



**BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT**

**BOARD OF DIRECTORS
CLIMATE PROTECTION COMMITTEE
COMMITTEE MEMBERS**

**JOHN AVALOS - CHAIR
SUSAN ADAMS
JOHN GIOIA
JAN PEPPER
SHIRLEE ZANE**

**ASH KALRA - VICE CHAIR
TERESA BARRETT
SCOTT HAGGERTY
MARK ROSS**

**THURSDAY
MARCH 20, 2014
9:30 A.M.**

**7th FLOOR BOARD ROOM
939 ELLIS STREET
SAN FRANCISCO, CA 94109**

AGENDA

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. PUBLIC COMMENT PERIOD

(Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at Air District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.

3. APPROVAL OF MINUTES OF DECEMBER 9, 2013

Clerk of the Boards/5073

The Committee will consider approving the attached draft minutes of the Climate Protection Committee meeting of December 9, 2013.

4. REGIONAL CLIMATE PROTECTION WORK PROGRAM

**J. Roggenkamp/4646
jroggenkamp@baaqmd.gov**

The Committee will consider recommending Board of Directors approval of a 10-point work program to guide Air District climate protection activities in the near term, following the Board of Directors' adoption of a Regional Climate Protection Strategy Resolution at the November 6, 2013 meeting.

5. **CALIFORNIA CAP AND TRADE PROGRAM REVENUE ALLOCATION OVERVIEW**

D. Breen/5041

dbreen@baaqmd.gov

The Committee will receive an overview of the California Cap and Trade Program Revenue Allocation.

6. **AB 32 SCOPING PLAN UPDATE**

J. Roggenkamp/4646

jroggenkamp@baaqmd.gov

The Committee will receive a briefing on the Air Resources Board's (ARB) update of the AB 32 Scoping Plan.

7. **COMMITTEE MEMBERS' COMMENTS**

Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may; ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Government Code § 54954.2)

8. **TIME AND PLACE OF NEXT MEETING** – Thursday, May 15, 2014, Bay Area Air Quality Management District Office, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

9. **ADJOURNMENT**

The Committee Chair shall adjourn the meeting.

CONTACT THE CLERK OF THE BOARDS

(415) 749-5073

FAX: (415) 928-8560

939 ELLIS STREET, SF, CA 94109

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 three 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 District's offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body.

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

**EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS**

MARCH 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	17	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets Quarterly at the Call of the Chair)</i> - CANCELLED	Monday	17	10:00 a.m.	4 th Floor Conf. Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	19	9:45 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of Every Other Month)</i>	Thursday	20	9:30 a.m.	Board Room
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Monday	24	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	26	9:30 a.m.	4 th Floor Conf. Room

VIDEOCONFERENCE LOCATION:
Santa Rosa Junior College Doyle
Library Room 4243
1501 Mendocino Avenue
Santa Rosa, CA 95401

Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> - CANCELLED	Thursday	27	9:30 a.m.	Board Room
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APRIL 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	2	9:45 a.m.	Board Room
Board of Directors Legislative Committee <i>(At the Call of the Chair)</i>	Thursday	3	10:00 a.m.	4 th Floor Conf. Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	9	9:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	16	9:45 a.m.	Board Room

APRIL 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	21	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	23	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	24	9:30 a.m.	Board Room

MAY 2014

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	7	9:45 a.m.	Board Room
Advisory Council Regular Meeting <i>(Meets on the 2nd Wednesday of each Month)</i>	Wednesday	14	9:00 a.m.	Board Room
Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday of every other month at 9:30 a.m.)</i>	Thursday	15	9:30 a.m.	Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	19	9:30 a.m.	4 th Floor Conf. Room
Board of Directors Stationary Source Committee <i>(Meets Quarterly at the Call of the Chair)</i>	Monday	19	10:00 a.m.	Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	21	9:45 a.m.	Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	22	9:30 a.m.	Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	28	9:30 a.m.	4 th Floor Conf. Room

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Avalos and Members
of the Climate Protection Committee

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

Date: March 10, 2014

Re: Climate Protection Committee Draft Meeting Minutes

RECOMMENDED ACTION

Approve attached draft minutes of the Climate Protection Committee meeting of December 9, 2013.

DISCUSSION

Attached for your review and approval are the draft minutes of the Climate Protection Committee meeting of December 9, 2013.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Gallagher
Reviewed by: Rex Sanders

Attachment

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

Videoconference Location:
Santa Rosa Junior College
Doyle Library Room 4243
1501 Mendocino Avenue
Santa Rosa, CA 95401

DRAFT MINUTES

Summary of Board of Directors
Climate Protection Committee Meeting
Monday, December 9, 2013

1. Call to Order – Roll Call

Chairperson John Avalos called the meeting to order at 9:39 a.m.

Present: Chairperson John Avalos; and Directors Susan Adams, Scott Haggerty, Jan Pepper, Mark Ross and Shirlee Zane (via videoconference).

Absent: Committee Vice-Chairperson David Hudson; and Directors Teresa Barrett and John Gioia.

Also Present: Board of Directors Vice-Chairperson Nate Miley.

2. Public Comment Period: None.

3. Approval of Minutes of October 23, 2013

Committee Comments: None.

Public Comments: None.

Committee Action:

Director Ross made a motion, seconded by Director Adams, to approve the Minutes of October 23, 2013; and the motion carried unanimously.

4. Regional Climate Protection Work Program

Jean Roggenkamp, Deputy Air Pollution Control Officer, introduced Henry Hilken, Director of Planning, Rules and Research, who gave the staff presentation Regional Climate Protection Work Program, including background, work program revisions, summaries of stakeholder meeting and input, Air District resource needs and next steps.

The Committee and staff discussed, regarding slide 6, *Air District Resource Needs*, fee recovery eligibility.

Mr. Hilken concluded the presentation.

Committee Comments:

The Committee and staff discussed the noteworthiness of the Air District response on this item; the identity of and notification process to stakeholders; the amount of time needed for further outreach; the state of the current draft work program and future revisions of the same after initial adoption; information relative to the delta between staff needs and the Air District's current fee authority; the explicit inclusion of Community Choice Aggregations (CCAs) as a key component to the development of renewable energy in the future; the feasibility of bringing in local agencies that have climate action plans in the works for project collaboration with the Air District; a carbon tax on all applicable permittees as a way to simultaneously generate funds and to disincentivize greenhouse gas (GHG) emissions; the suggestion for future work on cumulative impacts; a suggestion that a gas tax change may be due; the likely timeline for Board adoption of the work program; and the importance of moving as quickly as possible while taking the time needed to execute a robust public participation phase

Mr. Broadbent suggested adoption in the first quarter of 2014 and an initial Board discussion at the January retreat.

Public Comments:

Jeff Dorian, 350 Bay Area, delivered to the Committee correspondence from Floyd Earl Smith attaching a revised draft work program.

Jed Holtzman, 350 Bay Area/350 San Francisco, addressed the Committee to commend the discussion regarding CCAs and a carbon tax, to note the invitation to oil industry to the public workshop that they chose not to attend, to express support for the correspondence delivered by Mr. Dorian on behalf of Mr. Smith, to commend the establishment of interim goals in the work program, and to suggest that the integration of the work program and permit review process is critical to the program's success.

Stephanie Harvey, Communities for a Better Environment/Sunflower Alliance, addressed the Committee to encourage forward thinking, incentive-based support for businesses and a focus on the creation of clean-energy jobs.

Charles Davidson addressed the Committee regarding current refinery production and emissions and the potential impacts of the proposed energy projects by the same.

Jim Wilson addressed the Committee regarding the impropriety of allowing industry to pollute the air that is partially cleaned by residents' respiratory systems at the expense of good health and to suggest that a carbon tax may be more popular than presumed.

Committee Comments (continued):

The Committee and staff discussed the utilization of social media; the implementation of a carbon tax to fund more proactive projects by the Air District; that a carbon tax is mostly a change in name and appearance only from those fees already imposed; and whether the item would return to the Committee before going to the Board for approval

Committee Action: None; informational only.

5. California Air Pollution Control Officers Association (CAPCOA) GHG Reduction Exchange (Rx)

Mr. Broadbent introduced the topic and David Vintze, Air Quality Planning Manager of Planning, Rules and Research, gave the staff presentation CAPCOA GHG Rx, including background, motivation, key components, an explanation of how the exchange operates and current status.

Committee Comments:

The Committee and staff discussed the ability of someone to game the system to simultaneously benefit from this program and the State's cap-and-trade system; the user friendliness of the permit application process; the Air District process for verification of permit application data; the eligibility of the Marin Carbon Project; why the decision was made to establish another program rather than enhance the State's cap-and-trade system; experiences relative to other programs that allowed out-of-state and out-of-country participants; when reportable activity is likely to occur under the program; the motivation for enrollment in this program and whether credits from other regions are allowed; the desirability of the exchange credits remaining within individual air district regions; about the timing of the outreach on the program; and about the Air District website linkage.

Mr. Broadbent said the Committee will receive an update in the first quarter of 2014.

Public Comments: None.

Committee Action: None; informational only.

6. Committee Members' Comments: None.

7. Time and Place of Next Meeting:

Thursday, January 16, 2014, Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, California 94109 at 9:30 a.m.

8. Adjournment: The meeting adjourned at 10:55 a.m.

Sean Gallagher
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Avalos and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 11, 2014

Re: Regional Climate Protection Work Program

RECOMMENDED ACTION

Recommend that the Board of Directors adopt the attached 10-Point Climate Action Work Program.

BACKGROUND

On November 6, 2013, the Air District Board of Directors unanimously adopted Resolution 2013-11, *Resolution Adopting a Greenhouse Gas Reduction Goal and Commitment to Develop a Regional Climate Action Strategy* (Attachment A). This resolution sets a regional goal of reducing greenhouse gas (GHG) emissions 80% below 1990 levels by 2050. In order to make progress toward achieving this goal, the resolution calls on the Air District to develop a regional climate protection strategy, and directs Air District staff to develop a work program to guide and document the Air District's climate protection activities in the near term.

In conjunction with resolution 2013-11, Air District staff developed a 10-Point Climate Action Work Program that represents the focus, direction and priorities of the Air District's Climate Protection Program over the next two years. At its December 9, 2013 meeting, the Climate Protection Committee directed staff to perform additional outreach to local governments and key stakeholders in order to solicit feedback and input on the Work Program.

DISCUSSION

Since the last Climate Protection Committee, Air District staff conducted a series of meetings throughout the region, and met with a broad range of stakeholders to present and solicit feedback on the draft Work Program. To date, staff has convened a total of 15 meetings and one public workshop on the draft Work Program. Through these meetings, staff has reached out to regional and local government agencies, special districts, transportation agencies, business organizations, public health officers, environmental advocacy groups and community-based organizations (a complete list is included in Attachment B).

Staff will provide an overview of the proposed 10-Point Climate Action Work Program (Attachment C), a summary of the meetings convened, and the feedback received.

BUDGET CONSIDERATION / FINANCIAL IMPACT

Enhanced climate protection activities would require additional resources. Such resources are being identified in preparation of the FYE 2015 budget. Climate protection activities occurring through June 2014 can be funded within the existing FYE 2014 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

Attachment A: Climate Protection Strategy Resolution
Attachment B: List of Stakeholders
Attachment C: 10-Point Climate Action Work Program for the Bay Area

BAY AREA AIR QUALITY MANAGEMENT DISTRICT**RESOLUTION No. 2013 - 11****A Resolution of the Board of Directors of the Bay Area Air Quality Management District****Resolution Adopting a Greenhouse Gas Reduction Goal and Commitment to Develop a Regional Climate Protection Strategy**

WHEREAS, The Intergovernmental Panel on Climate Change (IPCC) has stated in its recently released 5th Assessment Report, *Climate Change 2013: The Physical Science Basis*, that “Warming of the climate system is unequivocal,” and “It is *extremely likely* that human influence has been the dominant cause of the observed warming since the mid-20th century”; and,

WHEREAS, Conservative estimates by the world’s climate scientists state that to achieve climate stabilization and avoid cataclysmic climate change, emissions of greenhouse gases (GHGs) must be brought to 80% below 1990 levels by 2050; and

WHEREAS, The Bay Area Air Quality Management District launched a Climate Protection Program in 2005, and through this program works with the State of California, regional agencies, and city and county governments throughout the Bay Area region to reduce greenhouse gas emissions, thus providing a national model for climate leadership; and

WHEREAS, The Global Warming Solutions Act of 2006 commits the State of California to reduce greenhouse gas emissions to 1990 levels by 2020, and the Governor’s Executive Order S-3-05 establishes as State policy to reduce greenhouse gas emissions 80% below 1990 levels by 2050; and,

WHEREAS, The Air District’s 2010 Clean Air Plan set performance objectives to “Reduce emissions of greenhouse gases (GHGs) to 1990 levels by 2020 and 40% below 1990 levels by 2035”; and

WHEREAS, The Air District has invested in the development of local climate action plans throughout the Bay Area through its Climate Protection Grant Program, and nearly 50 Bay Area local governments have developed and adopted climate action plans; and

WHEREAS, The counties of Alameda and San Francisco have adopted goals of reducing GHG emissions 80% below 1990 levels by 2050, and many other jurisdictions, including Contra Costa County, San Mateo County, Santa Clara County, and the cities of Berkeley, Burlingame, Daly City, Hayward, Millbrae, San Jose, San Mateo and San Rafael, have adopted goals of reducing GHG emissions 80% below 2005 levels by 2050, through their adoption of the Sierra Club Cool Cities and Cool Counties resolutions; and

WHEREAS, The Center for Disease Control and Prevention (CDC) states that the increased temperatures and extreme weather events that are anticipated to be caused by climate change will likely create a number of health threats; and

WHEREAS, The CDC states that “heat exposure has a range of health effects,” including “increasing ground level ozone concentrations, causing direct lung injury and increasing the severity of respiratory diseases such as asthma and chronic obstructive pulmonary disease,” and states that “higher temperatures and heat waves increase demand for electricity and thus combustion of fossil fuels, generating airborne particulates and indirectly leading to increased respiratory disease;” and

WHEREAS, The CDC states that “increased concentrations of ground-level carbon dioxide and longer growing seasons could result in higher pollen production, worsening allergic and respiratory disease;” and

WHEREAS, Climate change may increase the occurrence and severity of wildfires in and around the Bay Area, resulting in increased PM2.5 exposure and associated negative health impacts, including respiratory and cardiovascular effects; and

WHEREAS, Measures to reduce Bay Area GHG emissions often would also result in reductions in emissions of criteria air pollutants and toxic air contaminants and support the goals of the Air District’s *2010 Clean Air Plan*; and

WHEREAS, Reducing greenhouse gas emissions can achieve co-benefits for disproportionately impacted communities by reducing exposure to particulate matter and air toxic pollutants and thereby reducing the negative health impacts in those communities; and

WHEREAS, Greenhouse gas reduction policies that achieve energy and resource savings can yield economic co-benefits to residents and businesses within the Bay Area; and

WHEREAS, Regional Agencies in the Bay Area are actively engaged in climate action planning, through efforts such as *Plan Bay Area*, the Bay Conservation and Development Commission’s *Adapting to Rising Tides Project*, and the Air District’s development of the *2014 Clean Air Plan*, and are coordinating these planning efforts through the Joint Policy Committee; and

WHEREAS, Pursuant to California Clean Air Act and Amendments (HSC Sections 39002 and 40910 et seq) and the Federal Clean Air Act and Amendments (42 U.S.C. Section 7401 et seq.), the Air District has authority to regulate emissions from non-vehicular sources of air pollution, including GHGs, and to enact more stringent requirements than federal or State law; and

NOW, THEREFORE, BE IT RESOLVED, The Board of Directors seeks to build on local, regional and state climate protection planning efforts by leading a regional climate protection planning process to include:

- Setting a goal for the Bay Area region of reducing GHG emissions to 80% below 1990 levels by 2050, and developing specific performance objectives to track progress in achieving the goal; and
- Developing a Regional Climate Action Strategy to guide and document the Air District's work towards achieving the 2050 goal for GHG emission reductions that complements existing planning efforts at the state, regional and local levels, utilizing the Air District's 2014 Clean Air Plan to coordinate the planning and outreach processes; and
- Directing staff to develop a work program to guide and document the Air District's climate protection activities in the near term, to be approved by the Board of Directors in the first quarter of 2014.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director AVALOS, seconded by Director ADAMS, on the 6th day of NOVEMBER, 2013, by the following vote of the Board:

AYES: ADAM, AVALOS, BARRETT, CHAVEZ, GIOIA, GROOM, HAGGERTY, HUDSON, KIM, KLATT, MAR, MILEY, PEPPER, PIEPHO, ROSS, SPERING, WAGENKNECHT, ZANE, KALRA

NOES: NONE

ABSENT: BATES, KNISS, SBRANTI

ABSTAIN: NONE



Ash Kalra
Chairperson of the Board of Directors

ATTEST:



Carole Groom
Secretary of the Board of Directors

10-Point Climate Action Work Program/Clean Air Plan County Meetings Outreach Meetings

Air District staff has convened a total of 15 meetings with stakeholder groups, and one public workshop, to conduct outreach and solicit input on the Draft 10-Point Climate Action Work Program. Below is a list of the meetings convened and the stakeholder groups that attended each meeting. This list does not include stakeholders that were invited to meetings but did not attend.

COUNTY-BASED MEETINGS

Alameda County

General Services Agency
Alameda County Public Health
StopWaste.Org
Bay Localize

Contra Costa County

Contra Costa Health Services
Contra Costa Dept. of Conservation
Contra Costa Water District
Contra Costa Office of the Sheriff
City of Antioch
East Bay Regional Parks
Contra Costa Council/East Bay Leadership Council

Marin County

Marin Climate and Energy Partnership
Sustainable Marin
City of San Rafael
City of Novato, Planning Director
Marin Clean Energy
Tamalpais Community Services District
Marin County Health Dept.
Marin County Director of Community Development
Marin County Chamber of Commerce

Napa County

Napa County Transportation and Planning Authority
City of American Canyon
City of Napa

San Francisco County

San Francisco Department of the Environment
SPUR
Business Council on Climate Change (BC3)

Joint Venture Silicon Valley Public Sector Climate Taskforce (San Mateo and Santa Clara Counties)

Air District staff met with the Taskforce, which includes public agency and private sector members from Santa Clara and San Mateo counties. Members present at the meeting include:

San Mateo County
Santa Clara County
PMC Consulting
PG&E
City of Los Gatos
City of Milbrae
Redwood City
City of Palo Alto
City of Morgan Hill
Another Bus (private business)
City of Los Altos
City of San Carlos
City of San Mateo
Sierra Club
Portola Valley
Bay Area Climate Collaborative
Optimy (private business)
Climate Corporation, San Mateo County
San Mateo City/County Association of Governments
City of South San Francisco

Santa Clara County (Planning Officials)

City of Saratoga
City of Los Gatos
City of Cupertino
City of Mountain View
City of Sunnyvale
City of Belmont
City of Santa Clara
City of Morgan Hill
City of Campbell
City of Palo Alto

Solano County (Planning Directors)

City of Dixon
City of Fairfield
City of Benicia
Solano County
City of Rio Vista
Solano Transit Authority
Solano County Local Agency Formation Commission (LAFCO)
City of Vacaville
City of Vallejo

Sonoma County

Sonoma County Permit and Resource Management Dept.
Regional Climate Protection Authority/Sonoma County Transportation Authority
Sonoma County Water Agency
Sonoma County Energy
Climate Protection Campaign
Regional Climate Protection Authority
City of Santa Rosa
North Bay Climate Adaptation Initiative
Sonoma Ecology Center

SPECIAL INTEREST MEETINGS

350 Bay Area

Air District staff met directly with 350 Bay Area, a grassroots environmental advocacy organization representing individual climate advocates.

Bay Area Clean Water Agencies

Air District staff presented to a meeting of the Bay Area Clean Water Agencies, including a diverse group of water agencies from around the region.

California Council for Environmental and Economic Balance (CCEEB)

Air District convened two direct meetings with CCEEB membership. CCEEB is a non-profit coalition of industry, labor and public leaders.

Regional Agency Planning Staff

Association of Bay Area Governments
Bay Conservation and Development Commission
Joint Policy Committee
Metropolitan Transportation Commission

Silicon Valley Leadership Group

Air District staff met directly with Silicon Valley businesses serving on SVLG's Environment Committee.

10-Point Climate Action Work Program

March 13, 2014

This 10-Point Climate Action Work Program represents the focus and direction of the Air District's Climate Protection Program in 2015. This Work Program reflects the Air District's strength in playing a coordinating role for policy implementation at the federal, state, regional and local levels. The actions described below will serve as the Air District's priorities for the next two years as it continues to work with many stakeholders to reduce the Bay Area's greenhouse gas (GHG) emissions.

1. **Set GHG Reduction Goal** – Set a goal to reduce GHG emissions in the Bay Area 80% below 1990 levels by 2050 to align the Air District with Executive Order S-3-05, and work with stakeholders to develop interim targets and performance objectives, including per capita targets, to support this goal.
2. **Update GHG Inventory and Forecasting** – Update the Air District's regional GHG emissions inventory for the Bay Area. Conduct GHG emissions forecasts for 2020, 2035 and 2050. Use input from stakeholders, including local governments, to develop different GHG emissions scenarios, which will lay a foundation for the development of the Regional Climate Action Strategy described below. Seek to incorporate effects of federal, state (Scoping Plan), regional (Plan Bay Area and 2014 Clean Air Plan), and local (local climate action plans) initiatives. Identify gaps between forecast reductions from existing and proposed plans and measures, and the 2050 goal.
3. **Implement GHG Emissions Monitoring** – Initiate local monitoring of certain greenhouse gases, including methane and carbon dioxide. The Air District will integrate monitoring of methane within its current air monitoring network. The Air District will work with UC Berkeley researchers to collect local CO₂ emissions data through a university-led network of local CO₂ monitoring stations. Data collected will help develop a better understanding of ambient concentrations, variability and trends over time, as well as provide more specific local data for the regional GHG inventory.
4. **Develop Regional Climate Action Strategy** – Identify policy gaps between the 2050 GHG goal and interim GHG reduction targets and local climate action plans, Plan Bay Area, federal and state regulations and programs, and policies where the Air District has authority or influence to control GHG emissions. These potential Air District actions could be included in the 2015 Clean Air Plan and serve as a Regional Climate Action Strategy. The Strategy will encourage regional and local economic approaches that support the 2050 goal and interim targets of this Work Program. Conduct an economic and public health impacts study of the Strategy, including a focus on disadvantaged communities. Continue to work with the Joint Policy Committee and its member agencies to support regional planning efforts to reduce GHG emissions and benefit public health. Conduct a robust public outreach effort, as part of the 2015 Clean Air Plan process, including work with local researchers, representatives of affected industry, commercial interests, governing bodies, environmental organizations and community groups to engage them in discussion about the need, and path forward, for significant GHG reductions.
5. **Support and Enhance Local Action** – Increase the local implementation of GHG-reducing policies and programs through enhanced technical assistance to cities and counties and special districts in preparing and implementing local Climate Action Plans. Expand technical assistance to local governments through development of incentive programs, CEQA mechanisms and providing necessary data:
 - Support local climate action planning through data delivery, technical tools, providing a clearinghouse of information and promoting best practices;

- Promote EV readiness and best practices in local plans;
 - Explore funding sources for incentives to improve energy efficiency, including work with ARB to potentially use Cap and Trade auction proceeds, and working with other potential sources of funding to increase investment in local and regional GHG reduction;
 - Update CEQA thresholds for GHGs and update CEQA Guidelines to assist cities, counties and other lead agencies;
 - Work with lead agencies to use the CAPCOA GHG Exchange for offsite mitigation under CEQA (e.g., work with organizations such as the Marin Carbon Project to develop protocols for GHG reduction credits); develop offset protocols that support GHG reduction projects in the Bay Area;
 - Work with GHG emissions data providers to provide regular and consistent data to local governments;
6. **Initiate Rule Development** – Initiate rule development to advance GHG reduction in sources subject to Air District regulatory authority, and identify opportunities to require GHG emission reductions in existing rules and policies. Examples may include:
- Review the Air District’s permitting program for opportunities to facilitate GHG emission reductions.
 - Reduce methane emissions and other short-lived climate pollutants, such as black carbon;
 - Enhance and/or backstop upcoming federal requirements to control GHG emissions from new and existing power plants;
 - Increase deployment of heat mitigating technologies and policies, such as cool roofing and cool paving;
 - Explore opportunities to reduce energy use in the residential, commercial and industrial sectors;
 - Work with stakeholder groups to identify additional opportunities to reduce GHG emissions through Air District rule-making.
7. **Expand Enforcement** – Expand enforcement of statewide regulations to reduce GHGs, especially short-term climate pollutants. Continue working with the Air Resources Board (ARB) to enforce existing Scoping Plan regulations addressing landfills, semiconductors and refrigerants. Work with ARB to explore further opportunities through the development of the Scoping Plan Update.
8. **Launch Climate Change & Public Health Impacts Initiative** – Collect and synthesize information, reports and data on climate change impacts related to air quality, public health and disproportionate impacts. Work with state and local public health professionals to identify policies and programs targeting impacts that affect air quality and public health, including wildfires and extreme heat. Include impacts associated with black carbon emissions. Identify strategies and funding opportunities to assist the most vulnerable populations and disadvantaged communities.
9. **Report Progress to the Public** – Select indicators to measure, track and report on progress toward the 2050 goal and related performance objectives. Report this information publicly, presented in a manner that informs and engages the public, such as Berkeley’s Climate Action Plan Results web page.
10. **Explore the Bay Area’s Energy Future** – Assign the Air District’s Advisory Council the role of investigating technical issues related to the Air District’s Climate Protection Program. Initially focus on the energy future of the Bay Area, including examining trends in Bay Area fossil fuel demand and production, and exploring opportunities for the Air District to promote and support the development of clean energy options.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Avalos and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 5, 2014

Re: Overview of California Cap and Trade Program Revenue Allocation

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

A key element of the State of California's efforts to reduce GHG emissions is the California Air Resources Board's (ARB) Cap and Trade regulation (Title 17, California Code of Regulations, section 95800 et seq.), which creates a limit on the emissions from sources responsible for 85 percent of California's GHG emissions. The goal of this program is to reduce GHG emissions from regulated entities by more than 16 percent between 2013 and 2020. The Cap and Trade regulation applies to electric power plants and industrial plants (refineries, chemical plants, etc.) that emit 25,000 metric tons of carbon dioxide equivalent (CO₂e) per year or more. In 2015, the rules will also apply to fuel distributors (including distributors of heating and transportation fuels) that meet the 25,000 metric ton threshold, ultimately affecting a total of around 360 businesses throughout California. The program imposes a GHG emission limit that will decrease by approximately two percent each year through 2015, and by approximately three percent annually from 2015 through 2020 to achieve the required 16% total reduction.

Under the Cap and Trade regulation, ARB places a limit, or Cap, on GHG emissions by issuing a limited number of tradable permits (called allowances) equal to the Cap annually. Each allowance amounts to one metric ton of carbon dioxide equivalent. These allowances are distributed by ARB in a mix of free allocation to industries and via quarterly auctions. The portion of emissions covered by free allowances will vary by industry, but initially will account for approximately ninety percent of a subject business's overall emissions. The percentage of free allowances allocated to each business under the cap declines over time requiring them to either reduce their emissions or to buy allowances at auction or from other entities. Businesses may also use verified offsets generated in the United States to comply with 8% of their compliance obligations. Emissions allowances have a minimum value of \$10, which may rise 5% annually over the rate of inflation; additionally, their value is capped at \$40.

The first auction for allowances was held on November 14, 2012. Four additional auctions were held in 2013, with two auctions in 2014 already scheduled. Because of the structure of the

regulation, auctions are divided into two segments: one where allowances are reserved for electric utilities and the other where allowances are reserved for all other market segments. To date, the auctions have generated \$1.37 billion, of which \$836 million was received from sale of allowances reserved for electric utilities. Revenues generated from sale of allowances reserved for electrical utilities will be allocated by the California Public Utilities Commission (CPUC) for programs benefiting utility ratepayers. Revenues from the other portion of the auction are allocated via the following two step process:

1. **Three-Year Investment Plans:** The California Department of Finance (DOF) prepares and ARB must adopt a three-year investment plan identifying priority investments for auction proceeds.
2. **Annual Budget Appropriations:** Funding will be appropriated to State agencies by the California Legislature, consistent with the three-year investment plan prepared by DOF and adopted ARB.

As part of this report, staff will discuss the structure of the current DOF and ARB investment plan, the Governor's proposed budget allocations of Cap and Trade revenues for the fiscal year ending (FYE) 2015 California State Budget, implications of the proposed budget for the Bay Area, challenges and next steps.

DISCUSSION

The Current Three-Year Investment Plan

ARB adopted the initial three-year investment plan for Cap and Trade revenues on April 25, 2013, covering State of California FYE 2014 through 2016. The Plan recommends that expenditures be directed to three broad categories:

- Sustainable Communities and Clean Transportation
- Energy Efficiency and Clean Energy
- Natural Resources and Waste Diversion

Legislation (SB 535), put in place to govern the expenditure of Cap and Trade revenues, requires that 25 percent of the proceeds subject to the investment plan be expended to benefit disadvantaged communities. SB 535 also requires that at least 10 percent of the proceeds be expended directly within those communities. While the initial investment plan did take this legislation into account, in the majority of categories ARB established more aggressive funding distribution targets for Cap and Trade revenue distribution in impacted communities as illustrated in the following table:

Table 1 - Funding Distribution Targets for Cap and Trade Revenues in Impacted Communities

Funding Category	Percentage Funding Targeted to Impacted Communities
Sustainable Communities Strategy (SCS) Implementation	25%
Developing Plans for SCS	50%
Low-Carbon Freight Transport and Zero-Emission Passenger Transportation	50%
Energy Efficiency and Residential Weatherization	50%
Public Energy Efficiency and Renewable Energy	50%
Industrial/Agricultural Energy Efficiency	50%
Forests and Ecosystem Management	<25%
Agricultural Management	<25%
Waste Diversion	75%

ARB identified the qualifying disadvantaged communities in the FYE 2014-2016 investment plan using the CALENVIROSCREEN tool as illustrated on the maps included in Attachment 1. CALENVIROSCREEN utilizes 11 types of pollution (e.g., ozone, PM 2.5, diesel particulate matter, etc.) and environmental factors (e.g., pesticide use, traffic density, proximity to toxic release sites, etc.); and seven (7) population characteristics and socioeconomic factors (e.g., asthma, educational attainment, poverty, race/ethnicity, etc.); on a zip code by zip code basis to determine “disadvantage” to local communities. Areas identified for funding in the investment plan represent the top 10% of disadvantaged communities in the State based on the tool.

As is illustrated in the maps in Attachment 1, large portions of San Joaquin Valley and Los Angeles areas have been identified, with very few Bay Area zip codes rising into the top 10% of disadvantaged communities in State. Because CALENVIROSCREEN does not use population or GHG emissions weighting, it is quite possible that the Bay Area may not receive a "fair share" of this funding for its impacted communities. This prospect becomes more evident when the funding targets for impacted communities are overlaid on the proposed State Budget for FYE 2015.

Proposed State Budget

The State Budget for FYE 2014 loaned \$500 million of the Cap and Trade revenue raised via the initial auctions to the State General Fund. The loaned funds are scheduled to be returned in this fiscal year. As a result, Governor Brown’s draft Budget for FYE 2015 allocates \$850 million in Cap and Trade revenue to various State Departments and Agencies for programs consistent with the adopted ARB expenditure plan (as described earlier, the CPUC is also budgeted for Cap and Trade revenues for their adopted ratepayer benefit programs; their use of those revenues is not discussed here). The proposed allocations are summarized in Table 2. However, final allocations

of this revenue will depend on action by the Legislature through the adoption of the final FYE 2015 budget.

Table 2 –Cap and Trade Expenditure in Proposed FYE 2015 California State Budget

Category	Department	Program	Amount (Millions)	% Targeted to Impacted Communities*	Funds for Other Communities*
Sustainable Communities and Clean Transportation	High-Speed Rail Authority Caltrans	Rail Modernization	\$300	50%	\$150
	Strategic Growth Council	Sustainable Communities	\$100	50%	\$50
	Air Resources Board	Low Carbon Transportation	\$200	50%	\$100
Energy Efficiency and Clean Energy	Department of Community Services and Development	Energy Efficiency Upgrades & Weatherization	\$80	50%	\$40
	Department of General Services	Green State Buildings	\$20	50%	\$10
	Department of Food and Agriculture	Agricultural Energy and Operational Efficiency	\$20	50%	\$10
	Department of Water Resources	Water Action Plan – Water and Energy Efficiency	\$20	50%	\$10
Natural Resources and Waste Diversion	Department of Fish and Wildlife	Wetlands and Watershed Restoration	\$30	<25%	\$30
	Department of Forestry	Fire Protection and Urban Forestry	\$30	<25%	\$30
	Cal Recycle	Waste Diversion	\$30	75%	\$7.5
TOTALS			\$830		\$437.5

*Per ARB’s 2014-16 investment plan

Impacts of the Proposed Budget on the Bay Area

As is evidenced by the proposed budget, if the funding plan targets and CALENVIROSCREEN methodology remain in place, large portions of the Bay Area may be eligible for 52% of the available funding only. Additionally, our impacted communities will be competing for disbursements from the remaining 48% of funds in competition with much larger geographic areas in the State.

Based on staff discussion with the ARB and Governor’s office, it is highly unlikely that Cap and Trade revenue will be administered by local entities as part of the upcoming budget cycle. It is expected that the funding (barring new legislation) will remain at State level to be administered by agencies such as ARB, the Department of Forestry, Department of General Services, etc. In the unlikely event that funding does flow through to the Air District, it may come from ARB via the \$200 million Low Carbon Transportation allocation. Regardless, the Low Carbon Transportation allocation should benefit the Bay Area greatly. This is because ARB has proposed allocations in this category for electric vehicle rebates, electric and hybrid truck rebates and advanced technology zero emissions freight demonstration projects for the coming budget cycle.

As the Bay Area leads the per capita adoption of the majority of electric vehicles and hybrid and electric trucks it is likely that a large portion of this funding will come to this region.

In the future, based on the inclusion of the fuel sector under the cap, revenues are expected to grow to the \$8 billion per year mark in 2015. As these revenues grow, ARB and other State agencies have stated that they expect funding flow through to the local level to be expended by entities such as air districts; however, there are no firm policies around when and how this may happen.

Challenges

While Staff is largely supportive of the Governor's proposed budget allocations, especially in the area of low carbon transportation, as expected there is a large demand for this funding. Already, numerous legislative bills and letters have been circulated proposing to allocate the funding differently; and Staff expects that the allocation of this funding will take up a significant portion of the agenda during the current State legislative session. Staff also expects that it will be difficult to maintain the current allocations and that significant effort will be need to ensure air quality programs are considered in the final budget.

Next Steps

Staff is working with the State Legislature and the Bay Area delegation to express our concerns regarding the allocation of funding proportionally to impacted communities based on the CALENVIROSCREEN methodology. Also, staff will continue to work with the California Air Pollution Control Officers Association, the Bay Area delegation and Governor's office to ensure the proposed allocation of funding to low carbon transportation is preserved though the budget process.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

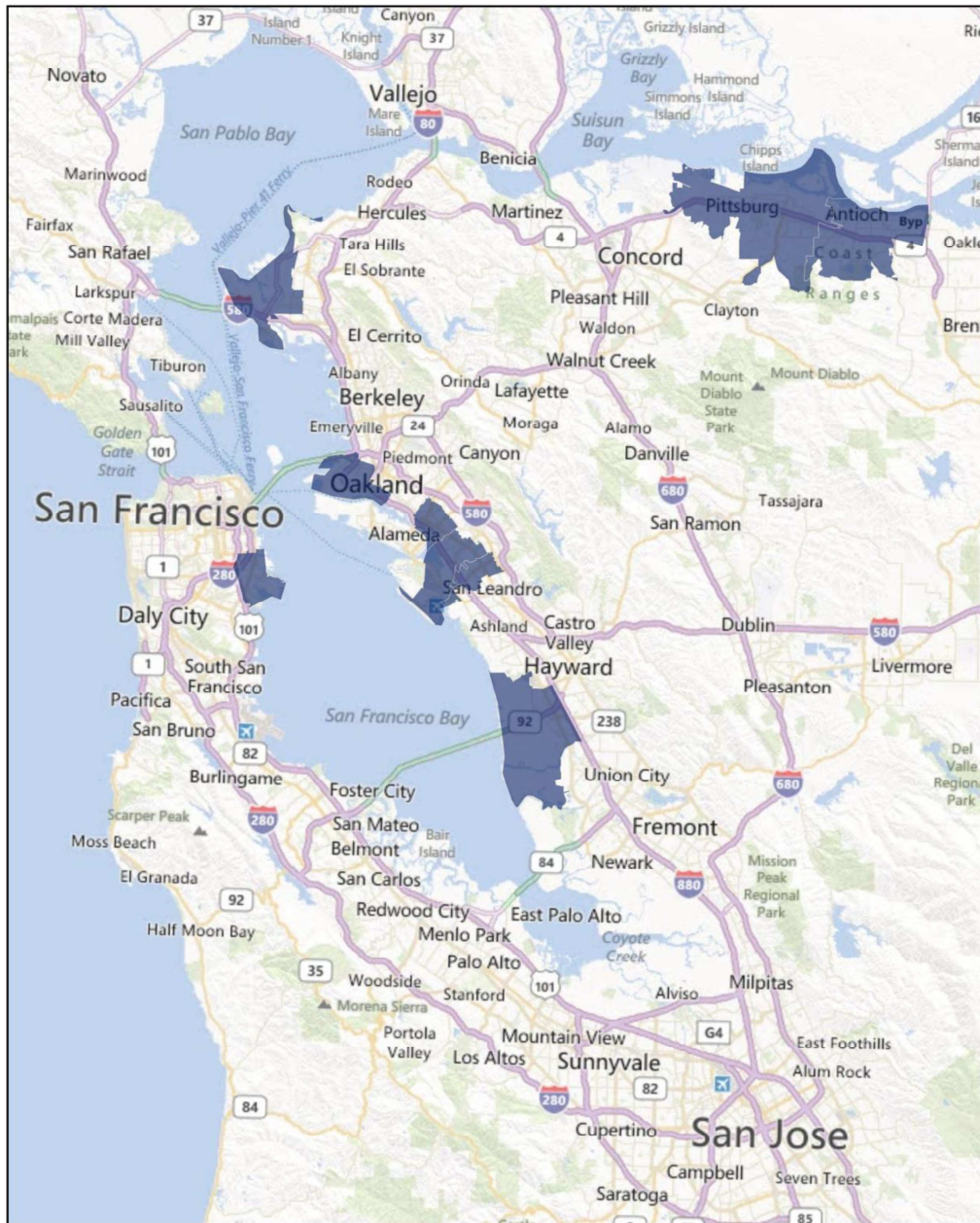
Prepared by: Damian Breen

Attachment 1: Qualifying Disadvantaged Communities as identified by the
CALENVIROSCREEN methodology in the ARB's Investment Plan


Figure C-2
CALENVIROSCREEN VERSION 1.0 (APR 23, 2013)
Top 10% Highest Scoring Census ZIP Codes – San Francisco Area

CalEnviroScreen
1.0 Results

 **Top 10% of ZIP codes**



San Francisco Area

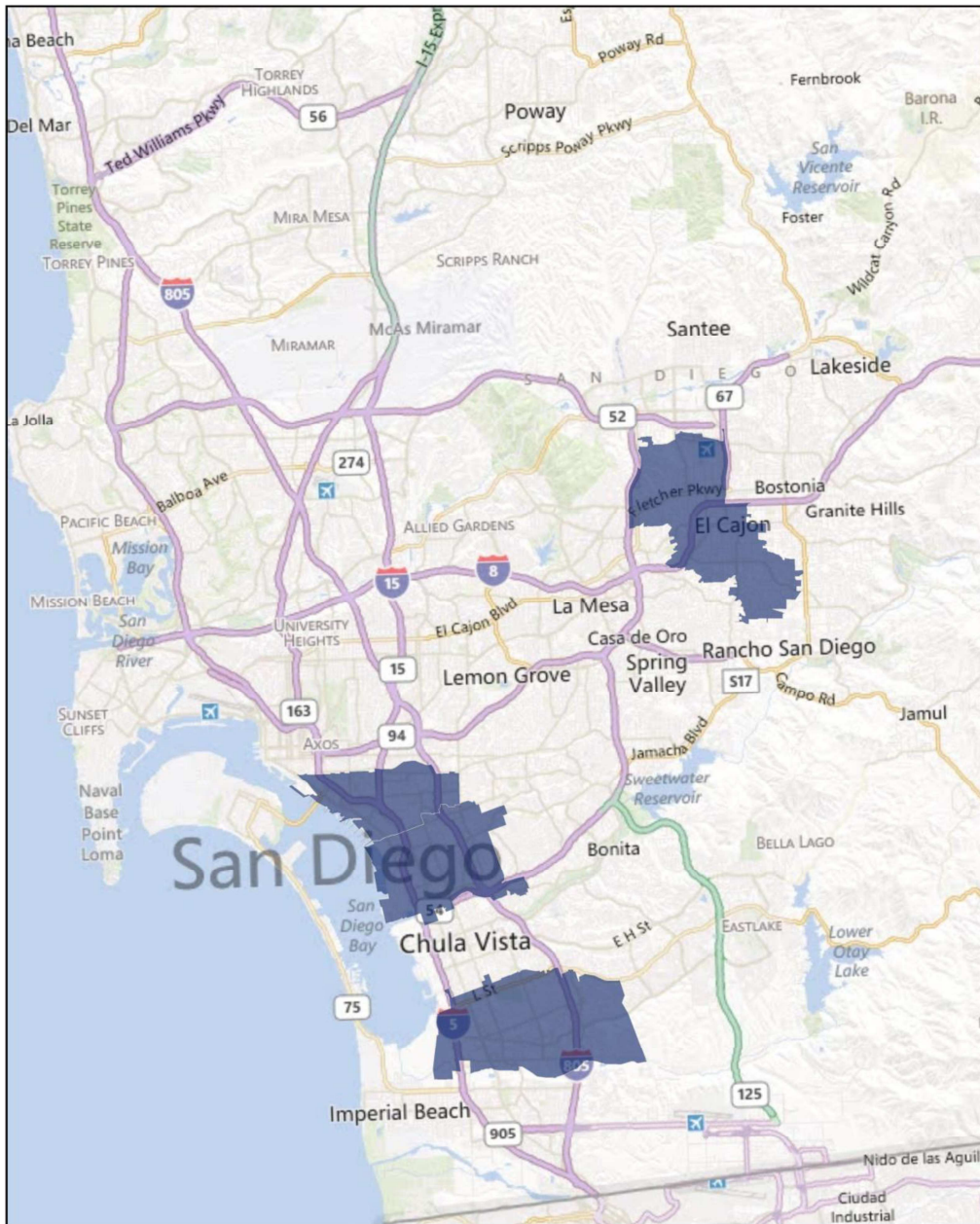
0 2.5 5 10 Miles


Basemap source: (c) 2010 Microsoft Corporation and its data suppliers

Figure C-3
CALENVIROSCREEN VERSION 1.0 (APR 23, 2013)
Top 10% Highest Scoring Census ZIP Codes – San Diego Area

CalEnviroScreen
1.0 Results

 **Top 10% of ZIP codes**



San Diego Area

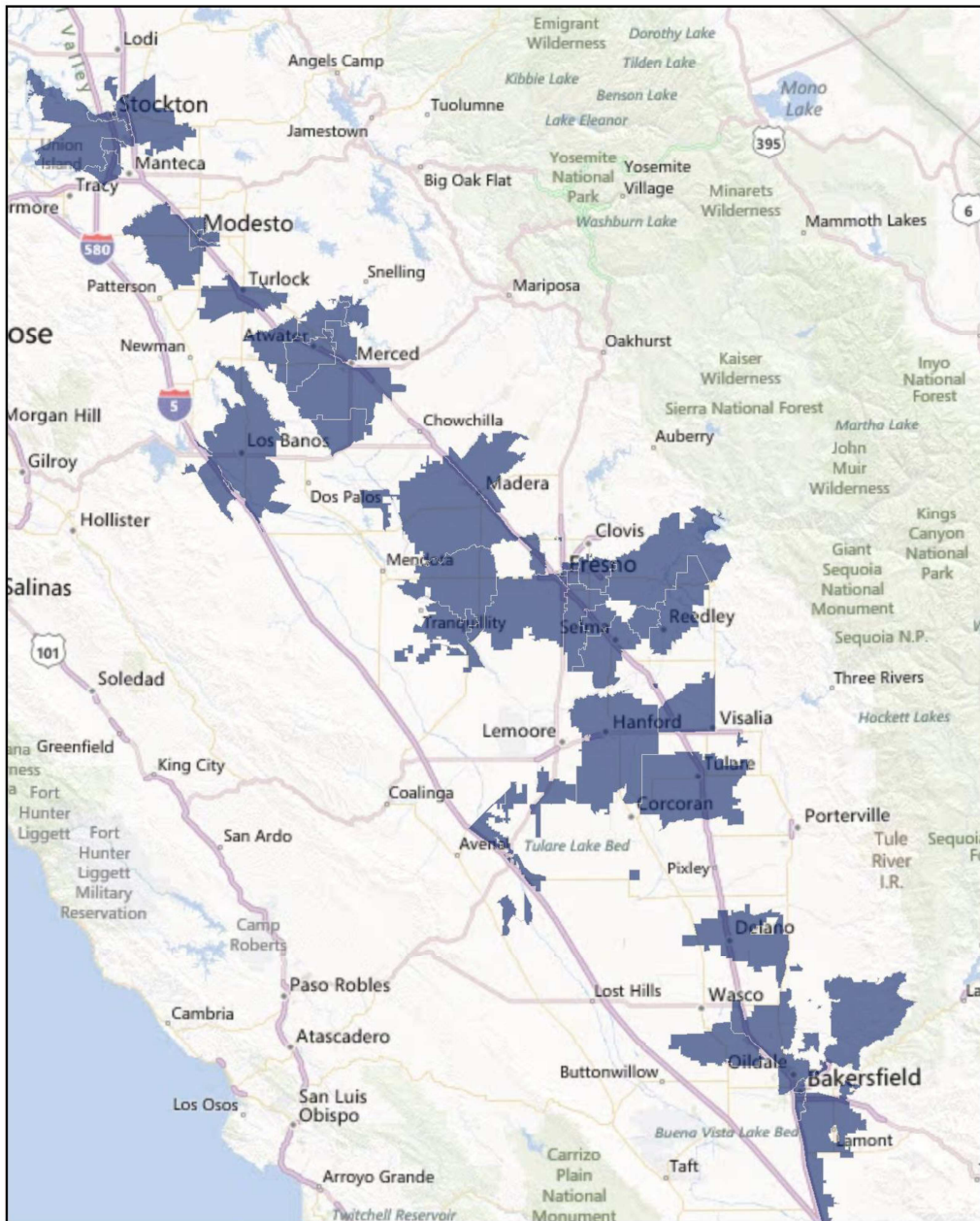


Basemap source: (c) 2010 Microsoft Corporation and its data suppliers

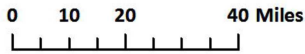
Figure C-4
CALENVIROSCREEN VERSION 1.0 (APR 23, 2013)
Top 10% Highest Scoring Census ZIP Codes – San Joaquin Area

CalEnviroScreen
1.0 Results

 **Top 10% of ZIP codes**



San Joaquin Valley

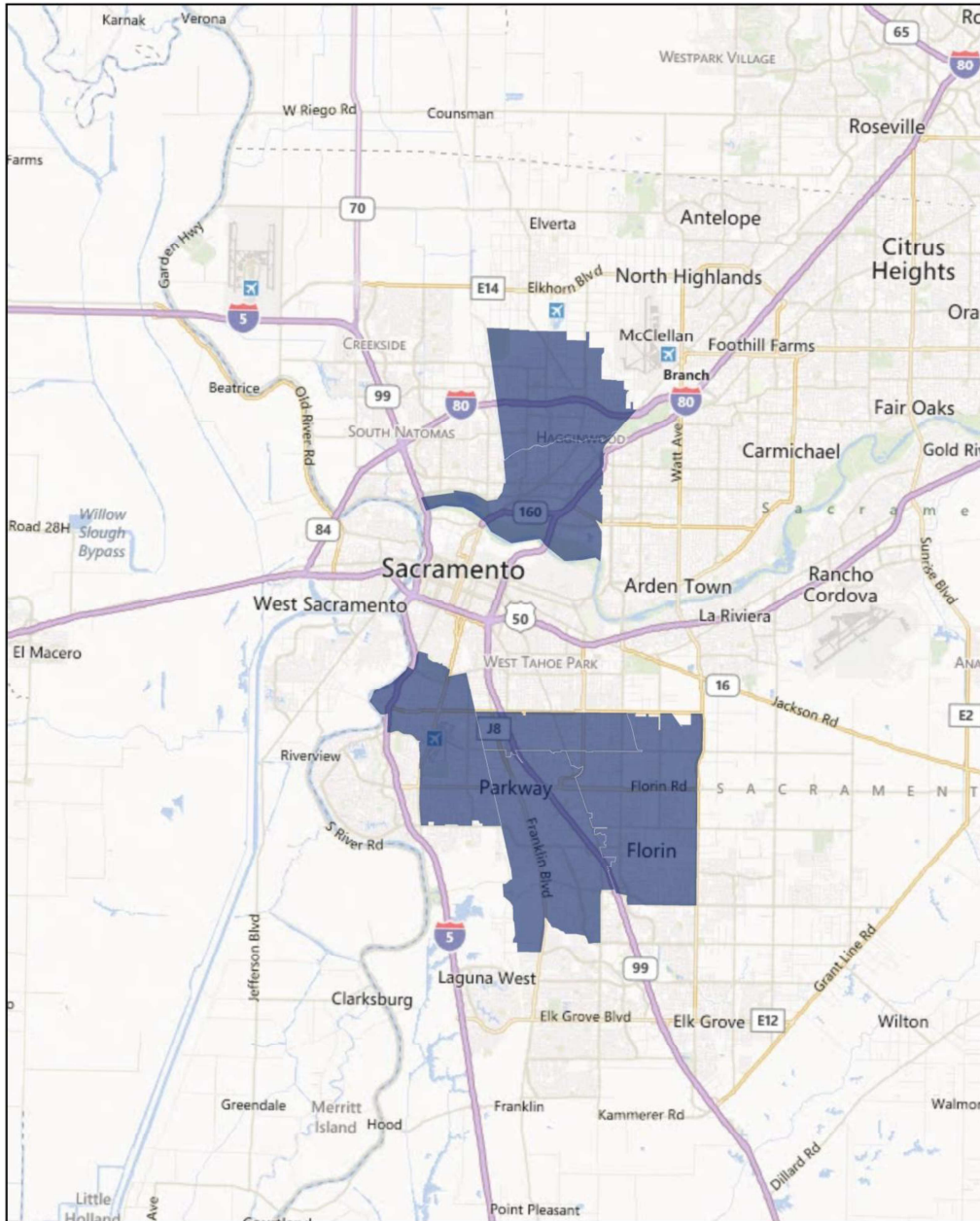


Basemap source: (c) 2010 Microsoft Corporation and its data suppliers

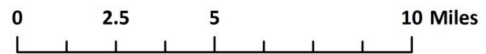
Figure C-5
CALENVIROSCREEN VERSION 1.0 (APR 23, 2013)
Top 10% Highest Scoring Census ZIP Codes – Sacramento Area

CalEnviroScreen
1.0 Results

 **Top 10% of ZIP codes**



Sacramento Area



Basemap source: (c) 2010 Microsoft Corporation and its data suppliers

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Avalos and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: March 6, 2014

Re: Assembly Bill 32 Scoping Plan Update

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Assembly Bill 32 (AB 32), the Global Warming Solutions Act, was passed by the Legislature and signed by Governor Schwarzenegger in 2006. This Act requires the State of California to reduce greenhouse gas (GHG) emissions to 1990 levels by 2020, and calls upon the Air Resources Board (ARB) to develop a strategy for achieving that goal. This strategy, the AB 32 Scoping Plan, must be updated every five years.

ARB released their proposed first update to the Scoping Plan (Update) in February 2014. The Update highlights ARB's progress to date in implementing the initial Scoping Plan and defines ARB's climate change priorities for the next five years. The Update is intended to keep California on course to achieve its near- and long-term climate goals for 2020 and 2050 respectively. ARB will formally present the Update to its Board in Spring 2014.

DISCUSSION

The Update reports that California is on track to meet the state's 2020 GHG target and is well positioned to maintain and continue reductions beyond 2020. The Scoping Plan Update highlights the state's successful initiatives in achieving GHG reductions and recommends key focus areas where additional opportunities exist for future GHG reductions.

Air District staff will provide an overview of the Scoping Plan Update, including opportunities for the Bay Area and Air District involvement.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sigalle Michael
Reviewed by: Henry Hilken