, and DevOps Services	\$2,400,000	\$3,915,000
DVBE	RFQ# 2024-009	Software Development Supporting Services	\$3,400,000	\$5,632,000
TOTAL:			\$5,800,000	

BUDGET CONSIDERATION/FINANCIAL IMPACT

\$1.3 million of the total amount required for these contracts are included in the Fiscal Year Ending (FYE) 2026 Enterprise Technology Services approved budget. The remaining \$4.5 million will be expended conditionally upon approval of the funds for these programs in the FYE 2027 and 2028 budget.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

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

ATTACHMENT(S):

1. ClearSparc Master Services Contract
2. ClearSparc Contract - Amendment 1 DRAFT
3. DVBE Master Services Contract
4. DVBE Contract - Amendment 1 DRAFT
5. Update on Air District Information Management Projects and Recommendations Presentation

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MASTER SERVICES CONTRACT

CONTRACT NO. 2024.228

1. PARTIES – The parties to this Contract (“Contract”) are the Bay Area Air Quality Management District (“DISTRICT”) whose address is 375 Beale Street, Suite 600, San Francisco, CA 94105, and **ClearSparc** (“CONTRACTOR”) whose address is 2906 Colby Avenue, Everett, WA 98201.
2. RECITALS
 - A. DISTRICT is the local agency with primary responsibility for regulating stationary source air pollution in the Bay Area Air Quality Management District in the State of California. DISTRICT is authorized to enter into this Contract under California Health and Safety Code Section 40701. DISTRICT desires to contract with CONTRACTOR for Services as defined herein. DISTRICT is entering into this Contract based on CONTRACTOR’s stated qualifications to perform the Services.
 - B. CONTRACTOR designs, develops, manages, and maintains software systems.
 - C. All parties to this Contract have had the opportunity to have this contract reviewed by their attorney.
3. DEFINITIONS
 - A. “Purchase Order” shall mean the written or electronic document used by DISTRICT to track payments to CONTRACTOR under this Contract.
 - B. “Services” shall mean the services to be provided by CONTRACTOR hereunder as generally described in the General Description of Services, attached hereto as Attachment A and made a part hereof by this reference, and as specifically described in Task Orders issued pursuant to this Contract.
 - C. “Task Order” shall mean a written request by DISTRICT for specific services to be performed by CONTRACTOR.
4. PERFORMANCE REQUIREMENTS
 - A. CONTRACTOR is authorized to do business in the State of California. CONTRACTOR attests that it is in good tax standing with federal and state tax authorities.
 - B. CONTRACTOR agrees to obtain any and all required licenses, permits, and all other appropriate legal authorizations from all applicable federal, state and local jurisdictions and pay all applicable fees.
 - C. CONTRACTOR shall comply with all laws and regulations that apply to its performance under this Contract, including any requirements to disclose potential conflicts of interest under DISTRICT’s Conflict of Interest Code.
 - D. CONTRACTOR shall not engage in any performance of work during the term of this contract that is in direct or indirect conflict with duties and responsibilities set forth in the Scope of Work.
 - E. CONTRACTOR shall exercise the degree of skill and care customarily required by accepted professional practices and procedures.
 - F. CONTRACTOR shall ensure that any subcontractors, employees and agents performing under this Contract comply with the performance standards set forth in paragraphs A-E above.

5. TERM – The term of this Contract is from the date of execution of the Contract to July 31, 2026, unless further extended by amendment of this Contract in writing and signed by both parties, or terminated earlier. CONTRACTOR shall not submit any invoice for services performed under this Contract until the Contract is fully executed.

6. TERMINATION

- A. The DISTRICT may terminate this Contract at any time, at will, and without specifying any reason, by notifying CONTRACTOR in writing. The notice of termination shall specify the effective date of termination, which shall be no less than thirty (30) calendar days from the date of delivery of the notice of termination, as set forth in section 13, below, and shall be delivered in accordance with the provisions of section 13 below. Immediately upon receipt of the notice of termination, CONTRACTOR shall cease all services under this Contract, except such services as are specified in the notice of termination. CONTRACTOR shall deliver a final invoice for all remaining services performed but not billed, including any services specified in the termination notice, on or before ten (10) business days following the termination date.
- B. Either party may terminate this Contract for breach by the other party.
 - i) Failure to perform any agreement or obligation contained in this Contract or failure to complete the services in a satisfactory manner shall constitute a breach of the Contract.
 - ii) The non-breaching party may terminate the Contract by delivery of a written notice of breach. The notice of breach shall specify the date of termination, which shall be no earlier than ten (10) business days from delivery of the notice of breach. In the alternative, at its sole discretion, the non-breaching party may require the breaching party to cure the breach. The notice of breach shall specify the nature of the breach and the date by which such breach must be cured.
 - iii) If CONTRACTOR fails to perform any obligation under this Contract, DISTRICT at its sole discretion, may perform, or cause the performance, of the obligation itself. In that event, DISTRICT shall deduct the costs to perform such obligation and any other costs to cure the breach from the payment otherwise due to CONTRACTOR for work performed under this Contract. DISTRICT's performance hereunder shall not be deemed a waiver or release of any obligation of, or default by, CONTRACTOR under this Contract.
 - iv) The notice of breach shall be provided in accordance with the notice requirements set forth in section 13.
 - v) The non-breaching party reserves all rights under law and equity to enforce this Contract and recover any damages.

7. INSURANCE

- A. CONTRACTOR shall maintain the following insurance:
 - i) Workers' compensation and employers' liability insurance as required by California law or other applicable statutory requirements.
 - ii) Occurrence-based commercial general liability insurance or equivalent form with a limit of not less than one million dollars (\$1,000,000) each occurrence. Such insurance shall include DISTRICT and its officers, agents, and employees as additional insureds and shall be primary with respect to any insurance maintained by DISTRICT.
 - iii) Business automobile liability insurance or equivalent form with a limit of not less than one million dollars (\$1,000,000) each accident. Such insurance shall include coverage for owned, hired, and non-owned vehicles. If CONTRACTOR is a sole proprietor, CONTRACTOR may

meet this insurance requirement with personal automobile liability insurance carrying a business use endorsement or by demonstrating to the satisfaction of DISTRICT that business use is covered under the CONTRACTOR's personal automobile liability insurance. A CONTRACTOR using only rental vehicles in performing work under this Contract may meet this insurance requirement by purchasing automobile liability insurance in the required coverage amount from the rental agency.

- B. All insurance shall be placed with insurers acceptable to DISTRICT.
- C. Prior to commencement of work under this Contract, CONTRACTOR shall furnish properly-executed certificates of insurance for all required insurance. Upon request by DISTRICT, CONTRACTOR shall provide a complete copy of any required insurance policy. CONTRACTOR shall notify DISTRICT in writing thirty (30) days prior to cancellation or modification of any required insurance policy. Any such modifications are subject to pre-approval by DISTRICT.
- D. If CONTRACTOR fails to maintain the required insurance coverage set forth above, DISTRICT reserves the right either to purchase such additional insurance and to deduct the cost thereof from any payments owed to CONTRACTOR or to terminate this Contract for breach.

8. INDEMNIFICATION

- A. CONTRACTOR shall indemnify and hold DISTRICT, its officers, employees and agents harmless from and against any and all liability, loss, expense, including reasonable attorneys' fees, or claims for injury or damages arising out of the performance of this Contract but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of CONTRACTOR, its officers, agents, or employees.
- B. DISTRICT shall indemnify and hold CONTRACTOR, its officers, employees and agents harmless from and against any and all liability, loss, expense, including reasonable attorneys' fee, or claims for injury or damages arising out of the performance of this Contract but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of DISTRICT, its officers, agents, or employees.

9. AGREEMENT TO PROVIDE SERVICES

- A. CONTRACTOR hereby agrees to provide to DISTRICT, as DISTRICT may from time to time designate, such services as DISTRICT may order by Task Order, all in accordance with and subject to the terms, covenants and conditions of this Contract. DISTRICT agrees to pay for these services ordered by DISTRICT in accordance with and subject to the terms, covenants and conditions of this Contract.
- B. All Task Orders issued by DISTRICT to CONTRACTOR for services during the term of this Contract are subject to the provisions of this Contract as though fully set forth in such Task Order. In the event that the provisions of this Contract conflict with any Task Order issued by DISTRICT to CONTRACTOR, the provisions of this Contract shall govern. No other terms and conditions, including, but not limited to, those contained in CONTRACTOR's standard printed terms and conditions, on CONTRACTOR's order acknowledgment, invoices or otherwise, shall have any application to or effect upon or be deemed to constitute an amendment to or to be incorporated into this Contract, any Task Order, or any transactions occurring pursuant hereto or thereto, unless this Contract shall be specifically amended to adopt such other terms and conditions in writing by the parties.

- C. Notwithstanding any other provision of this Contract to the contrary, DISTRICT shall have no obligation to order or purchase any services hereunder and the placement of any Task Order shall be in the sole discretion of DISTRICT. Without limiting the generality of the foregoing, the actual quantity of services to be purchased hereunder shall be determined by DISTRICT in its sole discretion and shall not exceed \$1,515,000. This Contract is not exclusive. CONTRACTOR expressly acknowledges and agrees that DISTRICT may purchase at its sole discretion, services that are identical or similar to the services described in this Contract from any third party.

10. TASK ORDERS – Each Task Order will specify the following items, as relevant: specific services requested, schedule for services, location where services are to be performed (with contact person), and cost or estimated cost of services. Each Task Order issued under this Contract shall be made part of, and be incorporated into this Contract, and shall reference this Contract on the face of each Task Order. Should any Task Order not conform to or satisfy the terms of this Contract, CONTRACTOR shall have five (5) business days after receipt to reject the Task Order. By not rejecting the Task Order within five (5) business days, CONTRACTOR will have accepted the Task Order. Acceptance by CONTRACTOR is limited to the provisions of this Contract and the Task Order. No additional or different provisions proposed by CONTRACTOR or DISTRICT shall apply. In addition, the parties agree that this Contract and accepted Task Orders constitute a contract for services and satisfy all statutory and legal formalities of a contract.

11. PRICING, INVOICES, AND PAYMENT

- A. DISTRICT shall pay CONTRACTOR for all services ordered and provided in compliance with the terms and conditions of this Contract and with Task Orders issued under this Contract.
- B. CONTRACTOR shall submit original invoices to DISTRICT in form and substance and format reasonably acceptable to DISTRICT. Each invoice, including supporting documentation, must be prepared on CONTRACTOR's letterhead; must list DISTRICT's contract number, applicable Task Order Number and Purchase Order Number, and CONTRACTOR's Federal Employer Identification Number; and must be submitted to: Bay Area Air Quality Management District, 375 Beale Street, Suite 600, San Francisco, CA 94105, Attn: Patricia Roman.
- C. DISTRICT's payment of invoices shall be subject to the following limitations and requirements:
 - i) Each invoice, including supporting documentation, shall include the period covered by the invoice, specify the total cost of the services for which the invoice is submitted, shall reference tasks completed, the hours associated with same, or percentage completion thereof, and the amount of charge claimed.
 - ii) DISTRICT shall not pay interest, fees, handling charges, or the cost of money on the Contract.
 - iii) DISTRICT shall pay CONTRACTOR within thirty (30) calendar days after approval by DISTRICT of an itemized invoice.
- D. Except as specifically set forth in Attachment A or in Task Orders under this Contract, DISTRICT shall not be responsible for any additional costs or expenses of any nature incurred by CONTRACTOR in connection with the provision of the services, including without limitation travel expenses, clerical or administrative personnel, long distance telephone charges, etc.
- E. CONTRACTOR represents, warrants and covenants that the prices, charges and fees for services set forth in this Contract (on the whole) are at least as favorable as the prices, charges and fees CONTRACTOR charges (on the whole) to other of its customers or clients for the same or substantially similar services provided under the same or substantially similar circumstances, terms, and conditions. If CONTRACTOR agrees or contracts with other clients or customers

similarly situated during the Term of this Contract, and offers or agrees to financial terms more favorable than those set forth herein (on the whole), CONTRACTOR hereby agrees that it will reduce the prices, charges and/or fees charged to DISTRICT in respect of the services hereunder to the most favorable rates received by those other clients or customers.

12. DISPUTE RESOLUTION – A party that disputes a notice of breach must first seek mediation to resolve the dispute in accordance with the provisions set forth below.
 - A. Upon receipt of a notice of breach of contract, the party may submit a demand for mediation to resolve whether or not a breach occurred. The party must state the basis of the dispute and deliver the demand within ten (10) business days of the date of receipt of the notice of breach.
 - B. The mediation shall take place at DISTRICT’s office at 375 Beale Street, Suite 600, San Francisco, or at such other place as may be mutually agreed upon by the parties and the mediator.
 - C. The parties shall make good faith efforts to hold the mediation within thirty (30) days after receipt of the demand for mediation.
 - D. Each party shall bear its own mediation costs.
 - E. In the event the parties are unable to resolve the dispute, either party may file an action in a court of competent jurisdiction to enforce the Contract.
 - F. Maximum recovery under this section shall be limited to the total value of all Task Orders issued under this Contract. The mediation costs shall not reduce the maximum amount recoverable under this section.

13. NOTICES – All notices that are required under this Contract shall be provided in the manner set forth herein, unless specified otherwise. Notice to a party shall be delivered to the attention of the person listed below, or to such other person or persons as may hereafter be designated by that party in writing. Notice shall be in writing sent by e-mail or regular first class mail. In the case of e-mail communications, valid notice shall be deemed to have been delivered upon sending, provided the sender obtained an electronic confirmation of delivery. E-mail communications shall be deemed to have been received on the date of such transmission, provided such date was a business day and delivered prior to 4:00 p.m. PST. Otherwise, receipt of e-mail communications shall be deemed to have occurred on the following business day. In the case of regular mail notice, notice shall be deemed to have been delivered on the mailing date and received five (5) business days after the date of mailing.

DISTRICT: Bay Area Air Quality Management District
 375 Beale Street, Suite 600
 San Francisco, CA 94105
 Attn: Patricia Roman

CONTRACTOR: ClearSparc
 2906 Colby Avenue
 Everett, WA 98201
 Attn: Jonathan Roselle

14. ADDITIONAL PROVISIONS – All attachment(s) to this Contract are expressly incorporated herein by this reference and made a part hereof as though fully set forth.

15. EMPLOYEES OF CONTRACTOR

- A. CONTRACTOR shall be responsible for the cost of regular pay to its employees, as well as cost of vacation leave, vacation replacements, sick leave, severance pay, and pay for legal holidays.
- B. CONTRACTOR, its officers, employees, agents, or representatives shall not be considered employees or agents of DISTRICT, nor shall CONTRACTOR, its officers, employees, agents, or representatives be entitled to or eligible to participate in any benefits, privileges, or plans, given or extended by DISTRICT to its employees.
- C. DISTRICT reserves the right to review the credentials to perform the services for any of CONTRACTOR's employees assigned herein and to disapprove CONTRACTOR's assignments. CONTRACTOR warrants that it will not employ any subcontractor(s) without prior written approval from DISTRICT.

16. CONFIDENTIALITY – In order to carry out the purposes of this Contract, CONTRACTOR may require access to certain of DISTRICT's confidential information (including trade secrets, inventions, confidential know-how, confidential business information, and other information that DISTRICT considers confidential) (collectively, "Confidential Information"). It is expressly understood and agreed that DISTRICT may designate in a conspicuous manner Confidential Information that CONTRACTOR obtains from DISTRICT, and CONTRACTOR agrees to:

- A. Observe complete confidentiality with respect to such information, including without limitation, agreeing not to disclose or otherwise permit access to such information by any other person or entity in any manner whatsoever, except that such disclosure or access shall be permitted to employees of CONTRACTOR requiring access in fulfillment of the services provided under this Contract.
- B. Ensure that CONTRACTOR's officers, employees, agents, representatives, and independent contractors are informed of the confidential nature of such information and to assure by agreement or otherwise that they are prohibited from copying or revealing, for any purpose whatsoever, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this section.
- C. Not use such information or any part thereof in the performance of services to others or for the benefit of others in any form whatsoever whether gratuitously or for valuable consideration, except as permitted under this Contract.
- D. Notify DISTRICT promptly and in writing of the circumstances surrounding any possession, use, or knowledge of such information or any part thereof by any person or entity other than those authorized by this section. Take at CONTRACTOR's expense, but at DISTRICT's option and in any event under DISTRICT's control, any legal action necessary to prevent unauthorized use of such information by any third party or entity which has gained access to such information at least in part due to the fault of CONTRACTOR.
- E. Take any and all other actions necessary or desirable to assure such continued confidentiality and protection of such information during the term of this Contract and following expiration or termination of the Contract.
- F. Prevent access to such materials by a person or entity not authorized under this Contract.
- G. Establish specific procedures in order to fulfill the obligations of this section.

17. INTELLECTUAL PROPERTY RIGHTS – Title and full ownership rights to all intellectual property developed under this Contract shall at all times remain with DISTRICT, unless otherwise agreed to in writing.

18. PUBLICATION

- A. DISTRICT shall approve in writing any report or other document prepared by CONTRACTOR in connection with performance under this Contract prior to dissemination or publication of such report or document to a third party. DISTRICT may waive in writing its requirement for prior approval.
- B. Until approved by DISTRICT, any report or other document prepared by CONTRACTOR shall include on each page a conspicuous header, footer, or watermark stating "DRAFT – Not Reviewed or Approved by BAAQMD," unless DISTRICT has waived its requirement for prior approval pursuant to paragraph A of this section.
- C. Information, data, documents, or reports developed by CONTRACTOR for DISTRICT, pursuant to this Contract, shall be part of DISTRICT's public record, unless otherwise indicated. CONTRACTOR may use or publish, at its own expense, such information, provided DISTRICT approves use of such information in advance. The following acknowledgment of support and disclaimer must appear in each publication of materials, whether copyrighted or not, based upon or developed under this Contract.

"This report was prepared as a result of work sponsored, paid for, in whole or in part, by the Bay Area Air Quality Management District (District). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of the District. The District, its officers, employees, contractors, and subcontractors make no warranty, expressed or implied, and assume no legal liability for the information in this report."

- D. CONTRACTOR shall inform its officers, employees, and subcontractors involved in the performance of this Contract of the restrictions contained herein and shall require compliance with the above.

19. AUDIT / INSPECTION OF RECORDS – If this Contract exceeds \$10,000, pursuant to California Government Code Section 8546.7, all records, documents, conditions and activities of CONTRACTOR, and its subcontractors, related to the services provided hereunder, shall be subject to the examination and audit of the California State Auditor and other duly authorized agents of the State of California for a period of three (3) years after final payment under this Contract. CONTRACTOR hereby agrees to make such records available during normal business hours for inspection, audit, and reproduction by any duly authorized agents of the State of California or DISTRICT. CONTRACTOR further agrees to allow interviews of any of its employees who might reasonably have information related to such records by any duly authorized agents of the State of California or DISTRICT. All examinations and audits conducted under this section shall be strictly confined to those matters connected with the performance of this Contract, including, but not limited to, the costs of administering this Contract.

20. NON-DISCRIMINATION – In the performance of this Contract, CONTRACTOR shall not discriminate in its recruitment, hiring, promotion, demotion, and termination practices on the basis of race, religious creed, color, national origin, ancestry, sex, age, marital status, sexual orientation, medical condition, or physical or mental disability and shall comply with the provisions of the California Fair Employment & Housing Act (Government Code Section 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, and all administrative rules and regulations issued pursuant to said Acts. CONTRACTOR shall also require each subcontractor performing services in

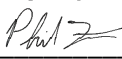

connection with this Contract to comply with this section and shall include in each contract with such subcontractor provisions to accomplish the requirements of this section.

21. PROPERTY AND SECURITY – Without limiting CONTRACTOR’S obligations with regard to security, CONTRACTOR shall comply with all the rules and regulations established by DISTRICT for access to and activity in and around DISTRICT’s premises.
22. ASSIGNMENT – No party shall assign, sell, license, or otherwise transfer any rights or obligations under this Contract to a third party without the prior written consent of the other party, and any attempt to do so shall be void upon inception.
23. WAIVER – No waiver of a breach, of failure of any condition, or of any right or remedy contained in or granted by the provisions of this Contract shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies. Further, the failure of a party to enforce performance by the other party of any term, covenant, or condition of this Contract, and the failure of a party to exercise any rights or remedies hereunder, shall not be deemed a waiver or relinquishment by that party to enforce future performance of any such terms, covenants, or conditions, or to exercise any future rights or remedies.
24. ATTORNEYS’ FEES – In the event any action is filed in connection with the enforcement or interpretation of this Contract, each party shall bear its own attorneys’ fees and costs.
25. FORCE MAJEURE – Neither DISTRICT nor CONTRACTOR shall be liable for or deemed to be in default for any delay or failure in performance under this Contract or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, judicial orders, governmental controls, regulations or restrictions, inability to obtain labor or materials or reasonable substitutes for labor or materials necessary for performance of the services, or other causes, except financial, that are beyond the reasonable control of DISTRICT or CONTRACTOR, for a period of time equal to the period of such force majeure event, provided that the party failing to perform notifies the other party within fifteen calendar days of discovery of the force majeure event, and provided further that that party takes all reasonable action to mitigate the damages resulting from the failure to perform. Notwithstanding the above, if the cause of the force majeure event is due to party’s own action or inaction, then such cause shall not excuse that party from performance under this Contract.
26. SEVERABILITY – If a court of competent jurisdiction holds any provision of this Contract to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them will not be affected.
27. HEADINGS – Headings on the sections and paragraphs of this Contract are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Contract.
28. COUNTERPARTS/FACSIMILES/SCANS – This Contract may be executed and delivered in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of


which together shall constitute the same contract. The parties may rely upon a facsimile copy or scanned copy of any party’s signature as an original for all purposes.

- 29. GOVERNING LAW – Any dispute that arises under or relates to this Contract shall be governed by California law, excluding any laws that direct the application of another jurisdiction’s laws. Venue for resolution of any dispute that arises under or relates to this Contract, including mediation, shall be San Francisco, California.
- 30. ENTIRE CONTRACT AND MODIFICATION – This Contract represents the final, complete, and exclusive statement of the agreement between the parties related to CONTRACTOR providing services to DISTRICT and supersedes all prior and contemporaneous understandings and agreements of the parties. No party has been induced to enter into this Contract by, nor is any party relying upon, any representation or warranty outside those expressly set forth herein. This Contract may only be amended by mutual agreement of the parties in writing and signed by both parties.
- 31. SURVIVAL OF TERMS – The provisions of sections 8 (Indemnification), 16 (Confidentiality), 17 (Intellectual Property Rights), and 18 (Publication) shall survive the expiration or termination of this Contract.

IN WITNESS WHEREOF, the parties to this Contract have caused this Contract to be duly executed on their behalf by their authorized representatives.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT	CLEARSPARC
By: <div><div>Signed by:</div><div> 98506AF9981D4CC Dr. Philip M. Fine Executive Officer/APCO</div></div>	By: <div><div> Phill Johnson Co-Owner / Lead Developer</div></div>
Date: 3/15/2025	Date: 03/13/2025

Approved as to form:

By: <div><div>DocuSigned by:</div><div> 6DC7110552B5451... Alexander G. Crockett General Counsel</div></div>	3/15/2025
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Attachment A
General Description of Services

Pursuant to Task Orders issued under the Contract, CONTRACTOR will collaborate with DISTRICT's Agile teams to implement best practices, optimize workflows, and ensure seamless integration of tools and technologies. CONTRACTOR will address evolving technical requirements through innovative development and proactive system management

Key services include software design, software development, and development operations services. Deliverables may include, but are not limited to, professional services to design, develop, and enhance software systems that meet DISTRICT's goals.

AMENDMENT NO. 1 TO
BAY AREA AIR QUALITY MANAGEMENT DISTRICT
CONTRACT NO. 2024.228

This amendment to the above-entitled contract ("Contract Amendment") is dated, for reference purposes only, January 28, 2026.

RECITALS:

1. The Bay Area Air Quality Management District ("DISTRICT") and **ClearSparc** ("CONTRACTOR") (hereinafter referred to as the "PARTIES") entered into the above-entitled contract for software design, software development, and development operations services (the "Contract"), which Contract was executed on behalf of CONTRACTOR on March 13, 2025, and on behalf of DISTRICT on March 15, 2025.
2. The PARTIES seeks to amend the term and total maximum cost of the Contract because the DISTRICT seeks to have CONTRACTOR continue providing the services prescribed in the Contract, and CONTRACTOR desires to continue to provide those services, up to the new total maximum cost.
3. The PARTIES also seek to amend the point of contact for DISTRICT because DISTRICT's point of contact has changed.
4. In accordance with Section 30 of the Contract, DISTRICT and CONTRACTOR desire to amend the above-entitled Contract as follows:

TERMS AND CONDITIONS OF CONTRACT AMENDMENT:

1. By this Contract Amendment, DISTRICT and CONTRACTOR amend Section 5, "Term." The term of the Contract shall be extended so that the termination date of the Contract is now February 29, 2028.
2. By this Contract Amendment, DISTRICT and CONTRACTOR amend Paragraph C of Section 9, "Agreement to Provide Services," of the Contract to replace "\$1,515,000" with "\$3,915,000."
3. By this Contract Amendment, DISTRICT and CONTRACTOR amend Paragraph B of Section 11, "Pricing, Invoices, and Payment," of the Contract to replace "Patricia Roman" with "John Chiladakis."

4. By this Contract Amendment, DISTRICT and CONTRACTOR amend Section 13, "Notices," of the Contract to replace DISTRICT's point of contact "Patricia Roman" with "John Chiladakis."
5. DISTRICT and CONTRACTOR agree that all other terms and conditions of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the PARTIES have caused this Contract Amendment to be duly executed on their behalf by their authorized representatives.

BAY AREA AIR QUALITY
MANAGEMENT DISTRICT

CLEARSPARC

By: _____

Dr. Philip M. Fine
Executive Officer/APCO

By: _____

Philip Johnson
Co-Owner / Lead Developer

Date: _____

Date: _____

Approved as to form:

By: _____

Alexander G. Crockett
General Counsel

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MASTER SERVICES CONTRACT

CONTRACT NO. 2024.230

1. **PARTIES** – The parties to this Contract (“Contract”) are the Bay Area Air Quality Management District (“DISTRICT”) whose address is 375 Beale Street, Suite 600, San Francisco, CA 94105, and **DVBE Connect, Inc.** (“CONTRACTOR”) whose address is 400 Plaza Drive, Suite 102, Folsom, CA 95630.
2. **RECITALS**
 - A. DISTRICT is the local agency with primary responsibility for regulating stationary source air pollution in the Bay Area Air Quality Management District in the State of California. DISTRICT is authorized to enter into this Contract under California Health and Safety Code Section 40701. DISTRICT desires to contract with CONTRACTOR for Services as defined herein. DISTRICT is entering into this Contract based on CONTRACTOR’s stated qualifications to perform the Services.
 - B. CONTRACTOR manages and maintains software systems.
 - C. All parties to this Contract have had the opportunity to have this contract reviewed by their attorney.
3. **DEFINITIONS**
 - A. “Purchase Order” shall mean the written or electronic document used by DISTRICT to track payments to CONTRACTOR under this Contract.
 - B. “Services” shall mean the services to be provided by CONTRACTOR hereunder as generally described in the General Description of Services, attached hereto as Attachment A and made a part hereof by this reference, and as specifically described in Task Orders issued pursuant to this Contract.
 - C. “Task Order” shall mean a written request by DISTRICT for specific services to be performed by CONTRACTOR.
4. **PERFORMANCE REQUIREMENTS**
 - A. CONTRACTOR is authorized to do business in the State of California. CONTRACTOR attests that it is in good tax standing with federal and state tax authorities.
 - B. CONTRACTOR agrees to obtain any and all required licenses, permits, and all other appropriate legal authorizations from all applicable federal, state and local jurisdictions and to pay all applicable fees.
 - C. CONTRACTOR shall comply with all laws and regulations that apply to its performance under this Contract, including any requirements to disclose potential conflicts of interest under DISTRICT’s Conflict of Interest Code.
 - D. CONTRACTOR shall not engage in any performance of work during the term of this contract that is in direct or indirect conflict with duties and responsibilities set forth in the Scope of Work.
 - E. CONTRACTOR shall exercise the degree of skill and care customarily required by accepted professional practices and procedures.
 - F. CONTRACTOR shall ensure that any subcontractors, employees and agents performing under this Contract comply with the performance standards set forth in paragraphs A-E above.

5. TERM – The term of this Contract is from the date of execution of the Contract to July 31, 2026, unless further extended by amendment of this Contract in writing, and signed by both parties, or terminated earlier. CONTRACTOR shall not submit any invoice for services performed under this Contract until the Contract is fully executed.

6. TERMINATION

- A. The DISTRICT may terminate this Contract at any time, at will, and without specifying any reason, by notifying CONTRACTOR in writing. The notice of termination shall specify the effective date of termination, which shall be no less than thirty (30) calendar days from the date of delivery of the notice of termination, as set forth in section 13, below, and shall be delivered in accordance with the provisions of section 13 below. Immediately upon receipt of the notice of termination, CONTRACTOR shall cease all services under this Contract, except such services as are specified in the notice of termination. CONTRACTOR shall deliver a final invoice for all remaining services performed but not billed, including any services specified in the termination notice, on or before ten (10) business days following the termination date.
- B. Either party may terminate this Contract for breach by the other party.
 - i) Failure to perform any agreement or obligation contained in this Contract or failure to complete the services in a satisfactory manner shall constitute a breach of the Contract.
 - ii) The non-breaching party may terminate the Contract by delivery of a written notice of breach. The notice of breach shall specify the date of termination, which shall be no earlier than ten (10) business days from delivery of the notice of breach. In the alternative, at its sole discretion, the non-breaching party may require the breaching party to cure the breach. The notice of breach shall specify the nature of the breach and the date by which such breach must be cured.
 - iii) If CONTRACTOR fails to perform any obligation under this Contract, DISTRICT at its sole discretion, may perform, or cause the performance, of the obligation itself. In that event, DISTRICT shall deduct the costs to perform such obligation and any other costs to cure the breach from the payment otherwise due to CONTRACTOR for work performed under this Contract. DISTRICT's performance hereunder shall not be deemed a waiver or release of any obligation of, or default by, CONTRACTOR under this Contract.
 - iv) The notice of breach shall be provided in accordance with the notice requirements set forth in section 13.
 - v) The non-breaching party reserves all rights under law and equity to enforce this Contract and recover any damages.

7. INSURANCE

- A. CONTRACTOR shall maintain the following insurance:
 - i) Workers' compensation and employers' liability insurance as required by California law or other applicable statutory requirements.
 - ii) Occurrence-based commercial general liability insurance or equivalent form with a limit of not less than one million dollars (\$1,000,000) each occurrence. Such insurance shall include DISTRICT and its officers, agents, and employees as additional insureds and shall be primary with respect to any insurance maintained by DISTRICT.
 - iii) Business automobile liability insurance or equivalent form with a limit of not less than one million dollars (\$1,000,000) each accident. Such insurance shall include coverage for owned, hired, and non-owned vehicles. If CONTRACTOR is a sole proprietor, CONTRACTOR may meet this insurance requirement with personal automobile liability insurance carrying a business

use endorsement or by demonstrating to the satisfaction of DISTRICT that business use is covered under the CONTRACTOR's personal automobile liability insurance. A CONTRACTOR using only rental vehicles in performing work under this Contract may meet this insurance requirement by purchasing automobile liability insurance in the required coverage amount from the rental agency.

- B. All insurance shall be placed with insurers acceptable to DISTRICT.
- C. Prior to commencement of work under this Contract, CONTRACTOR shall furnish properly-executed certificates of insurance for all required insurance. Upon request by DISTRICT, CONTRACTOR shall provide a complete copy of any required insurance policy. CONTRACTOR shall notify DISTRICT in writing thirty (30) days prior to cancellation or modification of any required insurance policy. Any such modifications are subject to pre-approval by DISTRICT.
- D. If CONTRACTOR fails to maintain the required insurance coverage set forth above, DISTRICT reserves the right either to purchase such additional insurance and to deduct the cost thereof from any payments owed to CONTRACTOR or to terminate this Contract for breach.

8. INDEMNIFICATION

- A. CONTRACTOR shall indemnify and hold DISTRICT, its officers, employees and agents harmless from and against any and all liability, loss, expense, including reasonable attorneys' fees, or claims for injury or damages arising out of the performance of this Contract but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of CONTRACTOR, its officers, agents, or employees.
- B. DISTRICT shall indemnify and hold CONTRACTOR, its officers, employees and agents harmless from and against any and all liability, loss, expense, including reasonable attorneys' fee, or claims for injury or damages arising out of the performance of this Contract but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of DISTRICT, its officers, agents, or employees.

9. AGREEMENT TO PROVIDE SERVICES

- A. CONTRACTOR hereby agrees to provide to DISTRICT, as DISTRICT may from time to time designate, such services as DISTRICT may order by Task Order, all in accordance with and subject to the terms, covenants and conditions of this Contract. DISTRICT agrees to pay for these services ordered by DISTRICT in accordance with and subject to the terms, covenants and conditions of this Contract.
- B. All Task Orders issued by DISTRICT to CONTRACTOR for services during the term of this Contract are subject to the provisions of this Contract as though fully set forth in such Task Order. In the event that the provisions of this Contract conflict with any Task Order issued by DISTRICT to CONTRACTOR, the provisions of this Contract shall govern. No other terms and conditions, including, but not limited to, those contained in CONTRACTOR's standard printed terms and conditions, on CONTRACTOR's order acknowledgment, invoices or otherwise, shall have any application to or effect upon or be deemed to constitute an amendment to or to be incorporated into this Contract, any Task Order, or any transactions occurring pursuant hereto or thereto, unless this Contract shall be specifically amended to adopt such other terms and conditions in writing by the parties.
- C. Notwithstanding any other provision of this Contract to the contrary, DISTRICT shall have no obligation to order or purchase any services hereunder and the placement of any Task Order shall

be in the sole discretion of DISTRICT. Without limiting the generality of the foregoing, the actual quantity of services to be purchased hereunder shall be determined by DISTRICT in its sole discretion and shall not exceed \$2,232,000. This Contract is not exclusive. CONTRACTOR expressly acknowledges and agrees that DISTRICT may purchase at its sole discretion, services that are identical or similar to the services described in this Contract from any third party.

10. TASK ORDERS – Each Task Order will specify the following items, as relevant: specific services requested, schedule for services, location where services are to be performed (with contact person), and cost or estimated cost of services. Each Task Order issued under this Contract shall be made part of, and be incorporated into this Contract, and shall reference this Contract on the face of each Task Order. Should any Task Order not conform to or satisfy the terms of this Contract, CONTRACTOR shall have five (5) business days after receipt to reject the Task Order. By not rejecting the Task Order within five (5) business days, CONTRACTOR will have accepted the Task Order. Acceptance by CONTRACTOR is limited to the provisions of this Contract and the Task Order. No additional or different provisions proposed by CONTRACTOR or DISTRICT shall apply. In addition, the parties agree that this Contract and accepted Task Orders constitute a contract for services and satisfy all statutory and legal formalities of a contract.

11. PRICING, INVOICES, AND PAYMENT

- A. DISTRICT shall pay CONTRACTOR for all services ordered and provided in compliance with the terms and conditions of this Contract and with Task Orders issued under this Contract.
- B. CONTRACTOR shall submit original invoices to DISTRICT in form and substance and format reasonably acceptable to DISTRICT. Each invoice, including supporting documentation, must be prepared on CONTRACTOR's letterhead; must list DISTRICT's contract number, applicable Task Order Number and Purchase Order Number, and CONTRACTOR's Federal Employer Identification Number; and must be submitted to: Bay Area Air Quality Management District, 375 Beale Street, Suite 600, San Francisco, CA 94105, Attn: Patricia Roman.
- C. DISTRICT's payment of invoices shall be subject to the following limitations and requirements:
 - i) Each invoice, including supporting documentation, shall include the period covered by the invoice, specify the total cost of the services for which the invoice is submitted, shall reference tasks completed, the hours associated with same, or percentage completion thereof, and the amount of charge claimed.
 - ii) DISTRICT shall not pay interest, fees, handling charges, or the cost of money on the Contract.
 - iii) DISTRICT shall pay CONTRACTOR within thirty (30) calendar days after approval by DISTRICT of an itemized invoice.
- D. Except as specifically set forth in Attachment A or in Task Orders under this Contract, DISTRICT shall not be responsible for any additional costs or expenses of any nature incurred by CONTRACTOR in connection with the provision of the services, including without limitation travel expenses, clerical or administrative personnel, long distance telephone charges, etc.
- E. CONTRACTOR represents, warrants and covenants that the prices, charges and fees for services set forth in this Contract (on the whole) are at least as favorable as the prices, charges and fees CONTRACTOR charges (on the whole) to other of its customers or clients for the same or substantially similar services provided under the same or substantially similar circumstances, terms, and conditions. If CONTRACTOR agrees or contracts with other clients or customers similarly situated during the Term of this Contract, and offers or agrees to financial terms more favorable than those set forth herein (on the whole), CONTRACTOR hereby agrees that it will

reduce the prices, charges and/or fees charged to DISTRICT in respect of the services hereunder to the most favorable rates received by those other clients or customers.

12. DISPUTE RESOLUTION – A party that disputes a notice of breach must first seek mediation to resolve the dispute in accordance with the provisions set forth below.
 - A. Upon receipt of a notice of breach of contract, the party may submit a demand for mediation to resolve whether or not a breach occurred. The party must state the basis of the dispute and deliver the demand within ten (10) business days of the date of receipt of the notice of breach.
 - B. The mediation shall take place at DISTRICT's office at 375 Beale Street, Suite 600, San Francisco, or at such other place as may be mutually agreed upon by the parties and the mediator.
 - C. The parties shall make good faith efforts to hold the mediation within thirty (30) days after receipt of the demand for mediation.
 - D. Each party shall bear its own mediation costs.
 - E. In the event the parties are unable to resolve the dispute, either party may file an action in a court of competent jurisdiction to enforce the Contract.
 - F. Maximum recovery under this section shall be limited to the total value of all Task Orders issued under this Contract. The mediation costs shall not reduce the maximum amount recoverable under this section.

13. NOTICES – All notices that are required under this Contract shall be provided in the manner set forth herein, unless specified otherwise. Notice to a party shall be delivered to the attention of the person listed below, or to such other person or persons as may hereafter be designated by that party in writing. Notice shall be in writing sent by e-mail or regular first class mail. In the case of e-mail communications, valid notice shall be deemed to have been delivered upon sending, provided the sender obtained an electronic confirmation of delivery. E-mail communications shall be deemed to have been received on the date of such transmission, provided such date was a business day and delivered prior to 4:00 p.m. PST. Otherwise, receipt of e-mail communications shall be deemed to have occurred on the following business day. In the case of regular mail notice, notice shall be deemed to have been delivered on the mailing date and received five (5) business days after the date of mailing.

DISTRICT: Bay Area Air Quality Management District
 375 Beale Street, Suite 600
 San Francisco, CA 94105
 Attn: Patricia Roman

CONTRACTOR: DVBE Connect, Inc.
 400 Plaza Drive, Suite 102
 Folsom, CA 95630
 Attn: Jack Batchelor

14. ADDITIONAL PROVISIONS – All attachment(s) to this Contract are expressly incorporated herein by this reference and made a part hereof as though fully set forth.

15. EMPLOYEES OF CONTRACTOR
 - A. CONTRACTOR shall be responsible for the cost of regular pay to its employees, as well as cost of vacation leave, vacation replacements, sick leave, severance pay, and pay for legal holidays.

- B. CONTRACTOR, its officers, employees, agents, or representatives shall not be considered employees or agents of DISTRICT, nor shall CONTRACTOR, its officers, employees, agents, or representatives be entitled to or eligible to participate in any benefits, privileges, or plans, given or extended by DISTRICT to its employees.
 - C. DISTRICT reserves the right to review the credentials to perform the services for any of CONTRACTOR's employees assigned herein and to disapprove CONTRACTOR's assignments. CONTRACTOR warrants that it will not employ any subcontractor(s) without prior written approval from DISTRICT.
16. CONFIDENTIALITY – In order to carry out the purposes of this Contract, CONTRACTOR may require access to certain of DISTRICT's confidential information (including trade secrets, inventions, confidential know-how, confidential business information, and other information that DISTRICT considers confidential) (collectively, "Confidential Information"). It is expressly understood and agreed that DISTRICT may designate in a conspicuous manner Confidential Information that CONTRACTOR obtains from DISTRICT, and CONTRACTOR agrees to:
- A. Observe complete confidentiality with respect to such information, including without limitation, agreeing not to disclose or otherwise permit access to such information by any other person or entity in any manner whatsoever, except that such disclosure or access shall be permitted to employees of CONTRACTOR requiring access in fulfillment of the services provided under this Contract.
 - B. Ensure that CONTRACTOR's officers, employees, agents, representatives, and independent contractors are informed of the confidential nature of such information and to assure by agreement or otherwise that they are prohibited from copying or revealing, for any purpose whatsoever, the contents of such information or any part thereof, or from taking any action otherwise prohibited under this section.
 - C. Not use such information or any part thereof in the performance of services to others or for the benefit of others in any form whatsoever whether gratuitously or for valuable consideration, except as permitted under this Contract.
 - D. Notify DISTRICT promptly and in writing of the circumstances surrounding any possession, use, or knowledge of such information or any part thereof by any person or entity other than those authorized by this section. Take at CONTRACTOR's expense, but at DISTRICT's option and in any event under DISTRICT's control, any legal action necessary to prevent unauthorized use of such information by any third party or entity which has gained access to such information at least in part due to the fault of CONTRACTOR.
 - E. Take any and all other actions necessary or desirable to assure such continued confidentiality and protection of such information during the term of this Contract and following expiration or termination of the Contract.
 - F. Prevent access to such materials by a person or entity not authorized under this Contract.
 - G. Establish specific procedures in order to fulfill the obligations of this section.
17. INTELLECTUAL PROPERTY RIGHTS – Title and full ownership rights to all intellectual property developed under this Contract shall at all times remain with DISTRICT, unless otherwise agreed to in writing.
18. PUBLICATION
- A. DISTRICT shall approve in writing any report or other document prepared by CONTRACTOR in connection with performance under this Contract prior to dissemination or publication of such

report or document to a third party. DISTRICT may waive in writing its requirement for prior approval.

- B. Until approved by DISTRICT, any report or other document prepared by CONTRACTOR shall include on each page a conspicuous header, footer, or watermark stating "DRAFT – Not Reviewed or Approved by BAAQMD," unless DISTRICT has waived its requirement for prior approval pursuant to paragraph A of this section.
- C. Information, data, documents, or reports developed by CONTRACTOR for DISTRICT, pursuant to this Contract, shall be part of DISTRICT's public record, unless otherwise indicated. CONTRACTOR may use or publish, at its own expense, such information, provided DISTRICT approves use of such information in advance. The following acknowledgment of support and disclaimer must appear in each publication of materials, whether copyrighted or not, based upon or developed under this Contract.

"This report was prepared as a result of work sponsored, paid for, in whole or in part, by the Bay Area Air Quality Management District (District). The opinions, findings, conclusions, and recommendations are those of the author and do not necessarily represent the views of the District. The District, its officers, employees, contractors, and subcontractors make no warranty, expressed or implied, and assume no legal liability for the information in this report."

- D. CONTRACTOR shall inform its officers, employees, and subcontractors involved in the performance of this Contract of the restrictions contained herein and shall require compliance with the above.

19. AUDIT / INSPECTION OF RECORDS – If this Contract exceeds \$10,000, pursuant to California Government Code Section 8546.7, all records, documents, conditions and activities of CONTRACTOR, and its subcontractors, related to the services provided hereunder, shall be subject to the examination and audit of the California State Auditor and other duly authorized agents of the State of California for a period of three (3) years after final payment under this Contract. CONTRACTOR hereby agrees to make such records available during normal business hours for inspection, audit, and reproduction by any duly authorized agents of the State of California or DISTRICT. CONTRACTOR further agrees to allow interviews of any of its employees who might reasonably have information related to such records by any duly authorized agents of the State of California or DISTRICT. All examinations and audits conducted under this section shall be strictly confined to those matters connected with the performance of this Contract, including, but not limited to, the costs of administering this Contract.

20. NON-DISCRIMINATION – In the performance of this Contract, CONTRACTOR shall not discriminate in its recruitment, hiring, promotion, demotion, and termination practices on the basis of race, religious creed, color, national origin, ancestry, sex, age, marital status, sexual orientation, medical condition, or physical or mental disability and shall comply with the provisions of the California Fair Employment & Housing Act (Government Code Section 12900 et seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, and all administrative rules and regulations issued pursuant to said Acts. CONTRACTOR shall also require each subcontractor performing services in connection with this Contract to comply with this section and shall include in each contract with such subcontractor provisions to accomplish the requirements of this section.


21. PROPERTY AND SECURITY – Without limiting CONTRACTOR’S obligations with regard to security, CONTRACTOR shall comply with all the rules and regulations established by DISTRICT for access to and activity in and around DISTRICT’s premises.
22. ASSIGNMENT – No party shall assign, sell, license, or otherwise transfer any rights or obligations under this Contract to a third party without the prior written consent of the other party, and any attempt to do so shall be void upon inception.
23. WAIVER – No waiver of a breach, of failure of any condition, or of any right or remedy contained in or granted by the provisions of this Contract shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies. Further, the failure of a party to enforce performance by the other party of any term, covenant, or condition of this Contract, and the failure of a party to exercise any rights or remedies hereunder, shall not be deemed a waiver or relinquishment by that party to enforce future performance of any such terms, covenants, or conditions, or to exercise any future rights or remedies.
24. ATTORNEYS’ FEES – In the event any action is filed in connection with the enforcement or interpretation of this Contract, each party shall bear its own attorneys’ fees and costs.
25. FORCE MAJEURE – Neither DISTRICT nor CONTRACTOR shall be liable for or deemed to be in default for any delay or failure in performance under this Contract or interruption of services resulting, directly or indirectly, from acts of God, enemy or hostile governmental action, civil commotion, strikes, lockouts, labor disputes, fire or other casualty, judicial orders, governmental controls, regulations or restrictions, inability to obtain labor or materials or reasonable substitutes for labor or materials necessary for performance of the services, or other causes, except financial, that are beyond the reasonable control of DISTRICT or CONTRACTOR, for a period of time equal to the period of such force majeure event, provided that the party failing to perform notifies the other party within fifteen calendar days of discovery of the force majeure event, and provided further that that party takes all reasonable action to mitigate the damages resulting from the failure to perform. Notwithstanding the above, if the cause of the force majeure event is due to party’s own action or inaction, then such cause shall not excuse that party from performance under this Contract.
26. SEVERABILITY – If a court of competent jurisdiction holds any provision of this Contract to be illegal, unenforceable or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them will not be affected.
27. HEADINGS – Headings on the sections and paragraphs of this Contract are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify, or aid in the interpretation, construction, or meaning of the provisions of this Contract.
28. COUNTERPARTS/FACSIMILES/SCANS – This Contract may be executed and delivered in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same contract. The parties may rely upon a facsimile copy or scanned copy of any party’s signature as an original for all purposes.

29. GOVERNING LAW – Any dispute that arises under or relates to this Contract shall be governed by California law, excluding any laws that direct the application of another jurisdiction’s laws. Venue for resolution of any dispute that arises under or relates to this Contract, including mediation, shall be San Francisco, California.
30. ENTIRE CONTRACT AND MODIFICATION – This Contract represents the final, complete, and exclusive statement of the agreement between the parties related to CONTRACTOR providing services to DISTRICT and supersedes all prior and contemporaneous understandings and agreements of the parties. No party has been induced to enter into this Contract by, nor is any party relying upon, any representation or warranty outside those expressly set forth herein. This Contract may only be amended by mutual agreement of the parties in writing and signed by both parties.
31. SURVIVAL OF TERMS – The provisions of sections 8 (Indemnification), 16 (Confidentiality), 17 (Intellectual Property Rights), and 18 (Publication) shall survive the expiration or termination of this Contract.

IN WITNESS WHEREOF, the parties to this Contract have caused this Contract to be duly executed on their behalf by their authorized representatives.

BAY AREA AIR QUALITY
MANAGEMENT DISTRICT

DVBE CONNECT, INC.

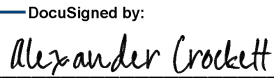
By: 
98506AE9981D4CC
Dr. Philip M. Fine
Executive Officer/APCO

By: 
Chris Haney
Chief Executive Officer

Date: 2/26/2025

Date: 2/24/2025

Approved as to form:

By: 
6DC7110552B5451... 2/25/2025
Alexander G. Crockett
General Counsel

Attachment A

General Description of Services

Pursuant to Task Orders issued under the Contract, CONTRACTOR will collaborate with DISTRICT's Agile/Scrum development teams, program staff, and external partners to maintain and enhance DISTRICT's New Production System (NPS) and other core systems.

Key services include business analysis, quality assurance, user interface/user experience design, database management, and development operations, focusing on operational efficiency, accessibility, and infrastructure reliability. Deliverables may include, but are not limited to, detailed documentation, optimized workflows, testing frameworks, deployment processes, and performance metrics to ensure alignment with strategic goals and high system reliability.

AMENDMENT NO. 1 TO
BAY AREA AIR QUALITY MANAGEMENT DISTRICT
CONTRACT NO. 2024.230

This amendment to the above-entitled contract ("Contract Amendment") is dated, for reference purposes only, January 28, 2026, and consists of two (2) pages.

RECITALS:

1. The Bay Area Air Quality Management District ("DISTRICT") and **DVBE Connect, Inc.** ("CONTRACTOR") (hereinafter referred to as the "PARTIES") entered into the above-entitled contract maintain and enhance DISTRICT's New Production System and other core systems (the "Contract"), which Contract was executed on behalf of CONTRACTOR on February 24, 2025, and on behalf of DISTRICT on February 26, 2025.
2. The PARTIES seeks to amend the term and total maximum cost of the Contract because the DISTRICT seeks to have CONTRACTOR continue providing the services prescribed in the Contract, and CONTRACTOR desires to continue to provide those services, up to the new total maximum cost.
3. The PARTIES also seek to amend the point of contact for DISTRICT because DISTRICT's point of contact has changed.
4. In accordance with Section 30 of the Contract, DISTRICT and CONTRACTOR desire to amend the above-entitled Contract as follows:

TERMS AND CONDITIONS OF CONTRACT AMENDMENT:

1. By this Contract Amendment, DISTRICT and CONTRACTOR amend Section 5, "Term." The term of the Contract shall be extended so that the termination date of the Contract is now February 29, 2028.
2. By this Contract Amendment, DISTRICT and CONTRACTOR amend Paragraph C of Section 9, "Agreement to Provide Services," of the Contract to replace "\$2,232,000" with "\$5,632,000."
3. By this Contract Amendment, DISTRICT and CONTRACTOR amend Paragraph B of Section 11, "Pricing, Invoices, and Payment," of the Contract to replace "Patricia Roman" with "John Chiladakis."

4. By this Contract Amendment, DISTRICT and CONTRACTOR amend Section 13, "Notices," of the Contract to replace DISTRICT's point of contact "Patricia Roman" with "John Chiladakis."
5. DISTRICT and CONTRACTOR agree that all other terms and conditions of the Contract shall remain in full force and effect.

IN WITNESS WHEREOF, the PARTIES have caused this Contract Amendment to be duly executed on their behalf by their authorized representatives.

BAY AREA AIR QUALITY
MANAGEMENT DISTRICT

DVBE CONNECT, INC.

By: _____
Dr. Philip M. Fine
Executive Officer/APCO

By: _____
Chris Haney
Chief Executive Officer

Date: _____

Date: _____

Approved as to form:

By: _____
Alexander G. Crockett
General Counsel



Update on Air District Information Management Projects and Recommendation of Software Development and Maintenance Contracts for Permitting and Compliance Systems

Finance and Administration Committee

February 18, 2026

John Chiladakis

Deputy Executive Officer of Information Management
Executive

Recommended Action

Recommend to the Board of Directors that the Board authorize the Executive Officer/APCO to amend contracts for software development and support services for a total combined amended authorization not to exceed \$5.8 million over the 24-month period beginning March 2026 as listed in Table 1

Vendor	Procurement Method	Service Description	Not to Exceed for this Authorization	Total Amount Contracted
ClearSparc	RFQ# 2024-009	Software Design, Development, and DevOps Services	\$2,400,000	\$3,915,000
DVBE	RFQ# 2024-009	Software Development Supporting Services	\$3,400,000	\$5,632,000
			\$5,800,000	

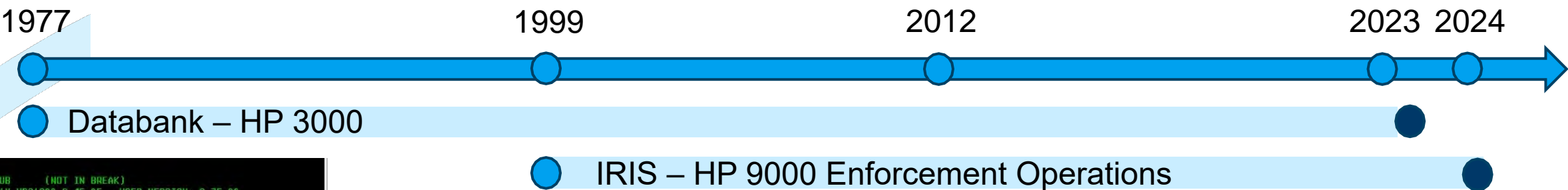
Presentation Outline

- Air District Information Management Functions and Budget Including Full Time Equivalents (FTE)
- Recent Board Actions Focused on Efficiency
- Software Development Structure and Costs
- 18-Month Progress Report
- Planned Permitting and Compliance Technology Developments Over the Next Two Years
- Vendor Qualifications
- Funding Request for Contract Authorization

Fiscal Year 2026 Budget

Function	Fiscal Year Ending (FYE) 2026 Budget / Staff
<ul style="list-style-type: none">• Information Technology (IT) Operations• User Support• Cybersecurity• Records Management	<ul style="list-style-type: none">• \$3.3 Million (M)• 14 FTE
<ul style="list-style-type: none">• Software Development• Online Services• Data Services and Reporting	<ul style="list-style-type: none">• \$6 M• 16 FTE

Recent Board Actions: Modernization and Consolidation



```
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USER: #57,MANAGER.SYS,PUB (NOT IN BREAK)
RELEASE: C.75.00 MPE/IX HP31000 C.45.05 USER VERSION: C.75.00
CURRENT: FRI, SEP 6, 2013, 11:31 AM
LOGON: FRI, SEP 6, 2013, 10:19 AM
CPU SECONDS: 1 CONNECT MINUTES: 72
%STDIN LDEV: 2 %STDLIST LDEV: 2
:showjob

JOBNUM STATE IPRI JIN JLIST INTRODUCED JOB NAME
#51 EXEC 20 20 FRI 9:40A OPERATOR.SYS
#J2 EXEC 105 LP FRI 9:48A JINETO,MANAGER.SYS
#57 EXEC 2 2 FRI 10:19A MANAGER.SYS

3 JOBS:
0 INTRO
0 WAIT; INCL 0 DEFERRED
3 EXEC; INCL 2 SESSIONS
0 SUSP
JOBFENCE= 1; JLIMIT= 8; SLIMIT= 8

[MODIFY] [MODIFY ALL] [BLOCK MODE] [REMOTE MODE] [SMOOTH SCROLL] [MEMORY LOCK] [DISPLAY FUNCTNS] [AUTO 721x470]
```



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

Photos courtesy of the Computer History Museum



Decommissioned
January 2024

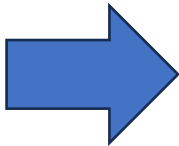


5

Recent Board Actions: Modernization and Consolidation (cont.)

- Legacy Systems Shutdown January 2024 (Databank and IRIS)
- Sacramento Data Center Shutdown
- Migration to Cloud

Functional Area	\$/Year FTE / Year
Support of Legacy Systems	\$200K 6 FTE
Replacement of Legacy Systems & Maintenance	\$4.3M 5 FTE
IT Physical Infrastructure	\$800K 3 FTE
TOTALS	\$5.3 M 14 FTE

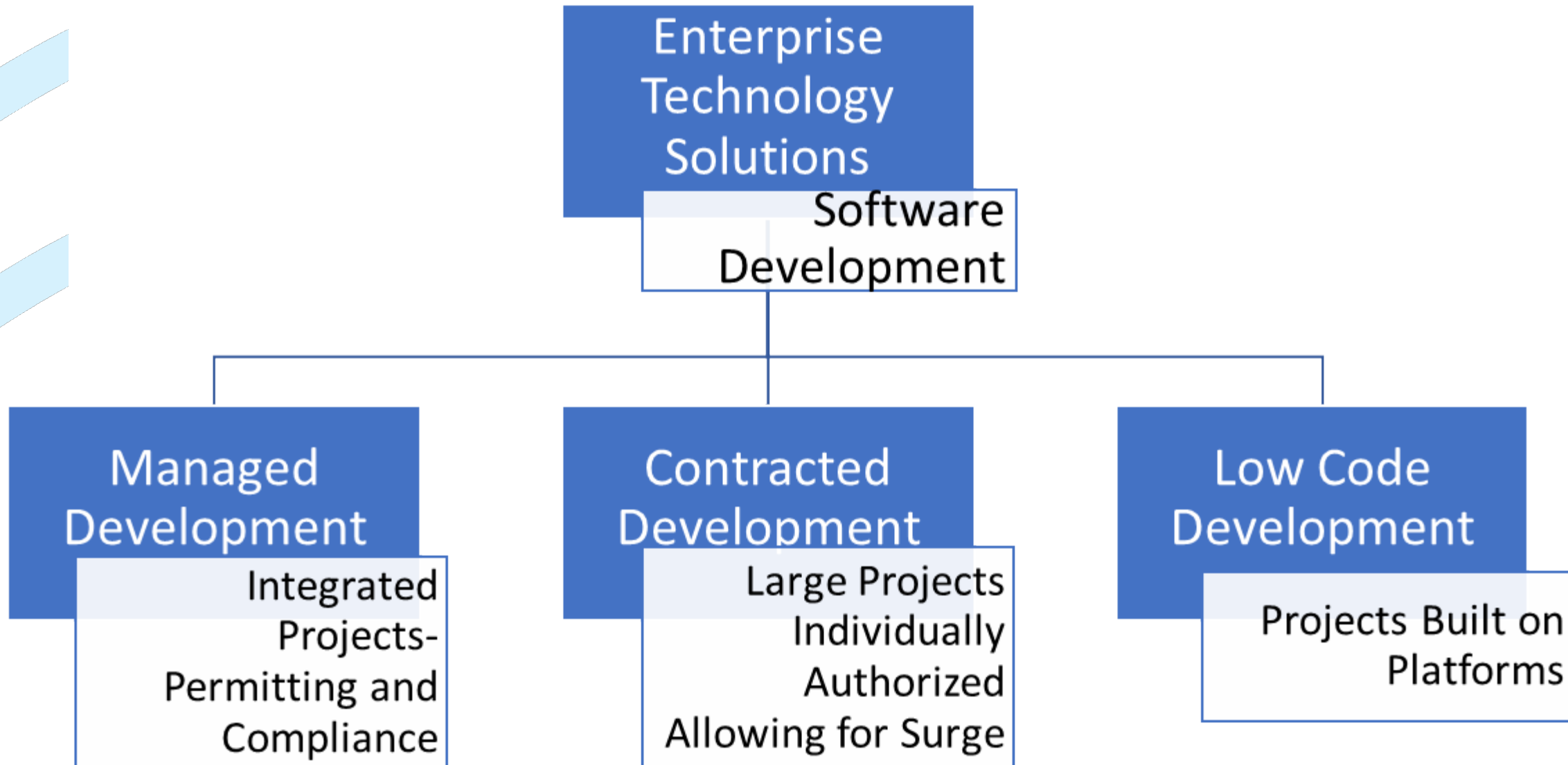


Functional Area	\$/Year FTE / Year
Support of Legacy Systems	0
Development New Systems & Maintenance	\$4.3M 7 FTE
IT Cloud Infrastructure	\$400K 3 FTE
TOTALS	\$4.7 M 10 FTE
SAVINGS	\$600K 4 FTE

Prior Software Development Structure

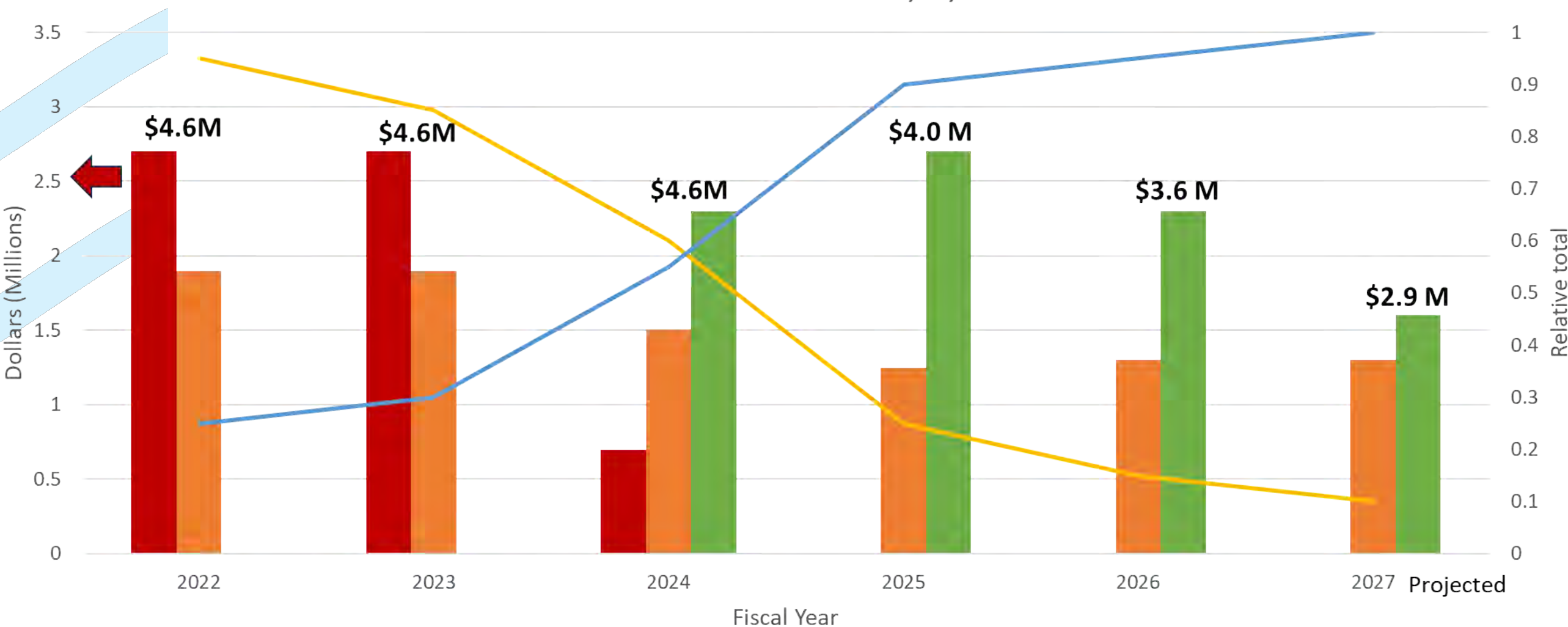
- From 2014-2024 all software development resources were consumed by migration from legacy systems
- No governance team to prioritize effort
- Single Managed Development organization staff managed contractors to develop software that reproduced functionality in legacy systems
- No software developers on staff
- No information technology professionals on staff managing projects
- No continual improvement practices guided by key metrics
- Tracking systems not properly configured

New Software Development Organizational Structure



Managed Software Development

Cost Breakdown and Productivity by Fiscal Year



18-Month Progress – All Items Completed

Achieve Impact– Streamline upfront estimates

- Develop a methodology, process and procedure that will standardize operational resource estimates for proposed initiatives

Advance Environmental Justice

- Develop a Title V Deviation Compliance Reporting Tool
- Develop the Complaint Reporting System with a community-focused interface
- Develop a data collection system to acquire and securely retain community volunteer information for community air quality monitoring

Be Effective and Accountable- Data Transparency

- Lay the foundation for a comprehensive and user-friendly data portal that fosters accessibility and transparency. Finalize scope definition, build a clickable design, that includes search enhancements such as advanced filters and improved indexing
- Enhance transparency by surfacing air quality geospatial data through the implementation of modern mapping tools for the Air District's website

Be Effective and Accountable - Efficiency and modernization

- Conduct procurement and manage project framework and requirements gathering for establishing a modern grants management system
- Develop a dedicated communication platform for regulated entities to provide timely updates, share resources, and foster collaborative engagement
- Implement a governance framework with a governance board and regular audits to provide for modern change control
- Develop and maintain comprehensive documentation for Permitting and Compliance system architecture, configuration, workflows, and dependencies, ensuring clarity for troubleshooting, onboarding, and upgrades
- Develop policy, governance, and implement a proof-of-concept system to improve efficiency leveraging artificial intelligence
- Provide staff with documentation, training, and knowledge transfer for systems implemented in recent years

Strategic Deliverables for this Authorization

Advance Environmental Justice

- Create systems to tag and alert high-priority inspections
- Develop a new more user-friendly complaint intake system
- Create Air Pollution log so community members can upload and view photos of any air pollution observations

Be Effective and Accountable - Data Transparency

- Implement functionality for greater public transparency for complaint investigations
- Create notification for any permitting or enforcement actions in Assembly Bill (AB) 617 communities

Strategic Deliverables for this Authorization (cont.)

Be Effective and Accountable - Efficiency and modernization

- Provide for bulk data exchange for large facilities allowing for efficient annual emission calculations and renewals of permits
- Implement workflow enhancements to track and report on all tasks during the permit application process allowing for estimation of completion dates for each task
- Integrate source test workflow into the system so engineers and inspectors are informed about source testing events
- Create systems to support Notice to Comply (NTC) business functions
- Implement online processes to achieve higher rates of paperless workflow improving the velocity of permit applications

Vendor Qualification

- **Request for Quote (RFQ) Issued:** On August 19, 2024, the Air District released RFQ 2024-009 for IT consulting services in five categories
- **Submissions Received:** The Air District received 46 submissions and qualified nine vendors
- **Qualified Vendor Pool:** The nine vendors formed a pool for soliciting additional proposals for these strategic deliverables
- **Evaluation and Authorization:** A panel of Air District staff evaluated proposals, leading to the current authorization request detailed in Table 1 of the staff report

Funding and Budget Impact

- 24 Month contracts requesting \$5.8 Million across two vendors
 - \$1.3 Million per year for software maintenance and support
 - \$1.6 Million for new development and documentation
- \$1.3 Million of the \$5.8 Million required for these contracts are included in the Fiscal Year Ending (FYE) 2025 approved budget and designated for this purpose
- The additional \$4.5 Million will be expended conditionally upon approval of funds in the FYE 2027 and FYE 2028 budget

Recommended Action

Recommend to the Board of Directors that the Board authorize the Executive Officer/APCO to amend contracts for software development and support services for a total combined amended authorization not to exceed \$5.8 million over the 24-month period beginning March 2026 as listed in Table 1

Vendor	Procurement Method	Service Description	Not to Exceed for this Authorization	Total Amount Contracted
ClearSparc	RFQ# 2024-009	Software Design, Development, and DevOps Services	\$2,400,000	\$3,915,000
DVBE	RFQ# 2024-009	Software Development Supporting Services	\$3,400,000	\$5,632,000
			\$5,800,000	

Questions & Discussion

For more information:

John Chiladakis | Deputy Executive Officer, Information Management |
jchiladakis@baaqmd.gov

BAY AREA AIR DISTRICT
Memorandum

To: Chairperson Lynda Hopkins and Members
of the Finance and Administration Committee

From: Philip M. Fine
Executive Officer/APCO

Date: February 18, 2026

Re: Overview of the Air District's Fleet Greening Strategy

RECOMMENDED ACTION

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

BACKGROUND

The Air District's fleet-greening strategy has evolved over time, beginning with early adoption of compressed natural gas vehicles, followed by strong adoption of hybrid vehicles, and now advancing toward a growing share of plug-in hybrid electric vehicles (PHEVs). As of mid-2025, the fleet includes a mix of light-duty passenger vehicles used by pooled-vehicle users and field staff, as well as specialty vans that support monitoring and other specialized field operations. In recent years, the Air District has prioritized replacing aging internal combustion engine (gasoline) vehicles with partial zero-emission vehicles (ZEVs) and has taken steps to explore telematics and opportunities to expand charging infrastructure.

This memo outlines the next phase in our transition toward a cleaner, more efficient fleet, one that aligns with the Air District's mission, and supports the Strategic Plan's goals and values.

DISCUSSION

Air District staff are working to design and implement an initial pilot that will be conducted over the next 12–24 months to evaluate how electric vehicles (EVs) perform under the Air District's real-world operating conditions. As part of this effort, Air District staff will identify the recommended mix of electric vehicles, plug-in hybrid electric vehicles (PHEVs), and hybrid vehicles needed to support both fleet replacement and expansion. The goal is for at least 10 percent of the fleet to be fully electric within the next 12 months to enable meaningful operational evaluation.

Annually, more than 20 vehicles must be acquired to refresh the existing fleet and support continued fleet expansion as new positions that have been added are filled. Beginning this year, EVs will be incorporated into this acquisition cycle, which currently includes PHEVs and hybrids, and over time the proportion of fully electric vehicles is expected to increase as technology, particularly vehicle range, continues to improve and as operational considerations identified during the pilot are addressed.

Throughout the pilot, Air District staff will assess vehicle performance, charging behavior, infrastructure needs, duty-cycle compatibility, downtime, workflow impacts, costs, and potential emissions reductions. Air District staff will also evaluate workplace and home-charging options, telematics and charging-management systems, and staff training needs. This analysis will inform a scalable, multi-year framework that supports a phased and operationally sound transition to ZEVs. Air District staff will return to the Committee with pilot findings and recommendations for next steps, including any refinements to the long-term fleet-transition strategy.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Karen Schkolnick
Reviewed by: Hyacinth Hinojosa

ATTACHMENT(S):

1. FAC Overview of the Air District's Fleet Greening Strategy - 2026 Feb



Overview of the Air District's Fleet Greening Strategy

Finance & Administration Committee

February 18, 2026

Karen Schkolnick
Director of Administrative Resources
Administrative Resources

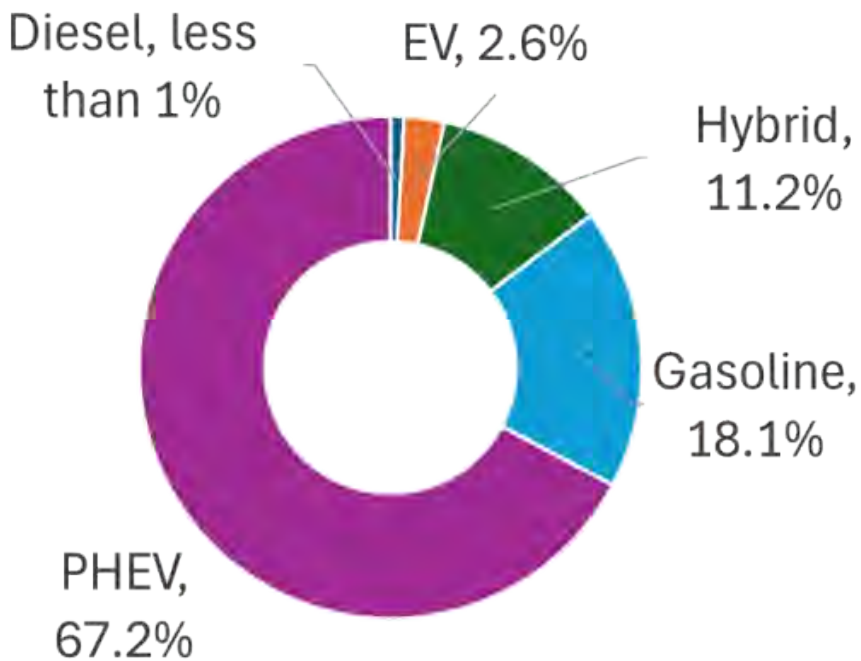
Background

Fleet Evolution Continuum

- Began with early Compressed Natural Gas (CNG) adoption, then scaled hybrid deployment, and expanded Plug-in Hybrid Electric Vehicles (PHEV) as capabilities improved
- Built on each phase to reduce emissions and support operational reliability
- Next phase is exploring telematics and expanding charging to enable long-term electrification and phased in transition to full battery-Electric Vehicles (EV)

Fleet Composition as of January 2026

KEY: EV = Electric Vehicle PHEV = Plug-in Electric Hybrid EV



Vehicle Type	Quantity
93 Light-Duty Passenger Cars	
EV	3
Hybrid	12
PHEV	78
3 Sport Utility Vehicles (SUV)	
Gasoline	3
20 Vans (9 compact and 11 full size)	
Diesel	1
Hybrid	1
Gasoline	18
Grand Total	116

Greening the Fleet

- Supports mission to reduce air pollution and protect public health
- Aligns with Bay Area Air District's Strategic Plan goals

5-YEAR GOALS

**Goal 1.
Achieve
Impact**

**Goal 2.
Advance
Environmental
Justice**

**Goal 3.
Foster Cohesion
& Inclusion**

**Goal 4.
Be Effective,
Accountable,
& Customer-
Oriented**

Benefits

- Reduced petroleum use: approximately 27,000 gallons of annual fuel use
- Reduced maintenance costs; improved EV performance and options
- Lower greenhouse gas and criteria pollutant emissions; quieter, safer vehicles
- Demonstrates agency leadership and credibility with partners

Vision & Timeline

Goal: Reach a predominantly electric vehicle fleet by 2030

- Multi-year replacement strategy aligned with asset life cycles and operational needs
- **Five-year implementation approach**, with the first two years focused on pilot validation, requirement-gathering, and iterative evaluation
- **During 2026 and 2027:** Explore feasibility and integrate emerging technologies, e.g., Vehicle-to-Everything (V2X) capabilities, telematics and charging-management systems, and renewable-energy pairing to enhance long-term resilience and operational efficiency

Vision & Timeline (cont.)

- **2026 Initial Pilot: Acquire ~24 EVs** to replace the oldest vehicles and support modest fleet expansion (approx. 10 additional vehicles needed)
- **2027 Pilot Next Phases: Implement improvements identified early on** e.g., charging initiatives, operational support measures, and additional technologies, while acquiring up to 32 more EVs to continue the transition
- **2028–2030 Full Roll-Out:** As technology matures and charging infrastructure expands, electrify remaining light- and medium-duty fleet where feasible

Stakeholder Engagement

Engage stakeholders early to understand operational needs and ensure the pilot and fleet-electrification efforts effectively support Air District staff transportation requirements

- **Listening sessions**, first two scheduled in February and March 2026
- **Staff online survey** to gather direct input on needs, concerns, and expectations (mid-2026)
- **Gain insights from other fleet managers** who have successfully implemented fleet electrification

Suitability Criteria for Pilot and Full Rollout

- Assess travel patterns, duty types, and operational needs
- Evaluate charging access at home, office, and public locations
- Prioritize predictable local travel and vehicles at or near replacement age

Infrastructure, Workforce & Risk Management

- Expand workplace charging and assess home-charging and reimbursement options
- Integrate telematics and charging-management software
- Provide training and safety support for drivers, supervisors, and fleet staff; launch ambassador program
- Plan phased capital investments for vehicles and charging infrastructure
- Pursue incentives and credits while leveraging pilot learnings to reduce risk

Reporting, Metrics & Next Steps

- Track key performance indicators (KPI), including air pollution and greenhouse-gas reductions, fuel savings, maintenance-cost trends, charging-system performance, and driver satisfaction
- Evaluate pilot results and fine tune strategies for future operational impacts
- Report back to the Board with key findings, lessons learned, and recommended refinements to the long-term fleet-transition strategy by early 2027

Questions & Discussion

For more information:

Karen Schkolnick | Director | kschkolnick@baaqmd.gov