



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS REGULAR MEETING

May 2, 2012

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

Questions About an Agenda Item

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

Meeting Procedures

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

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

Public Comment Procedures

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

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

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

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

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

BOARD OF DIRECTORS REGULAR MEETING AGENDA

WEDNESDAY
MAY 2, 2012
9:45 A.M.

BOARD ROOM
7TH FLOOR

CALL TO ORDER

Opening Comments
Roll Call
Pledge of Allegiance

Chairperson, John Gioia
Clerk of the Boards

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

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CONSENT CALENDAR (ITEMS 1 – 3)

Staff/Phone (415) 749-

1. Minutes of the Board of Directors Regular Meeting of April 18, 2012

Clerk of the Boards

2. Board Communications Received from April 18, 2012 through May 1, 2012

J. Broadbent/5052

jbroadbent@baaqmd.gov

A list of communications directed to the Board of Directors received by the Air District from April 18, 2012 through May 1, 2012, if any, will be at each Board Member's place.

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

J. Broadbent/5052

jbroadbent@baaqmd.gov

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

COMMITTEE REPORTS AND RECOMMENDATIONS

4. Report of the **Budget and Finance Committee** Meeting of April 25, 2012

CHAIR: C. Groom

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee recommends Board of Directors' adoption of proposed Fiscal Year End 2012 budget.

5. Report of the **Mobile Source Committee** Meeting of April 26, 2012
CHAIR: S. Haggerty

J. Broadbent/5052
jbroadbent@baaqmd.gov

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

Projects with Proposed Grant Awards over \$100,000

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

Consideration of Transportation Fund for Clean Air (TFCA) County Program Manager Expenditure Plans for Fiscal Year Ending (FYE) 2012

1. *Approve the allocation of FYE 2012 TFCA County Program Manager Funds listed on Table 1.*
2. *Authorize the Executive Officer/APCO to enter into funding agreements with the County Program Managers for the total funds to be programmed in FYE 2012, listed on Table 1, consistent with the Board-adopted TFCA Program Manager Fund Policies.*

Lower-Emission School Bus Program

1. *Approve the use of Mobile Source Incentive Funds (MSIF) for the following three newly allowable project types under the Lower-Emission School Bus Program (LESBP):*
 - *The replacement of on-board natural gas fuel tanks,*
 - *Infrastructure improvements of deteriorating natural gas fueling dispensers, and*
 - *Retrofit of in-use school buses with emission control devices.*
2. *Allocate \$7.5 million in MSIF to fund all allowable project types under the LESBP.*

Regional Bicycle Share Pilot Project Contractor Selection

1. *Approve the selection of Alta Bicycle Share (Alta), contractor, to assist the Bay Area Air Quality Management District (Air District) and the Santa Clara Valley Transportation Authority, SamTrans, San Francisco Municipal Transportation Agency, San Mateo County and Redwood City, to deploy an organized network of publicly-accessible bicycles for transportation use along the Peninsula transportation corridor under a Climate Innovation Program grant from the Metropolitan Transportation Commission (MTC).*
2. *Authorize the Executive Officer/APCO to enter into all necessary agreements with Alta to deploy the bike share program required under the MTC grant.*
3. *In the event that a contract cannot be agreed upon with the selected contractor, authorize the Executive Officer/APCO to enter into an agreement with the next consecutively ranked highest rated bidders, DecoBike or B-cycle to execute all necessary agreements to produce the documents required by MTC.*

PRESENTATION(S)

6. SUSTAINABLE COMMUNITY STRATEGY UPDATE

J. Broadbent/5052
jbroadbent@baaqmd.gov

Staff from Association of Bay Area Governments (ABAG), Metropolitan Transportation Commission (MTC) and the Air District will provide an update on the Sustainable Communities Strategy.

7. UPDATE ON BAY AREA AIR QUALITY TRENDS

H. Hilken/4642
hhilken@baaqmd.gov

Staff will provide a report on Bay Area air quality trends.

CLOSED SESSION

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

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

California Building Industry Association v. Bay Area AQMD, Alameda County Superior Court, Case No. RG-10548693

OPEN SESSION

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

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

BOARD MEMBERS' COMMENTS

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

OTHER BUSINESS

9. Report of the Executive Officer/APCO

10. Chairperson's Report

11. Time and Place of Next Meeting is Wednesday, May 16, 2012, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:45 a.m.

12. Adjournment

CONTACT EXECUTIVE OFFICE - 939 ELLIS STREET SF, CA 94109

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

939 ELLIS STREET, SAN FRANCISCO, CALIFORNIA 94109

(415) 771-6000

EXECUTIVE OFFICE: MONTHLY CALENDAR OF DISTRICT MEETINGS

MAY 2012

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	2	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets 2nd Wednesday each Month)</i>	Wednesday	9	9:00 a.m.	Board Room
Special Meeting of the Board of Directors <i>(Meets 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	<u>Meeting Location:</u> Board Room <u>Tour Location:</u> Shell Gas Station 800 Turk Street San Francisco, CA 94102
Board of Directors Executive Committee <i>(Meets 3rd Monday of each Month)</i> - CANCELLED	Monday	21	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets the 3rd Monday Every Other Month)</i> - CANCELLED	Monday	21	10:00 a.m.	<u>Meeting Location:</u> Creskide Park Building 10455 Miller Avenue Cupertino, CA 95014 <u>Tour Location:</u> Front Parking Lot Entrance Lehigh Southwest Cement Company - Permanente Plant 24001 Stevens Creek Boulevard Cupertino, CA 95014
Special Meeting of the Board of Directors	Monday	21	10:00 a.m.	<u>Meeting Location:</u> Creskide Park Building 10455 Miller Avenue Cupertino, CA 95014 <u>Tour Location:</u> Front Parking Lot Entrance Lehigh Southwest Cement Company - Permanente Plant 24001 Stevens Creek Boulevard Cupertino, CA 95014
Board of Directors Budget & Finance Committee <i>(Meets the 4th Wednesday Each Month)</i>	Wednesday	23	9:30 a.m.	4 th Floor Conf. Room

Board of Directors Mobile Source Committee (Meets 4th Thursday each Month) **Thursday 24 9:30 a.m. 4th Floor Conf. Room**

Board of Directors Public Outreach Committee (Meets Quarterly at the Call of the Chair) **Thursday 31 9:30 a.m. 4th Floor Conf. Room**

JUNE 2012

TYPE OF MEETING **DAY** **DATE** **TIME** **ROOM**
Board of Directors Regular Meeting **Wednesday 6 9:45 a.m. Board Room**
(Meets 1st & 3rd Wednesday of each Month)

Advisory Council Regular Meeting **Wednesday 13 9:00 a.m. Board Room**
(Meets 2nd Wednesday each Month)

Board of Directors Executive Committee (Meets 3rd Monday of each Month) **Monday 18 9:30 a.m. 4th Floor Conf. Room**
- STAFF RECOMMENDS CANCELLING, TO BE DETERMINED BY THE CHAIR

Board of Directors Regular Meeting **Wednesday 20 9:45 a.m. Board Room**
(Meets 1st & 3rd Wednesday of each Month)
- STAFF RECOMMENDS CANCELLING, TO BE DETERMINED BY THE CHAIR

Board of Directors Public Outreach Committee (Meets Quarterly at the Call of the Chair) **Thursday 21 9:30 a.m. 4th Floor Conf. Room**
- STAFF RECOMMENDS CANCELLING, TO BE DETERMINED BY THE CHAIR

Board of Directors Budget & Finance Committee (Meets the 4th Wednesday Each Month) **Wednesday 27 9:30 a.m. 4th Floor Conf. Room**

Board of Directors Mobile Source Committee (Meets 4th Thursday each Month) **Thursday 28 9:30 a.m. 4th Floor Conf. Room**

MM – 4/26/12 (9:48 a.m.)

P/Library/Forms/Calendar/Calendar/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 23, 2012

Re: Board of Directors Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Board of Directors Regular Meeting of April 18, 2012.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Regular Meeting of April 18, 2012.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Jennifer C. Cooper

Attachment

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

Board of Directors Regular Meeting
April 18, 2012

DRAFT MINUTES

CALL TO ORDER

Chairperson John Gioia called the meeting to order at 9:50 a.m.

PLEDGE OF ALLEGIANCE

Director Piepho led the Pledge of Allegiance.

ROLL CALL

Present: Chairperson John Gioia; Vice Chairperson Ash Kalra; Secretary Nate Miley; and Directors Tom Bates, Susan Garner, Carole Groom, David E. Hudson, Carol L. Klatt, Eric Mar, Mary Piepho, Mark Ross, Jim Spring, Brad Wagenknecht, Ken Yeager and Shirlee Zane.

Absent: Directors John Avalos, Susan Gorin, Scott Haggerty, Jennifer Hosterman, Liz Kniss, Edwin M. Lee and Katie Rice.

PUBLIC COMMENT ON NON-AGENDA MATTERS

None.

COMMENDATIONS/PROCLAMATIONS/AWARDS

Chairperson Gioia, on behalf of the Board of Directors, and Jack Broadbent Executive Officer/Air Pollution Control Officer (APCO), on behalf of Air District staff, recognized Will Travis for his years of service with the San Francisco Bay Conservation and Development Commission.

NOTED PRESENT: Director Miley was noted present at 9:53 a.m., Director Yeager was noted present at 9:54 a.m., and Director Kalra was noted present at 9:55 a.m.

Will Travis expressed his gratitude for the recognition and commended the Air District for its past and ongoing work.

CONSENT CALENDAR (Items 1 – 6)

1. Minutes of the Board of Directors Regular Meeting of March 21, 2012;

2. **Board Communications Received from March 21, 2012, through April 17, 2012;**
3. **Air District Personnel on Out-of-State Business Travel;**
4. **Approval of Board Members to Attend the Air & Waste Management Association 105th Annual Conference & Exhibition**
5. **Consideration of Authorization for Expenditures for the Implementation of the Production System and its Integration with the JD Edwards Financial System; and**
6. **Quarterly Report of California Air Resources Board Representative – Honorable Ken Yeager.**

Board Comments: None.

Public Comments: None.

Board Action: Director Wagenknecht made a motion to approve Consent Calendar Items 1, 2, 3, 4, 5 and 6; Director Hudson seconded; unanimously approved without objection.

COMMITTEE REPORTS AND RECOMMENDATIONS

7. **Report of the Budget and Finance Committee Meeting of March 28, 2012**
Chairperson C. Groom

The Committee met on Wednesday, March 28, 2012, and approved the minutes of February 22, 2012.

The Committee received a Summary of Draft Fee Amendments for Fiscal Year Ending (FYE) 2013. The Committee reviewed the background, the current Cost Recovery Policy adopted by the Board of Directors on March 7, 2012, details of the draft fee amendments and proposed changes to fee schedules, examples of the likely monetary impacts on various small business types and the five Bay Area petroleum refineries, a fee comparison with the South Coast Air Quality Management District (SCAQMD), summary of public comments received and the schedule which proposes an adoption date of June 6, 2012, and an effective date of July 1, 2012.

The Committee received and discussed the Proposed Budget for Fiscal Year Ending 2013. The Committee reviewed the status of the current fiscal year ending 2012, an overview of the revenue and expenditure forecast for fiscal year ending 2013, proposed responses to challenges for fiscal year ending 2013, a summary of personnel costs, and a detailed review of revenue and expenditures, including trends in cost cutting. The proposed budget is a balanced budget without the use of reserves, and includes a reduction in Other Post-Employment Benefits and a reduction in funding for various programs.

The Committee received an Update on Production System Replacement of Databank. The Committee reviewed the information systems budget, including a project timeline from 2006 to the present, a summary of those facilities already and anticipated to be transferred to the Production System, and a detail of project expenditures from fiscal years ending 2007 through 2013.

The next meeting of the Committee is Wednesday, April 25, 2012, at 9:30 a.m.

Board Comments: None.

Public Comments: None.

Board Action: Director Groom made a motion to approve the report of the Budget and Finance Committee; Director Wagenknecht seconded; carried unanimously without opposition.

8. Report of the Personnel Committee Meeting of March 28, 2012

Chairperson B. Wagenknecht

The Committee met on Wednesday, March 28, 2012, and approved the minutes of November 14, 2011.

The Committee received the Advisory Council Interview summary material for the agriculture category, conducted interviews of selected applicants, and recommended Board of Directors' approval of candidate Kathryn Lyddan for appointment to the Air District's Advisory Council.

The Committee considered the appointment of the regular and alternate member positions for the attorney member category on the Air District's Hearing Board and recommended Board of Directors' approval of the re-appointment of both incumbents, member Rolf Lindenhayn and alternate member Valerie Armento, to the Hearing Board.

The Committee went into Closed Session to conduct Public Employee Performance Evaluation of Mr. Broadbent and returned with no reportable action.

The next meeting of the Committee is at the call of the Chair.

Board Comments: None.

Public Comments: None.

Board Action: Director Wagenknecht made a motion, seconded by Director Hudson; and carried unanimously without objection to approve the report of the Personnel Committee and its recommendations as follows:

- A. Appoint candidate Kathryn Lyddan to the Air District's Advisory Council agriculture category; and
- B. Re-appoint Rolf Lindenhayn, Regular member, and Valerie Armento, Alternate Member, to the Air District's Hearing Board attorney category.

9. Report of the Climate Protection Committee Meeting of April 16, 2012

Board Chairperson J. Gioia read on behalf of Committee Chairperson J. Hosterman

The Committee met on Monday, April 16, 2012, and postponed approval of the minutes of October 31, 2011, for lack of a quorum.

The Committee received a Local Government Climate Action Plan Update. The Committee reviewed the state of climate action planning at large; Air District initiatives that spurred climate planning; increases in climate action planning in the Bay Area; the interplay between the California

Environmental Quality Act, climate action plans and the Sustainable Communities Strategy (SCS); those localities the Air District has confirmed to have adopted climate action plans; forms of Air District assistance in plan development; current trends and innovative measures; and the next steps in climate action plan efforts. The Board of Directors will be briefed these matters at an upcoming meeting.

The Committee received and discussed an Update on Assembly Bill 32 (AB32) Implementation and U.S. Environmental Protection Agency Programs to Reduce Greenhouse Gas Emissions under the Federal Clean Air Act. The Committee reviewed the background, scoping plan and revised scoping plan of Assembly Bill 32; the history and a detail of the Cap-and-Trade Regulation, including the scope, cap, allowances, offsets and recent activity in Cap-and-Trade; the AB32 landfill methane and semiconductor operations rules; the stationary refrigerant management program; California Air Resources Board and Air District coordination; U.S. Environmental Protection Agency regulation of greenhouse gases under the Federal Clean Air Act; the greenhouse gas tailoring rule and Clean Air Act Permit Programs and proposed new source performance standards for fossil-fueled power plants.

The next meeting of the Committee is at the call of the Chair.

Chairperson Gioia noted the re-appointment of Director Hosterman to the Board of Directors of the Air District by the Alameda County Mayors' Conference.

Board Comments:

Mr. Broadbent requested the agendaing of a presentation regarding the SCS at the next Board of Directors or a future Executive Committee meeting. Chairperson Gioia confirmed it should be agendaed before the Board of Directors at the regular meeting on May 2, 2012.

Director Hudson expressed his lingering concern about the interplay between SCS, Community Risk Reduction Plans, Climate Protection Plans and reforestation protocol.

Public Comments: None.

Board Action: Chairperson Gioia made a motion to approve the report of the Climate Protection Committee; Director Ross seconded; carried unanimously without opposition.

PUBLIC HEARINGS

10. Public Hearing to Receive Testimony on Proposed Amendments to Air District Regulation 3: Fees

Brian Bateman, Director of Compliance & Enforcement, gave the staff presentation Proposed Fee Regulation Amendments, including the background; a snapshot of the Air District revenue sources for the fiscal year ending (FYE) 2012 budget; a look at Regulation 3 fees and fees schedules; fee rates and activity levels as they equate to fee revenue; fee revenue trending; the current Cost Recovery Policy adopted by the Board of Directors on March 7, 2012; details of draft fee amendments and proposed changes to fee schedules; examples of likely monetary impacts on various small business types; a look at Air District regulation of gas stations; a fee comparison with the SCAQMD; a summary of public

comments received; and the schedule proposing an adoption date of June 6, 2012, with an effective date of July 1, 2012.

NOTED PRESENT: Director Garner was noted present at 10:09 a.m.

Director Hudson asked, regarding slide 4, Air District Revenue Sources (FYE 2012 Budget), if 52% of the revenue is generally from fees and 34% is generally from taxes. Mr. Bateman replied that the fee revenue has crept up over the years from a percentage in the high forties and that taxes typically represent about one-third of the revenue. Director Zane asked if this is the first instance where reserves were utilized. Mr. Bateman responded that reserves were used the prior fiscal year as well but were not for the ten years preceding that. Director Zane asked if cost of living adjustments were granted to Air District staff to which Mr. Bateman replied in the affirmative. Director Zane asked the current balance of the reserves to which Jeffrey McKay, Deputy APCO, answered approximately \$9 million. Director Zane asked what percentage of total operating costs the current reserves represent to which Mr. McKay responded that the general revenue fund is approximately \$60 million, so the reserves are 15% of general revenue fund, the floor level set by the Board of Directors.

Mr. Bateman added, regarding slide 7, Trends in Fee Revenue, that the decline in actual fee revenue is attributed to a decline in activity, not fee recovery.

Mr. Bateman added, regarding slide 14, Additional Proposed Fee Amendments, that these fees are best characterized as administrative or regarding permit renewals.

Board Comments:

Director Piepho asked, relative to slide 4, Air District Revenue Sources (FYE 2012 Budget), what the fees, as an estimated percentage of total revenue, will be after the increase is implemented. Mr. Bateman replied that it will rely heavily on activity levels and otherwise stay nearly the same. Director Piepho confirmed, referencing slides 7 and 9, Trends in Fee Revenue and Details of Draft Fee Amendments respectively, that there has been a fee increase of 10% per year for four years; noted that the projected and actual fee revenue levels diverge at the time the 10% per year increases were implemented; and suggested that continuing along this path may very well risk discouraging investment in the Bay Area while admitting that the economic downturn likely plays a role in this trend as well. Director Piepho asked, relative to slide 8, Cost Recovery Policy, how the Air District monitors cost recovery analyses conducted at fee schedule-level. Mr. Bateman replied that a contractor does a study once every five years and staffs conduct one annually, using the contractor's methodology. Director Piepho suggested Board of Directors review more frequently than once every five years. Director Piepho asked, regarding slide 14, Additional Proposed Fee Amendments, that, when utilizing percentages in future presentations, at least one dollar figure be provided to give a sense of what the percentages represent. Director Piepho asked, regarding slide 14, Additional Proposed Fee Amendments, what the total projected revenue increase will be as a result of the fee increase to which Mr. Bateman replied \$1.85 million. Mr. Broadbent added that the cost recovery study is done in coordination with stakeholder working groups and not by staff alone.

Chairperson Gioia noted, regarding slide 8, Cost Recovery Policy, that it is the policy driving the proposed fee increase and while slide 13, Proposed Changes in Fee Schedules, is very helpful, it would be appreciated if staff could prepare something similar that encompasses the entire range of proposed changes.

Director Piepho suggested, regarding slide 19, Public Comments, and more specifically the impacts on small and large businesses, that they are something the Air District should remain aware and cautious of.

Director Zane asked whether the Air District is making equal cuts to its own staff in light of fee revenue being down as a result of decreased activity and the Air District's willingness to increase fees on its constituents despite the downturn. Mr. Broadbent replied that the Air District has 363 approved staff positions of which only 320 are currently staffed, resulting in an 11-12% vacancy rate achieved primarily through not filling positions after staff retirements. Mr. Broadbent added that this proposal is the result of a policy adopted by the Board of Directors to address in four years' time the discrepancy resulting from a comparison between fee costs and recovery. Mr. Broadbent went on to say that Proposition 26 dictates how fees may be imposed and the current proposal and Cost Recovery Policy both comply with the same. Director Zane asked if Air District staff levels in relation to the fee program specifically have been cut. Mr. Broadbent suggested the question to be a fairly comprehensive one and requested an opportunity to return with that information. Chairperson Gioia noted that the fee proposal stems from the Cost Recovery Policy. Mr. Broadbent briefly summarized the proposed budget cuts and reemphasized the need to increase fees pursuant to discussions relative to the Cost Recovery Policy. Director Zane asked what the Air District is doing to reduce its expenditures relative to the administration of permits. Chairperson Gioia suggested that staff be granted the opportunity to compile the requested information and that the matter be brought back before the Budget & Finance Committee and then back to the Board of Directors.

Director Groom stated that the Budget & Finance Committee had a number of rigorous discussions on this matter, with a range of topics including property taxes, when and how the use of reserves is acceptable, the potential impacts on businesses resulting in individual Director outreach to their respective constituencies, work groups with business groups' representatives, namely Guy Bjerke, Manager, Bay Area Region & State Safety Issues, Western States Petroleum Association (WSPA), and that the comments will be brought back to the Budget & Finance Committee.

Director Yeager noted, regarding slides 17 and 18, BAAQMD/SCAQMD Fee Comparisons, that SCAQMD doesn't enjoy property taxes as a source of revenue and asked if the proposed Air District cost recovery as a percentage of total revenue is in line with SCAQMD's and suggested this might be something the Budget & Finance Committee could look at.

Director Sperring asked, regarding slide 15, Impacts on Small Businesses, what percentage of all gas stations in the Bay Area are in the medium and small categories to which Mr. Bateman replied approximately 10% combined. Director Sperring stated that gas stations have no mechanism to recovery, as they don't have control of the price of gas, so in some cases the fee increase will result in jobs lost and it is important for the Air District to consider some way to provide assistance. Director Sperring asked if fees were 52% of budget revenue because that was the amount of fees recovered or it was the target for recovery. Mr. Broadbent replied that the 52% is not a target but provided as a budget snapshot and that the Board of Directors tour of a local gas station planned for May 16, 2012, may provide more insight as to the justification for the proposed increase. Director Sperring asked, regarding 8, Cost Recovery Policy, for clarification of the intent of the Policy noting that he thought the matter was settled for four years. Mr. Broadbent replied that the Cost Recovery Policy set forth a plan but the Board of Directors must consider the actual fee increase annually.

Director Ross asked if the Matrix study would help address Director Zane's inquiry. Mr. Broadbent said that Director Zane's inquiry would be best answered with a report in which positions are detailed as they related to and are funded by fee revenue. Director Zane concurred, saying that she is seeking balance on both sides. Director Ross said that the Air District must be sensitive to small business but also note that if a category of small business is not paying equitable fees then other small businesses are, in essence, subsidizing them through the payment of their fees; that fees should be commensurate to the costs of regulating; business interests appreciate predictability; and that the Air District's significant investment in the new Production System is an effort in increasing the efficiency of a process that currently costs businesses both time and money.

Public Comments:

Mr. Bjerke addressed the Board in support, clarifying that although major stationary source fees may be misinterpreted as not increasing based on the presentation, that they are increasing because various source fees that apply to the operation of major stationary sources are increasing.

Director Sperring added that he is not proposing subsidization of gas stations by other business types but that in order to fully appreciate the justification for the fee increase, more needs to be understood about the process, efficiency options and so forth.

Mr. Broadbent said that the understanding sought by Director Sperring is just what staff is hoping to provide in inviting the Board of Directors to a tour of a gas station on May 16, 2012.

Director Zane said that she wants the staffing information and some sense of what the Air District is doing technologically before she will be able to vote on the matter. Director Gioia said that the Production System, as previously presented to the Board of Directors, is just the technological remedy sought by Director Zane. Director Zane asked for more information on the Production System.

Director Piepho reiterated her interest in seeing the cost recovery projections monitored through the budget process.

Board Action: None; informational only.

11. Continuation of Public Hearing to consider adoption of Regulation 8, Rule 53: Vacuum Truck Operations, amendments to Regulation 2, Rule 1: Permits, General Requirements and adoption of a CEQA Negative Declaration

William Saltz, Air Quality Specialist, gave the staff presentation Proposed Adoption of Regulation 8, Rule 53: Vacuum Truck Operations Proposed Amendments to Regulation 2, Rule 1: General Requirements, including the background and photo examples of vacuum trucks in use; a detail of the regulatory proposal, regulated materials, proposed emission limits, and an emission reductions and cost comparison; a detail of the rule development process, questions received at the public hearing on March 21, 2012, and events subsequent to the public hearing; and recommendations.

Public Comments:

Mr. Bjerke addressed the Board in support, thanking the Air District and its staff for the revisions made and for its efforts in the development process.

Board Comments:

Director Ross asked, relative to monitoring costs, at what point operators will need to bring on additional staff merely for monitoring purposes. Mr. Saltz replied that monitoring will be required when an operator is loading regulated materials and the exhaust is exiting the truck's barrels and individual operators will determine how to staff and equip those needs. Director Ross asked how the monitoring is expected to function. Mr. Saltz replied that the monitoring device will indicate the user if there is an exceedance, at which point the operator will have three minutes to modify its activity to come into compliance or cease operations. Director Ross asked if it was reasonable to expect that level of self-monitoring to which Mr. Broadbent replied that this approach is common among other monitoring activities in the Bay Area. Director Ross asked if staff knew of a more cost effective measure proposed in the last 10 years to which Mr. Saltz conceded there may not be one.

Board action:

Director Wagenknecht made a motion, seconded by Director Spring and carried unanimously without objection to close the public hearing and adopt:

- A. Proposed Regulation 8, Rule 53: Vacuum Truck Operations;
- B. Proposed amendments to Regulation 2, Rule 1: General Requirements; and
- C. A Negative Declaration pursuant to the California Environmental Quality Act for the proposed rule and amendments.

CLOSED SESSION

The Board of Directors adjourned to Closed Session at 11:14 a.m.

12. PUBLIC EMPLOYEE PERFORMANCE EVALUATIONS (Government Code Sections 54957 and 54957.6)

Pursuant to Government Code Sections 54957 and 54957.6, the Board met in closed session to conduct a performance evaluation of the Executive Officer/APCO.

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

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

California Building Industry Association v. Bay Area AQMD, Alameda County Superior Court, Case No. RG-10548693

OPEN SESSION

The Board of Directors resumed Open Session at 11:48 a.m. with no reportable action from the Closed Session.

PUBLIC COMMENT ON NON-AGENDA MATTERS

None.

BOARD MEMBERS' COMMENTS

Director Bates noted that the Board of Directors meetings are now being televised and recorded and asked for a staff report on how it works and is being used.

OTHER BUSINESS

14. Report of the Executive Officer/APCO:

Mr. Broadbent reported that the Board of Directors meeting on May 16, 2012, will be at the Air District Office followed by a site visit to a local gas station; a Board of Directors meeting will be held on May 21, 2012, in Cupertino followed by a site visit at the Lehigh Southwest Cement Company-Permanente plant; and the Air District is moving forward with the relocation to 390 Main Street, having recently completed the purchase and sale agreement and condominium agreement, with special thanks to Mr. McKay and Brian Bunger, District Counsel, for getting the documents completed, adding that full reports on the financing options will be brought before the Budget & Finance and Executive Committees, as well as the Board of Directors.

15. Chairperson's Report: None.

16. Time and Place of Next Meeting: Wednesday, May 2, 2012, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, CA 94109 at 9:45 a.m.

17. Adjournment: The Board of Directors meeting adjourned at 11:52 a.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 18, 2012

Re: Board Communications Received from April 18, 2012 through May 1, 2012

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

A list of communications directed to the Board of Directors received by the Air District from April 18, 2012 through May 1, 2012 if any, will be at each Board Member's place at the May 1, 2012 Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Vanessa Johnson
Reviewed by: Jennifer C. Cooper

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 24, 2012

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

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

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

The report covers the out-of-state business travel for the period April 1, 2012 through April 30, 2012. Out-of-state travel is reported in the month following travel completion.

DISCUSSION

Saffet Tanrikulu, Research & Modeling Manager, attended at the Physical Atmosphere Advisory Panel Meeting in Atlanta, GA. April 24, 2012 through April 26, 2012.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 25, 2012

Re: Report of the Budget and Finance Committee Meeting of April 25, 2012

PROPOSED RECOMMENDED ACTION:

- A) Board of Directors adoption of the proposed Fiscal Year Ending (FYE) 2013 Budget.
- B) None; receive and file.
- C) Board of Directors direction on incorporating the suggested alternative to the originally proposed Fee Amendments for FYE 2013. *(Committee received this item as information only.)*

BACKGROUND

The Budget and Finance Committee met on Wednesday, April 25, 2012. The Committee received the following reports:

- A) Continued Discussion of FYE 2013 Proposed Air District Budget and Consideration to Recommend Adoption.
- B) Third Quarter Financial Report – Fiscal Year 2011-12.
- C) Proposed Fee Amendments for Fiscal Year Ending (FYE) 2013.

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

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

BUDGET CONSIDERATION/FINANCIAL IMPACT:

- A) The proposed consolidated budget for FYE 2013 is \$59,952,750 and is a balanced budget with the increase of \$22,000 to the Reserve Fund for Economic Uncertainties.
- B) None.

C) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Jennifer C. Cooper

Attachments

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 6, 2012

Re: Continued Discussion of Fiscal Year Ending (FYE) 2013 Proposed Air District
Budget and Consideration to Recommend Adoption

RECOMMENDED ACTION

Consider recommending Board of Directors adoption of the proposed FYE 2013 Budget.

BACKGROUND

On March 21, 2012, at the Regular Board of Directors meeting, the FYE 2013 Proposed Budget document was referred to the Budget and Finance Committee for review at the Committee's March 28, 2012 meeting.

DISCUSSION

Staff presented the proposed budget for FYE 2013 at the March 28, 2012 Budget and Finance Committee meeting. The proposed budget is balanced, with the General Fund totaling \$60 million and the Consolidated Funds (including Grants) totaling \$126.6 million. Proposed capital requests are \$1.6 million. The proposed budget includes an increase of 2 full time equivalent (FTE).

Prior to April 1, 2012, staff published a notice in newspapers read by the general public. These notices stated that the first of two public hearings on the budget will be conducted on May 16, 2012 and that the second hearing will be conducted on June 6, 2012.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The proposed consolidated budget for FYE 2013 is \$59,952,750 and is a balanced budget with the increase of \$22,000 to the Reserve Fund for Economic Uncertainties.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 9, 2012

Re: Third Quarter Financial Report – Fiscal Year Ending (FYE) 2012

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District's financial results for the third quarter of the 2011-12 fiscal year. The following information summarizes those results.

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

- County receipts \$11,867,001 (56%) of budgeted revenue.
- Permit Fee receipts \$20,384,555 (80%) of budgeted revenue.
- Title V Permit Fees \$3,364,436 (111%) of budgeted revenue.
- Asbestos Fees \$1,585,726 (90%) of budgeted revenue.
- Toxic Inventory Fees \$462,125 (64%) of budgeted revenue.
- Penalties and Settlements \$1,992,154 (133%) of budgeted revenue.
- Miscellaneous Revenue \$42,398 (212%) of budgeted revenue.
- Interest Revenue \$80,560 (29%) of budgeted revenue.

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

- Personnel – Salaries \$21,087,889 (69%) of budgeted expenditures.
- Personnel - Fringe Benefits \$9,763,427 (67%) of budgeted expenditures.
- Operational Services and Supplies \$10,195,391 (57%) of budgeted expenditures.
- Capital Outlay \$1,423,796 (75%) of budgeted expenditures.

Cash and Investments in County Treasury:

(Based on the March 2012 Account Balance)

General Fund	\$15,835,302
TFCA	\$63,022,981
MSIF	\$40,457,141
Carl Moyer	\$3,773,751
CA Goods Movement	\$19,942,463
	<u>\$143,031,638</u>

Investments Held as:

(Based on the March 2012
- Account Balance)

Fixed Income Investments	58% of total investment pool
Short Term Investments	42% of total investment pool

FUND BALANCES

	<u>6/30/2010</u> <u>Audited</u>	<u>6/30/2011</u> <u>Unaudited</u>	<u>6/30/2012</u> <u>Projected</u>
Imprest Cash	\$ -	-	-
Building and Facilities	1,731,690	4,075,756	3,912,154
PERS Funding	1,900,000	1,500,000	1,500,000
Radio Replacement	75,000	75,000	-
Capital Equipment	-	1,219,818	1,219,818
Contingencies	130,425	-	-
Post-Employment Benefits	-	2,000,000	2,000,000
Worker's Compensation	1,000,000	1,000,000	1,000,000
Economic Uncertainties	7,816,963	130,660	130,660
TOTAL SPECIAL RESERVES	<u>\$ 12,654,078</u>	<u>\$ 10,001,234</u>	<u>\$ 8,704,428</u>
UNDESIGNATED	<u>288,477</u>	<u>411,797</u>	<u>411,797</u>
TOTAL FUND BALANCES	<u>\$ 12,942,555</u>	<u>\$ 10,010,761</u>	<u>\$ 9,116,225</u>

VENDOR PAYMENTS

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

As a related practice, staff will report on vendors that undertook work for the Air District on several projects that individually were less than \$70,000, but cumulatively now total in excess of \$70,000.

Vendor	Amount Paid	Service Provided
IT DEPENDZ, INC.	\$96,583.50	Software development, automated testing and quality assurance services related implementation of Production System
RELIASYS INCORPORATED	\$90,662.49	Integration of Production System and Financial System

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 18, 2012

Re: Proposed Fee Amendments for Fiscal Year Ending (FYE) 2013

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

On March 28, 2012, staff provided the Budget & Finance Committee with a summary of staff's proposed fee amendments for FYE 2013. A similar presentation was provided to the full Board at their meeting on April 18, 2012.

DISCUSSION

At the Budget & Finance Committee meeting on April 25, 2012, staff will address issues on fee amendments identified by Board members including financial impacts on Gasoline Dispensing Facilities.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The current staff fee proposal would increase revenue in FYE 2013 by an estimated \$1.85 million from revenue that would otherwise result without a fee increase. Fee revenue estimates have been included in the draft FYE 2013 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Revised by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 26, 2012

Re: Report of the Mobile Source Committee Meeting of April 26, 2012

RECOMMENDED ACTION

- A) Projects with Proposed Grant Awards over \$100,000.
- 1) Approve Carl Moyer Program (CMP) projects with proposed grant awards over \$100,000.
 - 2) Authorize the Executive Officer/Air Pollution Control Officer (APCO) to enter into agreements for the recommended Carl Moyer Program projects.
- B) Consideration of Transportation Fund for Clean Air (TFCA) County Program Manager Expenditure Plans for Fiscal Year Ending (FYE) 2013.
- 1) Approve the allocation of FYE 2013 TFCA County Program Manager Funds as follows:

County Program Manager	Est. New FYE 2013 TFCA Funds	Total Funds to be Programmed in FYE 2013 (New Funds + Interest + Reprogrammed Funds)
Alameda County Congestion Mgt. Agency	\$1,847,854.61	\$1,887,375.09
Contra Costa Transportation Authority	\$1,341,469.07	\$1,348,680.33
Transportation Authority of Marin	\$335,398.24	\$346,088.69
Napa County Transportation Planning Agency	\$186,018.12	\$192,531.89
San Francisco County Transportation Authority	\$716,200.86	\$992,480.15
San Mateo City/County Association of Gov'ts	\$1,012,000.01	\$1,037,781.01
Santa Clara Valley Transportation Agency	\$2,269,375.68	\$2,327,956.10
Solano Transportation Authority	\$293,581.12	\$294,507.74
Sonoma County Transportation Authority	\$566,733.54	\$618,545.43

- 2) Authorize the Executive Officer/APCO to enter into funding agreements with the County Program Managers for the total funds to be programmed in FYE 2013, listed on above table, consistent with the Board-adopted TFCA Program Manager Fund Policies.
- C) Lower-Emission School Bus Program.
- 1) Approve the use of Mobile Source Incentive Funds (MSIF) for the following three newly allowable project types under the Lower-Emission School Bus Program (LESBP):
 - The replacement of on-board natural gas fuel tanks;
 - Infrastructure improvements of deteriorating natural gas fueling dispensers; and
 - Retrofit of in-use school buses with emission control devices.
 - 2) Allocate \$7.5 million in MSIF to fund all allowable project types under the LESBP.
- D) None; receive and file.
- E) Regional Bicycle Share Pilot Project Contractor Selection.
- 1) Approve the selection of Alta Bicycle Share (Alta), contractor, to assist the Bay Area Air Quality Management District (Air District) and the Santa Clara Valley Transportation Authority, SamTrans, San Francisco Municipal Transportation Agency, San Mateo County and Redwood City, to deploy an organized network of publicly-accessible bicycles for transportation use along the Peninsula transportation corridor under a Climate Innovation Program grant from the Metropolitan Transportation Commission (MTC).
 - 2) Authorize the Executive Officer/APCO to enter into all necessary agreements with Alta to deploy the bike share program required under the MTC grant.
 - 3) In the event that a contract cannot be agreed upon with the selected contractor, authorize the Executive Officer/APCO to enter into an agreement with the next consecutively ranked highest rated bidders, DecoBike or B-cycle to execute all necessary agreements to produce the documents required by MTC.

BACKGROUND

The Mobile Source Committee met on Thursday, April 26, 2012. The Committee received and considered the following reports and recommendations:

- A) Projects with Proposed Grant Awards over \$100,000.
- B) Consideration of TFCA County Program Manager Expenditure Plans for FYE 2013.

- C) Lower-Emission School Bus Program.
- D) Transportation Fund for Clean Air Overview.
- E) Regional Bicycle Share Pilot Project Contractor Selection.

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

Chairperson Scott Haggerty will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

- A) None. Through the CMP, MSIF and TFCA, the Air District distributes “pass-through” funds to public agencies and private entities on a reimbursement basis. Administrative costs for both programs are provided by each funding source.
- B) None. TFCA County Program Manager revenues are generated from a dedicated outside funding source and are passed through to County Program Managers.
- C) None. MSIF funding comes with administrative funding to cover staff time associated with the program.
- D) None. The Air District distributes “pass-through” funds to public agencies and private entities on a reimbursement basis. Administrative costs for the TFCA program is provided by the funding source.
- E) None. The Air District match and administrative funding for this project comes from the TFCA program. Funding for capital expenditures and program launch costs comes from three sources: a Congestion Mitigation Air Quality grant, TFCA program, and Partner contributions. Funding for operational costs and will be provided through program revenue including membership dues, user fees and sponsorships.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Jennifer C. Cooper

Attachments

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 11, 2012

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

RECOMMENDATIONS:

Recommend the Board of Directors:

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

BACKGROUND

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

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

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

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

On February 2, 2011, the Board of Directors authorized Air District participation in Year 13 of the CMP, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with CMP funds or MSIF revenues, with individual grant award amounts up to \$100,000. On November 18, 2009, the Air District Board of Directors authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with TFCA funds, with individual grant award amounts up to \$100,000.

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

DISCUSSION

Carl Moyer Program:

The Air District started accepting applications for CMP Year 13 projects on August 8, 2011. The Air District has approximately \$14 million available for CMP projects from a combination of MSIF and CMP funds. Project applications are being accepted and evaluated on a first-come, first-served basis.

As of April 11, 2012, the Air District had received 79 project applications. Of the applications that have been evaluated between February 2, 2012 and April 11, 2012, three eligible projects have proposed individual grant awards over \$100,000. These projects will replace 7 pieces of off-road equipment, which will result in the reduction of 3.2 tons of NO_x, ROG and PM per year. Staff recommends allocating \$416,121 to these projects from a combination of CMP funds and MSIF revenues. Attachment 1 to this staff report provides additional information on these projects.

Attachment 2 lists all of the eligible projects that have been received by the Air District as of April 11, 2012, and summarizes the allocation of funding by equipment category (Figure 1), and county (Figure 2). This list also includes the Voucher Incentive Program (VIP) on-road replacement projects awarded since the last committee update. Approximately 56% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities.

TFCA:

No TFCA applications requesting individual grant awards over \$100,000 received as of April 11, 2012 are being forwarded for approval at this time.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

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

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Anthony Fournier
Reviewed by: Damian Breen

- Attachment 1: BAAQMD Year 13 Carl Moyer Program/MSIF projects with grant awards greater than \$100,000 (evaluated between 2/2/12 and 4/11/12)
- Attachment 2: Summary of all CMP Year 13/MSIF and VIP approved/eligible projects (as of 4/11/12)

Attachment 1:

BAAQMD Year 13 Carl Moyer Program/ MSIF projects with grant awards greater than \$100k
(Evaluated between 2/2/2012 and 4/11/12)

Project #	Applicant name	Equipment category	Project type	Proposed contract award	NOx (TPY)	ROG (TPY)	PM (TPY)	County
13MOY41	F.A. Maggiore & Sons (Farming)	Off-road	The replacement of one (1) off-road diesel powered tractor.	\$ 114,014.00	0.933	0.102	0.040	Contra Costa
13MOY58	Diamond M Dairy	Off-road	The replacement of four (4) off-road diesel powered tractors, and one (1) off-road diesel powered loader.	\$ 150,266.00	0.873	0.170	0.058	Sonoma
13MOY63	Andrew Poncia (Fertilizer co.)	Off-road	The replacement of one (1) off-road diesel powered loader.	\$ 151,841.00	0.928	0.106	0.037	Sonoma
				\$ 416,121.00	2.734	0.378	0.135	

Attachment 2

Summary of all CMP Yr 13/ MSIF and VIP approved/ eligible projects (As of 4/11/12)

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	NOx (TPY)	ROG (TPY)	PM (TPY)	Board approval date	County
13MOY4	Off-road	Tractor replacement	2	\$ 122,000.00	Humberto Castaneda (farmer)	1.076	0.142	0.037	12/7/2011	Sonoma
13MOY6	Off-road	Tractor replacement	2	\$ 29,757.00	Ronald Palmer (Vineyard)	0.126	0.027	0.007	APCO	Sonoma
13MOY9	Off-road	Tractor replacement	1	\$ 23,576.00	Joesph Pinheiro (Dairy)	0.159	0.028	0.008	APCO	Sonoma
13MOY15	Off-road	Tractor replacement	1	\$ 23,576.00	David Evans dba Marin Sun Farms, Inc.	0.299	0.050	0.016	APCO	Marin
13MOY10	Off-road	Loader replacement	10	\$ 379,700.00	GreenWaste Recovery, Inc.	2.095	0.456	0.115	12/7/2011	Santa Clara
13MOY12	Off-road	Loader replacement	1	\$ 110,132.00	Deniz Dairy	0.541	0.066	0.025	12/7/2011	Sonoma
13MOY17	Off-road	Tractor replacement	1	\$ 36,163.00	Neil Mclsaac & Son Dairy	0.158	0.029	0.013	APCO	Marin
13MOY19	Off-road	Tractor replacement	1	\$ 24,577.00	Foley Family Wines dba Sebastiani Vineyards	0.151	0.033	0.008	APCO	Sonoma
13MOY13	Off-road	Loader replacement	1	\$ 104,943.00	Renati Dairy	0.375	0.070	0.025	12/7/2011	Sonoma
13MOY18	Off-road	Tractor replacement	2	\$ 75,489.00	Gerald & Kristy Spaletta (Dairy)	0.520	0.088	0.029	APCO	Sonoma
13MOY14	Off-road	Tractor replacement	1	\$ 181,905.00	Silva Farms	1.270	0.151	0.055	3/7/2012	Santa Clara
13MOY16	Off-road	Tractor replacement	2	\$ 75,971.00	R. Castaneda Farms	0.490	0.085	0.030	APCO	Sonoma
13MOY23	Off-road	Tractor replacement	1	\$ 257,132.00	Simoni & Massoni Farms	1.365	0.088	0.031	3/7/2012	Contra Costa
13MOY28	Off-road	Tractor replacement	2	\$ 54,212.00	Boisset Family Estates (Vineyard)	0.305	0.062	0.019	APCO	Napa
13MOY21	Off-road	Tractor replacement	1	\$ 28,948.00	Roy and Beverly King (Dairy)	0.105	0.030	0.012	APCO	Sonoma
13MOY29	Off-road	Tractor replacement	2	\$ 168,347.00	RANKINS AG INC.	1.408	0.181	0.063	3/7/2012	Conta Costa
13MOY30	Off-road	Tractor replacement	1	\$ 28,651.00	Clos Du Val Wine Company, Ltd.	0.085	0.016	0.007	APCO	Napa
13MOY33	Off-road	Tractor replacement	1	\$ 29,920.00	Michael Meyer DBA: Meyer Farming	0.107	0.023	0.006	APCO	Sonoma
13MOY24	Marine	Engine reman and repower	4	\$ 590,263.00	Harley Marine Services, Inc.	40.012	0.636	1.192	3/7/2012	Alameda
13MOY37	Off-road	Tractor replacement	1	\$ 30,748.00	Greg Lyons (farmer)	0.324	0.054	0.020	APCO	Solano
13MOY35	Off-road	Tractor replacement	1	\$ 39,700.00	Dominus Estate Corporation	0.129	0.025	0.009	APCO	Napa
13MOY25	Marine	Engine reman and repower	4	\$ 579,878.00	Harley Marine Services, Inc.	37.843	0.602	1.126	3/7/2012	Alameda
13MOY26	Marine	Engine reman and repower	4	\$ 594,249.00	Harley Marine Services, Inc.	34.517	0.542	1.034	3/7/2012	Alameda
13MOY36	Off-road	Equipment replacement	2	\$ 45,106.00	Dutton Ranch Corp.	0.189	0.040	0.012	APCO	Sonoma
13MOY41	Off-road	Equipment replacement	1	\$ 114,014.00	F.A. Maggiore & Sons (Farming)	0.933	0.102	0.040	TBD	Contra Costa
13MOY42	Off-road	Equipment replacement	2	\$ 55,966.00	Dutton Ranch Corp.	0.243	0.046	0.021	APCO	Sonoma
13MOY45	Off-road	Equipment replacement	1	\$ 31,970.00	Arthur Kunde and Sons Inc	0.092	0.018	0.005	APCO	Sonoma
13MOY46	Off-road	Equipment replacement	2	\$ 34,871.00	Carty Bros.	0.179	0.048	0.013	APCO	Solano
13MOY38	Off-road	Equipment replacement	1	\$ 24,175.00	Moon Vineyards	0.099	0.017	0.005	APCO	Napa
13MOY39	Marine	Engine repower	2	\$ 98,386.00	Sal Papetti (Commercial fisherman)	0.601	0.016	0.021	APCO	San Francisco
13MOY31	Marine	Engine repower	2	\$ 82,790.00	Blue & Gold Fleet LP	0.772	-0.017	0.028	APCO	San Francisco
13MOY58	Off-road	Equipment replacement	5	\$ 150,266.00	Diamond M Dairy	0.873	0.170	0.058	TBD	Sonoma
13MOY63	Off-road	Equipment replacement	1	\$ 151,841.00	Andrew Poncia (Fertilizer co.)	0.928	0.106	0.037	TBD	Sonoma
13MOY60	Off-road	Equipment replacement	1	\$ 14,210.00	Cameros Vineyard Management LLC	0.002	0.018	0.004	APCO	Sonoma
13MOY59	Off-road	Equipment replacement	2	\$ 58,766.00	Sinskey Vineyards, Inc., dba Robert Sinskey Vineyards	0.156	0.047	0.019	APCO	Napa

VIP	Truck replacement	1	\$ 40,000.00	James Bell	0.550	0.017	0.036	APCO	Santa Clara
VIP	Truck replacement	1	\$ 40,000.00	Robert E. Poole	0.547	0.002	0.036	APCO	Marin
VIP	Truck replacement	1	\$ 45,000.00	Thomas Garcia	0.970	0.019	0.022	APCO	San Mateo
VIP	Truck replacement	1	\$ 20,000.00	Clark's Rock	0.280	0.010	0.019	APCO	Napa
VIP	Truck replacement	1	\$ 45,000.00	Nanak Singh	0.970	0.019	0.022	APCO	Contra Costa
VIP	Truck replacement	1	\$ 20,000.00	Jill Lee	0.282	0.009	0.019	APCO	Contra Costa
VIP	Truck replacement	1	\$ 35,000.00	Domingo Rodriguez III	0.649	0.016	0.022	APCO	Alameda
VIP	Truck replacement	1	\$ 15,000.00	Kon Chen	0.464	0.009	0.000	APCO	Alameda
VIP	Truck replacement	1	\$ 10,000.00	Kon Chen	0.314	0.006	0.000	APCO	Alameda
VIP	Truck replacement	1	\$ 10,000.00	Kon Chen	0.314	0.006	0.000	APCO	Alameda
VIP	Truck replacement	1	\$ 10,000.00	Kon Chen	0.314	0.006	0.000	APCO	Alameda
VIP	Truck replacement	1	\$ 45,000.00	Richard Renfro	0.452	0.000	0.048	APCO	Alameda
VIP	Truck replacement	1	\$ 5,000.00	James Bell	0.000	0.000	0.008	APCO	Santa Clara
VIP	Truck replacement	1	\$ 45,000.00	James Key	0.970	0.190	0.022	APCO	San Benito
VIP	Truck replacement	1	\$ 20,000.00	Saleem M. Salimi	0.281	0.000	0.007	APCO	Alameda
VIP	Truck replacement	1	\$ 5,000.00	All Points Rolloff Inc.	0.160	0.000	0.011	APCO	Santa Clara
VIP	Truck replacement	1	\$ 45,000.00	Tammy Huang	2.786	0.056	0.000	APCO	San Mateo
VIP	Truck replacement	1	\$ 45,000.00	Tammy Huang	2.786	0.056	0.000	APCO	San Mateo
VIP	Truck replacement	1	\$ 35,000.00	Freddy Alberto Largaespada	2.143	0.053	0.000	APCO	Los Angeles
VIP	Truck replacement	1	\$ 45,000.00	Edward Eric Martinez	2.786	0.056	0.000	APCO	Placer County
VIP	Truck replacement	1	\$ 45,000.00	S/S Trucking	2.786	0.056	0.000	APCO	Alameda
VIP	Truck replacement	1	\$ 25,000.00	Don White	1.546	0.034	0.000	APCO	Alameda
VIP	Truck replacement	1	\$ 45,000.00	Jaswinder Singh	2.768	0.058	0.000	APCO	Contra Costa
VIP	Truck replacement	1	\$ 45,000.00	Robert Kenny	2.786	0.056	0.000	APCO	San Francisco
59 Projects		93	\$ 5,192,198.00		156.431	4.830	4.423		

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 4/11/12

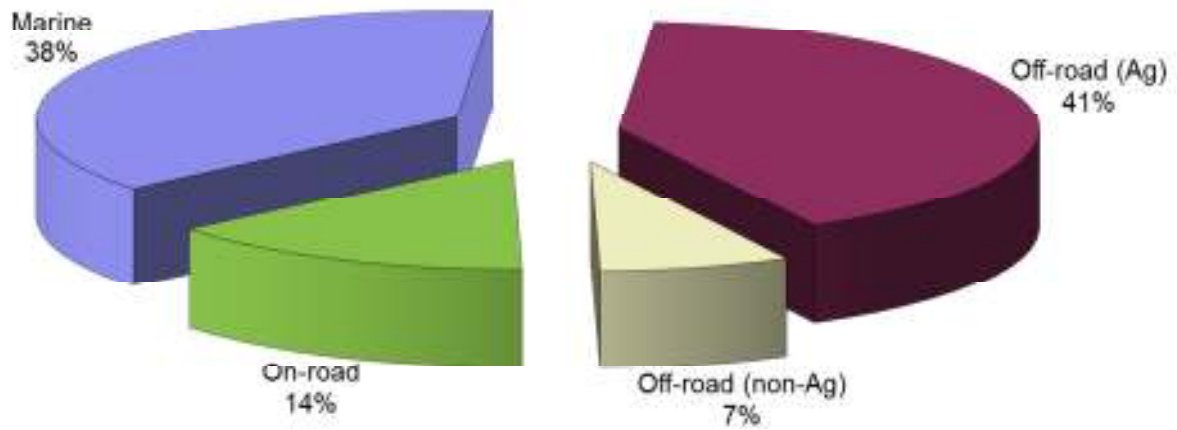
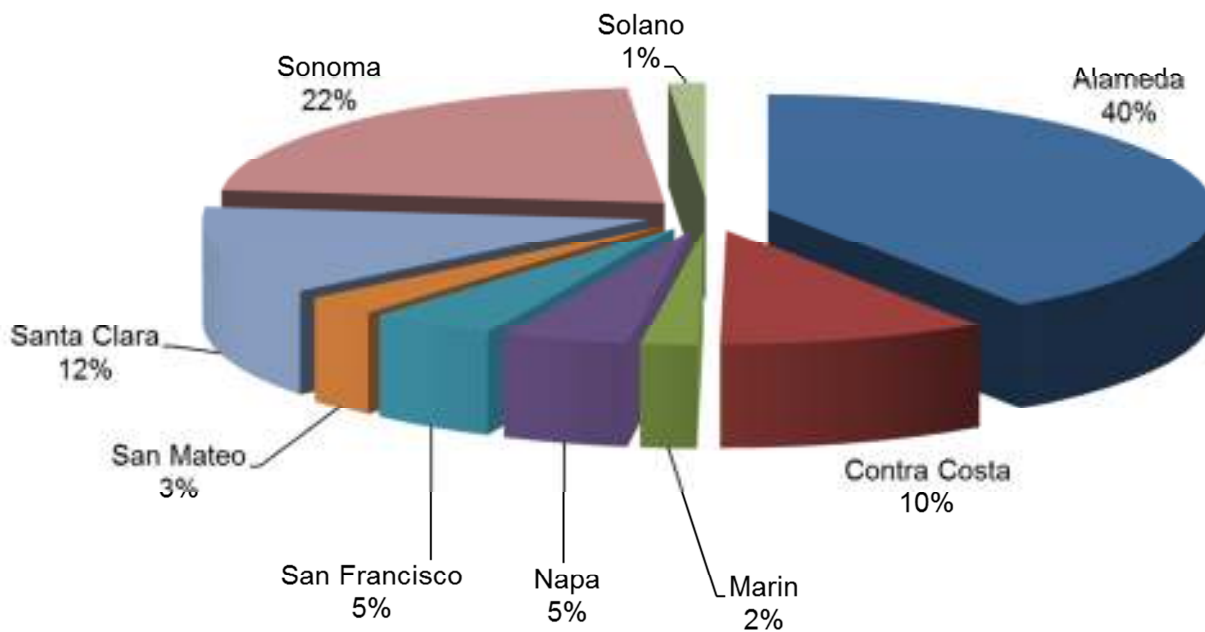


Figure 2: CMP/ MSIF Funding Distribution by County as of 4/11/12



BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2012

Re: Consideration of Transportation Fund for Clean Air (TFCA) County Program
Manager Expenditure Plans for Fiscal Year Ending (FYE) 2013

RECOMMENDATIONS:

Recommend Board of Directors:

1. Approve the allocation of FYE 2013 TFCA County Program Manager Funds listed on Table 1.
2. Authorize the Executive Officer/APCO to enter into funding agreements with the County Program Managers for the total funds to be programmed in FYE 2013, listed on Table 1, consistent with the Board-adopted TFCA Program Manager Fund Policies.

BACKGROUND

Pursuant to California Health and Safety Code Sections 44241 and 44242, the Bay Area Air Quality Management District (Air District) receives a \$4 per vehicle annual surcharge from the Department of Motor Vehicles (DMV) on all motor vehicles registered within its boundaries. The revenues fund the implementation of transportation control and mobile source control measures contained in the Clean Air Plan. By law, the Air District provides forty percent of the revenues generated by this surcharge to the TFCA County Program Manager Fund. Each county in the Air District's jurisdiction is eligible to receive a portion of this funding based on the fees raised in that county, and designates a County Program Manager (CPM) to expend this funding. CPMs submit to the Air District an annual expenditure plan application specifying funding for air quality projects. These expenditure plans are governed by the FYE 2013 TFCA County Program Manager Fund Policies, which were adopted by the Air District's Board of Directors on November 2, 2011.

DISCUSSION

The Air District issued the TFCA FYE 2013 Program Manager Expenditure Plan Application Guidance to County Program Managers on December 22, 2011. The deadline for applications was April 2, 2012, and all nine CPMs submitted compliant applications.

Table 1 below lists the recommended expenditure plan amounts. The amount in the second column in the table is the estimated *new* FYE 2013 TFCA Program Manager funding available for allocation. This estimate is based on actual 2010 annual receipts for that county from the

DMV. The third column in the table lists the total funding available for programming in each county for FYE 2013. This amount includes interest earned and any funds available for reprogramming from projects that were completed under budget or canceled in the previous fiscal year.

Table 1: Estimated Funding for County Program Managers for FYE 2013

County Program Manager	Est. New FYE 2013 TFCA Funds	Total Funds to be Programmed in FYE 2013 (New Funds + Interest + Reprogrammed Funds)
Alameda County Congestion Mgt. Agency	\$1,847,854.61	\$1,887,375.09
Contra Costa Transportation Authority	\$1,341,469.07	\$1,348,680.33
Transportation Authority of Marin	\$335,398.24	\$346,088.69
Napa County Transportation Planning Agency	\$186,018.12	\$192,531.89
San Francisco County Transportation Authority	\$716,200.86	\$992,480.15
San Mateo City/County Association of Gov'ts	\$1,012,000.01	\$1,037,781.01
Santa Clara Valley Transportation Agency	\$2,269,375.68	\$2,327,956.10
Solano Transportation Authority	\$293,581.12	\$294,507.74
Sonoma County Transportation Authority	\$566,733.54	\$618,545.43

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. TFCA County Program Manager revenues are generated from a dedicated outside funding source and are passed through to County Program Managers.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Geraldina Grünbaum
Reviewed by: Karen Schkolnick

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2012

Re: Lower-Emission School Bus Program

RECOMMENDATIONS:

Recommend Board of Directors:

1. Approve the use of Mobile Source Incentive Funds (MSIF) for the following three newly allowable project types under the Lower-Emission School Bus Program (LESBP):
 - The replacement of on-board natural gas fuel tanks,
 - Infrastructure improvements of deteriorating natural gas fueling dispensers, and
 - Retrofit of in-use school buses with emission control devices.
2. Allocate \$7.5 million in MSIF to fund all allowable project types under the LESBP.

BACKGROUND

The Air District has participated in the LESBP since its creation in 2001 by the California Air Resources Board (ARB). The program is currently subject to ARB's 2008 LESBP Guidelines, which provide for the replacement of 1986 model year and older public school buses, and the retrofit of 1987 model year and newer school buses.

Under the 2008 LESBP Guidelines, the Air District was allocated over \$8.5 million in I-Bond funds for school bus replacement and retrofit projects. In addition, since 2008, the Air District Board has allocated nearly \$16.1 million in MSIF revenues for public school bus replacement projects, as allowed by the LESBP Guidelines. To date, the Air District has allocated these funds to retrofit 361 school buses and replace 107 public school buses.

DISCUSSION

On December 10, 2011, ARB revised the 2008 LESBP Guidelines to allow MSIF funds to be used to fund three new project categories in addition to school bus replacement:

- The replacement of on-board natural gas fuel tanks,
- Improvements of deteriorating natural gas fueling dispensers operated by a public school district, and
- The retrofit of in-use school buses.

These new uses, available as of January 1, 2012, were authorized by Assembly Bills 462 and 470 (Lowenthal and Halderman, respectively).

As of January 1, 2012, diesel-fueled school buses have been subject to ARB's Truck and Bus Regulation. This regulation requires that 33 percent (%) of the fleet be retrofitted with particulate filters by January 1, 2012, 66% by January 1, 2013, and 100% by January 1, 2014. In addition, the U.S. Department of Transportation requires that compressed natural gas (CNG) buses be removed from service once the on-board CNG tank has reached the manufacturer's service life, typically 15 years.

Given the on-going budget issues faced by most school districts, ARB's school bus rule and the requirement to remove CNG buses from service after 15 years, demand for funding for public school buses (i.e., retrofit and replacement of buses, maintenance of buses and infrastructure) remains high. Therefore, staff is recommending that authorization be given to use existing and future MSIF funding allocated to the LESBP for:

- The replacement of on-board natural gas fuel tanks,
- Improvements of deteriorating natural gas fueling dispensers operated by a public school district, and
- The retrofit of in-use school buses.

In addition, staff is recommending that an additional \$7.5 million in MSIF funding be allocated to the LESBP to fund all allowable project types under the LESBP.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. MSIF funding comes with administrative funding to cover staff time associated with the program.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Geraldina Grünbaum
Reviewed by: Karen Schkolnick

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2012

Re: Transportation Fund for Clean Air Overview

RECOMMENDATION:

None. Informational item, receive and file.

BACKGROUND

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

Sixty percent (60%) of TFCA funds are awarded directly by the Air District through a grant program known as the Regional Fund. The remaining forty percent (40%) of TFCA funds are forwarded to the designated agency within each Bay Area county and distributed by these agencies through the Program Manager Fund. Portions of the TFCA Regional Fund are allocated to eligible programs implemented directly by the Air District, including the Smoking Vehicle Program and the Spare the Air Program. The balance is allocated on a competitive basis to eligible projects proposed by project sponsors.

DISCUSSION

In the early years of the Air District's incentive program (1992 to 1998), the Transportation Fund for Clean Air (TFCA) was the sole source of funding for school bus replacements, truck, light-duty vehicle, shuttle, ridesharing, bicycle, traffic calming and smart growth projects. This funding has been augmented by the Carl Moyer Program in 1998, Assembly Bill 923 which allowed the Air District to establish its Mobile Source Incentive Fund (MSIF) in 2004, and the 2007 California Goods Movement Bond (I-Bond) fund.

During the past five years, the Air District has received almost double the amount of funding it received in FYE 2008. This increase has been largely attributed to the availability of new funding sources for heavy-duty diesel truck and other large engine projects. At the same time,

during this same time period, the amount of funding for light-duty alternative fuel vehicle and trip-reduction projects has remained constant.

Given the recent expansion in funding for heavy-duty vehicle project types, the Air District's TFCA Regional Fund has recently focused funding on eligible project types that complement and supplement the Air District's other incentives programs. This refocusing has allowed the Air District to position itself as the Bay Area's leading funding source for specialized areas such as Plug-in Electric Vehicle projects (through the Alternative Fuel Vehicle and Infrastructure program) and Bikesharing (through the Trip Reduction category). Recently, looming regulatory compliance deadlines have spiked demand for funding in the heavy-duty diesel project categories and TFCA Regional Funds have been identified as an additional source that can be used to supplement the other available sources of funding for these projects.

As part of this report, staff will recap the expenditures of funding in FYE 2012 and discuss with the Committee the proposed project categories, demand for TFCA Regional Funds, and projected funding for the TFCA Regional Fund program in FYE 2013.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. The Air District distributes "pass-through" funds to public agencies and private entities on a reimbursement basis. Administrative costs for the TFCA program is provided by the funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Karen Schkolnick
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 12, 2012

Re: Regional Bicycle Share Pilot Project Contractor Selection

RECOMMENDATION:

Recommend the Board of Directors:

1. Approve the selection of Alta Bicycle Share (Alta), contractor, to assist the Bay Area Air Quality Management District (Air District) and the Santa Clara Valley Transportation Authority, SamTrans, San Francisco Municipal Transportation Agency, San Mateo County and Redwood City (partner agencies), to deploy an organized network of publically-accessible bicycles for transportation use along the Peninsula transportation corridor under a Climate Innovation Program (CIP) grant from the Metropolitan Transportation Commission (MTC).
2. Authorize the Executive Officer/APCO to enter into an agreement not to exceed \$5,969,000 with Alta to deploy the bike share program required under the MTC grant.
3. In the event that a contract cannot be agreed upon with the selected contractor, authorize the Executive Officer/APCO to enter into an agreement with the next consecutively ranked highest bidders, DecoBike or B-cycle to execute all necessary agreements to deploy the bike share program.

BACKGROUND

On October 27, 2010, the Air District was awarded \$4.29 million in CIP grant funding from the MTC to lead a regional bicycle sharing pilot project in partnership with the Santa Clara Valley Transportation Authority, SamTrans, San Francisco Municipal Transportation Agency, San Mateo County and Redwood City. CIP funds will be matched by \$1.4 million from FY 09/10 Transportation Fund for Clean Air (TFCA) Regional Funds (approved by the Air District's Board of Directors on November 3, 2010) and \$1.3 million from the partner agencies. Match funding will be used to cover staff and administrative expenses and approximately \$6 million in funding is available for direct program expenses.

DISCUSSION

The Air District issued a Request for Proposals (RFP) on February 9, 2012, seeking a qualified firm to design, build, operate, maintain, manage and publicize a network of publicly available bicycles. The selected firm would implement a pilot Regional Bike Share System (System) that would deploy 1,000 bicycles in the cities of San Jose, Palo Alto, Mountain View, Redwood City and San Francisco for a duration of at least 12 months.

The goal of the pilot is to test and develop a self-funded regional Bike Share System that complements existing transportation options by providing a convenient option for residents, commuters, and visitors making short trips to and from transit facilities, places of employment and residence, and social and recreational destinations. The solicitation also sought proposals for: 1) the future expansion of the System i.e. increasing the number of bicycles and kiosks within the initial participating pilot areas; and 2) increasing the number of participating areas to expand the System to provide service in additional Bay Area communities.

On February 21, 2012, the Air District hosted a bidder's conference at its San Francisco location which was attended by 26 interested parties. The deadline to respond to the RFP was March 21, 2012. In response to the RFP the Air District received six proposals. Staff along with representatives from the partner agencies (Panel) analyzed and scored the proposals using the following criteria:

Table 1 - RFP Scoring Criteria and Percentages

Criteria	Points Possible
Past Experience: Bidder's past experience in successfully launching and operating a bike share system similar to that specified in this request for proposals	25
Demonstrated familiarity with state and federal procedures	10
Service Component: Depth and quality of responses, extent to which "Essential" and "Desired" elements meet or exceed the requirements, understanding of the concept, Scope of Work, program Implementation Plan, Business/Finance Plan, insurance, etc.	20
Equipment Component: Depth and quality of responses, extent to which "Essential" and "Desired" elements meet or exceed the requirements, infrastructure requirements, technology features, warranties, system design and durability, etc.	20
Cost: Value of service level and quality and quantity of equipment provided	25

Based on the average score for each proposal (see Table 2), staff is recommending that the Committee recommend the Board of Directors authorize the Executive Officer/APCO to enter into an agreement not to exceed \$5,969,000 with the highest ranked bidder Alta. Through this contract, Alta would provide all of the capital equipment (including bicycles, station kiosks and docks) and services required to launch and operate the service. Launch activities include final station design, permitting and installation, and system development (set up warehouse and office space, hire local employees and contractors and development of website and marketing materials). Operational activities include equipment maintenance and rebalancing of bicycles among stations, management of call center, customer service, website operation, management of reporting, accounting, and legal issues, and equipment and software upgrades, warranty repairs and replacements.

Table 2 – Maximum Points by Criteria and Bidder Scores and Ranking

	Past Experience (25 Pts.)	Fed/State Procedures (10 Pts.)	Service (20 Pts.)	Equipment (20 Pts.)	Cost (25 Pts.)	Score and Ranking
Alta Bike Share	21	7	17	16	9	71 / 1st
DecoBike	15	6	12	14	14	59 / 2nd
B-cycle	19	5	16	16	3	59 / 3rd
Bike Nation	3	2	13	11	17	46 / 4th
Tracetel	5	0	10	8	16	38 / 5th
eBike	2	0	6	4	14	25 / 6th

Alta was the highest ranked bidder in each of the criteria areas with the exception of cost. Alta has extensive experience in the management and deployment of bicycle sharing systems domestically and internationally. Alta has previously deployed and currently operates bicycle sharing systems in several cities including Montréal (Canada), Washington DC and Boston; and has been chosen to deploy and operate additional bicycle sharing systems in New York City and Chicago. Their methodology and approach to the Bay Area deployment leverages these past experiences and was determined by the Panel to be best approach to successfully completing the pilot project. While other companies submitted lower costs bids, their methodology for project implementation on the service and equipment components, experience with state and federal requirements and past experience did not lead the Panel to believe that their approaches to project implementation would be as successful as Alta's.

However, due to the rapid timeline required (Fall 2012) by this project it may be necessary to explore alternative proposals should negotiations with Alta be unsuccessful. Therefore, staff is also requesting that the Board of Directors authorize the Executive Officer/APCO to enter into an agreement with the second or third ranked bidders DecoBike and B-cycle in the event that a contract cannot be agreed upon with Alta. While DecoBike and B-cycle have the same point score (59) DecoBike is ranked second in accordance with the RFP guidelines that states that if two or more proposals receive the same number of points, the Air District will accept the lower cost offer. DecoBike proposed a lower cost offer than B-cycle and is therefore ranked second.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None. The Air District match and administrative funding for this project comes from the TFCA program. Funding for capital expenditures and program launch costs comes from three sources: a Congestion Mitigation Air Quality (CMAQ) grant, TFCA program, and partner agencies contributions. Funding for operational costs will be provided through program revenue including membership dues, user fees and sponsorships.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Joseph Steinberger
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Gioia and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 23, 2012

Re: Sustainable Communities Strategy Update

RECOMMENDED ACTION:

None; receive and file.

BACKGROUND

In 2008, the California Legislature adopted SB 375, requiring all metropolitan planning organizations in the State of California to develop “Sustainable Communities Strategies” (SCS) that align regional transportation, regional housing, and regional land-use plans. In the Bay Area, the SCS will be included as part of the 2013 Regional Transportation Plan (RTP). The goals of the SCS are to 1) curb greenhouse gas (GHG) emissions from cars and light duty trucks through land use planning and transportation investments, and 2) house all forecasted regional population at all income levels.

Per the requirements of SB 375, the California Air Resources Board set the GHG reduction targets for the Bay Area. The Bay Area region must reduce per capita GHG emissions from cars and light duty trucks 7% below 2005 levels by 2020 and 15% by 2035.

Staff from the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC) provided an update on the development of the SCS to the Board’s Climate Protection Committee on October 31, 2011.

DISCUSSION

In the Bay Area, the development of the SCS is being led by ABAG and MTC. On March 9, 2012, ABAG released its *Draft Jobs-Housing Connection Scenario*, which serves as the draft preferred land use scenario for the SCS. On April 6, 2012, MTC released its *Draft Transportation Investment Strategy* for the RTP. These two draft documents will ultimately comprise the SCS and are designed to meet the 2020 and 2035 GHG reduction targets for the region.

The Bay Area SCS/RTP includes other air quality performance targets beyond GHG reductions. These were developed in consultation with District staff to measure how the SCS/RTP will affect regional and local air quality. These performance targets include:

- Reduce premature deaths from exposure to fine particulate emissions by 10%
- Reduce coarse particulate emissions by 30%
- Achieve greater particulate emissions reduction in highly-impacted areas

District staff has participated in many levels of discussion and planning of the SCS, including:

- Participation in all meetings of the Regional Advisory Working Group (RAWG)
- Participation in the RAWG Ad Hoc Committee on Performance Targets
- Participation in the Housing Methodology Committee
- Participation in the Inter-agency Modeling Committee
- Participation in the Equity Working Group
- Development of air quality performance targets for the SCS
- Participation in regional agency staff meetings
- Participation in SCS EIR working group
- Preparing healthy infill analysis for the draft EIR

ABAG, MTC and District staff will provide an update on the status of the development of the SCS in the Bay Area, including an overview of the *Draft Jobs-Housing Connection Scenario*, the *Draft Transportation Investment Strategy*, how the SCS meets the GHG reduction targets, and the timeline for completion of the SCS.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Gioia and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 19, 2012

Re: Update on Bay Area Air Quality Trends

RECOMMENDED ACTION:

None. For information only.

BACKGROUND

The Air District regularly prepares and updates emissions inventories of criteria air pollutants, toxic air contaminants and greenhouse gas emissions in the San Francisco Bay Area. These inventories estimate emissions from all sources, including stationary sources subject to Air District regulations, as well as on-road and off-road mobile and other sources subject to state and federal regulations. These emissions inventories provide a critical foundation for numerous Air District activities, including air quality planning, rule development, the Clean Air Communities Initiative, and the climate protection program.

The Air District also maintains a network of monitoring stations that measure concentrations of various air pollutants in ambient air. Monitoring data is used for various purposes, including determining compliance with ambient air quality standards, air quality planning, identifying localized areas with high levels of air pollution, forecasting Spare the Air days, and public outreach and education.

Tracking long term trends in emissions inventories and monitoring data allow the Air District to evaluate progress and identify priorities for future air quality programs.

DISCUSSION

Staff will provide the Board of Directors with a summary of air quality trends, including:

- Major source categories for fine particulate matter (PM_{2.5}), reactive organic gases (ROG), nitrogen oxides (NOx) and sulfur dioxide (SO₂);
- Trends in emissions of these pollutants from all sources;
- Trends in greenhouse gas emissions, and
- Trends in air quality monitoring data.

BUDGET CONSIDERATION / FINANCIAL IMPACT:

None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Henry Hilken