



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS
REGULAR MEETING
FEBRUARY 17, 2016

A regular 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 94109.

**Questions About
an Agenda Item**

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

Meeting Procedures

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

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

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

Public Comment Procedures

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

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

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

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

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

BOARD OF DIRECTORS REGULAR MEETING AGENDA

WEDNESDAY
FEBRUARY 17, 2016
9:45 A.M.

BOARD ROOM
7TH FLOOR

CALL TO ORDER

Chairperson, Eric Mar

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

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

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

For the first round of public comment on non-agenda matters at the beginning of the agenda, ten persons selected by a drawing by the Clerk of the Boards from among the Public Comment Cards indicating they wish to speak on matters not on the agenda for the meeting will have three minutes each to address the Board on matters not on the agenda. For this first round of public comments on non-agenda matters, all Public Comment Cards must be submitted in person to the Clerk of the Board at the location of the meeting and prior to commencement of the meeting.

COMMENDATIONS/PROCLAMATIONS/AWARDS

3. *The Board of Directors will recognize employees who have completed milestones of twenty-five (25), thirty (30), and thirty-five (35) years of service with the Air District during the second half of the 2015 year.*

CONSENT CALENDAR (ITEMS 4 – 13)

Staff/Phone (415) 749-

4. Minutes of the Board of Directors Special Meeting of January 20, 2016

Clerk of the Boards/5073

The Board of Directors will consider approving the draft minutes of the Board of Directors Special Meeting of January 20, 2016.

5. Board Communications Received from January 20, 2016 through February 16, 2016

J. Broadbent/5052

jbroadbent@baaqmd.gov

A copy of communications directed to the Board of Directors received by the Air District from January 20, 2016 through February 16, 2016, if any, will be at each Board Member's place.

6. Air District Personnel on Out-of-State Business Travel **J. Broadbent/5052**
jbroadbent@baaqmd.gov

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

7. Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of January 2016 **J. Broadbent/5052**
jbroadbent@baaqmd.gov

In accordance with Resolution No. 2012-08, the Board of Directors will receive a list of all Notices of Violation issued, and all settlements for amounts in excess of \$10,000 during the month of January 2016.

8. Quarterly Report of California Air Resources Board Representative - Honorable John Gioia **J. Broadbent/5052**
jbroadbent@baaqmd.gov

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

A summary of Board of Directors, Hearing Board and Advisory Council meeting activities for the fourth quarter is provided for information only. Also included is a summary of the Executive Office and Division Activities for the months of October 2015 – December 2015.

10. Set Public Hearing for March 16, 2016 to Consider Adoption of Proposed Regulation 9, Rule 14: Petroleum Coke Calcining Operations; and Approval of a CEQA Negative Declaration **J. Broadbent/5052**
jbroadbent@baaqmd.gov

At the March 16, 2016 meeting, the Board of Directors will consider adoption of proposed Regulation 9, Rule 14: Petroleum Coke Calcining Operations; and approval of a CEQA Negative Declaration.

11. Set Public Hearing for March 16, 2016 to Consider Adoption of Proposed Regulation 12, Rule 15: Petroleum Refining Emissions Tracking; and Approval of a CEQA, Negative Declaration **J. Broadbent/5052**
jbroadbent@baaqmd.gov

At the March 16, 2016 meeting, the Board of Directors will consider adoption of proposed Regulation 12, Rule 15: Petroleum Refining Emissions Tracking; and approval of a CEQA, Negative Declaration.

12. Consider Authorization for a Purchase Order in Excess of \$70,000 Pursuant to Administrative Code Division II Fiscal Policies and Procedures, Section 4.3 Contract Limitations for California Environmental Quality Act (CEQA) Consulting Services **J. Broadbent/5052**
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to issue a Purchase Order in an amount not to exceed \$254,000 to Environmental Audit, Inc. for consulting services to assist Air District Staff in the preparation of documents required under the California Environmental Quality Act (CEQA).

13. Consider Authorization for a Purchase Order in Excess of \$70,000 Pursuant to Administrative Code Division II Fiscal Policies and Procedures, Section 4.3 Contract Limitations for Socioeconomic Analysis Consulting Services
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to issue a Purchase Order in an amount not to exceed \$300,000 to Applied Development Economics, for consulting services to assist Air District Staff in the preparation of socioeconomic reviews required for rulemaking actions.

COMMITTEE REPORTS/COUNCIL REPORT

14. Report of the **Budget and Finance Committee** Meeting of January 27, 2016
CHAIR: D. Hudson
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) **Air District Financial Audit Report – Fiscal Year Ending 2015**

1) None; receive and file.

B) **Second Financial Report – Fiscal Year Ending 2016**

1) None; receive and file.

C) **Overview of Current Fiscal Year Ending 2016**

1) None; receive and file.

15. Report of the **Mobile Source Committee** Meeting of January 28, 2016
CHAIR: S. Haggerty
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

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

1) Approve Carl Moyer Program (CMP) and Transportation Fund for Clean Air (TFCA) projects with proposed grant awards over \$100,000 as shown in Attachment I; and

2) Authorize the Executive Officer/APCO to enter into agreements for the recommended projects.

B) **Electric Vehicle Charging Station Demonstration Program**

1) Approve the award of Transportation Fund for Clean Air (TFCA) funding to the Electric Vehicle Charging Station Demonstration Program (Program) projects listed in Attachment A and contingency projects listed in Attachment B; and

- 2) *Authorize the Executive Officer/APCO to execute all contracts to expend TFCA funding for the recommended Program projects listed in Attachment A and contingency projects listed in Attachment B.*

C) **Commercial Lawn and Garden Equipment Replacement Program**

- 1) *Allocate remaining funds totaling approximately \$517,270 and interest accrued from the ConocoPhillips-funded Carbon Offset Fund to implement a commercial lawn and garden equipment replacement program; and*
- 2) *Authorize the Executive Officer/APCO to enter into funding agreements and contracts up for eligible commercial lawn and garden equipment replacement projects.*

16. Report of the **Stationary Source Committee** Meeting of February 1, 2016

CHAIR: J. Gioia

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee received the following reports:

A) **Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants Amendments**

- 1) *None; receive and file.*

B) **Assembly Bill (AB) 2588 Air Toxics “Hot Spots” Program Update**

- 1) *None; receive and file.*

17. Report of the **Advisory Council** Meeting of December 3, 2015

BOARD LIAISON: R. Sinks

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Council received the following reports:

A) **Council Introductions**

- 1) *None; receive and file.*

B) **Election of Officers**

- 1) *The Council elected a Chair and Vice Chair for the 2016 year.*

C) **Council Charter**

- 1) *The Council adopted the Council Charter.*

D) **Air District Overview**

- 1) *None; receive and file.*

E) **Presentation and Discussion on First Key Question**

1) *None; receive and file.*

18. Report of the **Advisory Council** Meeting of February 3, 2016
BOARD LIAISON: R. Sinks

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Council received the following reports:

A) **Assembly Bill (AB) 32: California Global Warming Solutions Act of 2006 and the Cap-and-Trade Program**

1) *None; receive and file.*

B) **Review of Refinery Regulation**

1) *None; receive and file.*

C) **Council Deliberation**

1) *None; receive and file.*

19. Report of the **Ad Hoc Building Oversight Committee** Meeting of February 17, 2016
CHAIR: E. Mar

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will receive the following reports:

A) **Move-In Schedule for 375 Beale Street**

1) *None; receive and file.*

PRESENTATION

20. The Wood Stove and Fireplace Replacement Incentive Program

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to execute an agreement with a contractor to develop and implement a wood stove and fireplace replacement incentive program.

21. **CLOSED SESSION**

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):

- a. **California Building Industry Association v. Bay Area AQMD**, Alameda County Superior Court, Case No. RG-10548693; California Court of Appeal, First Appellate District, Case No. A135335, California Supreme Court, Case No. S213478.
- b. **Valero Refining Company – California, and Tesoro Refining & Marketing Company, LLC v. Bay Area AQMD**, Contra Costa County Superior Court, Case No. N16-0095.

OPEN SESSION

PUBLIC COMMENT ON NON-AGENDA MATTERS

22. **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

23. *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

24. Report of the Executive Officer/APCO

25. Chairperson's Report

26. Time and Place of Next Meeting:

Wednesday, March 16, 2016, 939 Ellis Street, San Francisco, California 94109 at 9:45 a.m.

27. Adjournment

The Board meeting shall be adjourned by the Board Chair.

CONTACT:

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

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

- To submit written comments on an agenda item in advance of the meeting. Please note that all correspondence must be addressed to the “Members of the Board of Directors” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Board meeting. Any correspondence received after that time will be presented to the Board at the following meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- Persons with disabilities and individuals who are limited-English proficient who wish to address Board matters. For accommodations or translations assistance, please call 415-749-5016 at least three days in advance of a meeting, so that arrangements can be made accordingly.

Accesibilidad y Título VI: El Distrito del Aire ofrece servicios y realiza las adaptaciones necesarias para las personas con discapacidades y para las personas con un dominio limitado del inglés siempre que estos servicios se soliciten y se deseen tratar asuntos relacionados con la Junta. Si necesita ayuda con algún tipo de adaptación o traducción, llame al 415-749-5016 como mínimo tres días antes de la reunión de manera que puedan realizarse las adaptaciones necesarias.

Magagamit na Tulong at Título VI: Nagbibigay ang Air District ng mga serbisyo at mga akomodasyon, kapag hiniling, sa mga taong may kapansanan at mga taong limitado ang kakayahan sa Ingles na gustong magpahayag tungkol sa mga usapin sa harap ng Lupon. Para sa mga tulong sa akomodasyon o sa pagsasalin, mangyaring tumawag sa 415-749-5016 nang tatlong araw man lamang na una pa sa miting, para makapaghanda ayon sa pangangailangan.

可及度及標題VI: 空氣管理局根據申請為殘障人士和英語熟練程度有限但卻希望參與董事會事宜的人員提供服務和住宿。關於住宿或者翻譯幫助，請至少在會議之前三天致電 415-749-5016，以便作出相應安排。

Tạo Khả Năng Truy Cập và Chương VI: Đặc Khu cung cấp dịch vụ và phương tiện đáp ứng, khi có yêu cầu, cho những người bị khuyết tật và cho những cá nhân không thông thạo Anh ngữ muốn được tham gia các vấn đề của Hội Đồng. Để được phương tiện đáp ứng hoặc trợ giúp phiên dịch, xin gọi số 415-749-5016 ít nhất ba ngày trước khi có hội thảo, để tiện bố trí các phương tiện

Any writing relating to an open session item on this Agenda that is distributed to all, or a majority of all, members of the body to which this Agenda relates shall be made available at the District’s offices at 939 Ellis Street, San Francisco, CA 94109, at the time such writing is made available to all, or a majority of all, members of that body.

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

EXECUTIVE OFFICE:
MONTHLY CALENDAR OF AIR DISTRICT MEETINGS

FEBRUARY 2016

| <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> - CANCELLED / RESCHEDULED TO MARCH 2, 2016 | Monday | 15 | 9:30 a.m. | Board Room |
| Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED | Monday | 15 | 10:30 a.m. | Board Room |
| Board of Directors Ad Hoc Building Oversight Committee <i>(At the Call of the Chair)</i> | Wednesday | 17 | 9:00 a.m. | Board Room |
| Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i> | Wednesday | 17 | 9:45 a.m. | Board Room |
| Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i> -CANCELLED | Wednesday | 24 | 9:30 a.m. | Board Room |
| Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> | Thursday | 25 | 9:30 a.m. | Board Room |
| Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i> | Thursday | 25 | 11:00 a.m. | Board Room |

MARCH 2016

| <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> -CANCELLED | Wednesday | 2 | 9:45 a.m. | Board Room |
| Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> | Wednesday | 2 | 9:30 a.m. | Board Room |
| Board of Directors Personnel Committee <i>(At the Call of the Chair)</i> | Monday | 7 | 9:30 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 |
| Board of Directors Climate Protection Committee <i>(Meets 3rd Thursday of every other Month)</i> | Thursday | 17 | 9:30 a.m. | Board Room |
| Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> -CANCELLED | Monday | 21 | 9:30 a.m. | Board Room |

MARCH 2016

| <u>TYPE OF MEETING</u> | <u>DAY</u> | <u>DATE</u> | <u>TIME</u> | <u>ROOM</u> |
|---|------------|-------------|-------------|-------------|
| Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i> -CANCELLED | Monday | 21 | 10:30 a.m. | Board Room |
| Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i> | Wednesday | 23 | 9:30 a.m. | Board Room |
| Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> -CANCELLED | Thursday | 24 | 9:30 a.m. | Board Room |

APRIL 2016

| <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 | 6 | 9:45 a.m. | Board Room |
| Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> | Monday | 18 | 9:30 a.m. | Board Room |
| Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i> | Monday | 18 | 10:30 a.m. | Board Room |
| Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i> | Wednesday | 20 | 9:45 a.m. | Board Room |
| Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i> | Wednesday | 27 | 9:30 a.m. | Board Room |
| Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> | Thursday | 28 | 9:30 a.m. | Board Room |

HL – 2/9/16 (9:35 a.m.)

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 3, 2016

Re: Minutes of the Board of Directors Special Meeting / Retreat of January 20, 2016

RECOMMENDED ACTION

Approve the attached draft minutes of the Board of Directors Special Meeting / Retreat of January 20, 2016.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Special Meeting / Retreat of January 20, 2016.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Tom Flannigan
Reviewed by: Maricela Martinez

Attachment: Draft Minutes of the Board of Directors Special Meeting / Retreat
of January 20, 2016

Draft Minutes - Board of Directors Special Meeting / Retreat of January 20, 2016

Bay Area Air Quality Management District
Port of San Francisco
Bayside Room
Pier 1
San Francisco, CA 94111
(415) 749-5073

Board of Directors Special Meeting / Retreat
Wednesday, January 20, 2016

DRAFT MINUTES

Note: Audio recordings of the meeting are available on the website of the Bay Area Air Quality Management District at <http://www.baaqmd.gov/about-the-air-district/board-of-directors/resolutionsagendasminutes>.

1. **CALL TO ORDER:** Outgoing Chairperson Carole Groom called the meeting to order at 9:54 a.m.

Roll Call:

Present: Outgoing Chairperson Carole Groom; Chairperson-Elect Eric Mar; Vice-Chairperson Liz Kniss; Secretary David Hudson; and Directors John Avalos, Teresa Barrett, Tom Bates, David J. Canepa, Cindy Chavez, John Gioia, Scott Haggerty, Nate Miley, Karen Mitchoff, Jan Pepper, Katie Rice, Mark Ross, Rod Sinks, Warren Slocum, Jim Spering, Brad Wagenknecht and Shirlee Zane.

Absent: Directors Osby Davis, Margaret Fujioka and Edwin Lee.

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

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

Ken Bukowski, Regional-Video.Com, addressed the Board regarding video access to meetings and materials.

Tracy Gant, Families for Clean Air, addressed the Board of Directors (Board) with a packet of materials on wood-smoke, describing the harm of wood-smoke pollution and the need for stricter regulation and incentives to aid fireplace change-outs.

NOTED PRESENT: Director Avalos was noted present at 9:59 am.

Patti Weisselberg, Families for Clean Air, addressed the Board of Directors (Board) by reading a letter titled “Families for Clean Air – comments on Incentive Program, Wood Smoke Reduction – Jan. 20, 2016” which advocated for increased incentive dollars for wood stove change-outs and reducing carbon emissions.

NOTED PRESENT: Directors Haggarty and Miley were noted present at 10:00 am.

T.M. Cahn, addressed the Board encouraging protection of the public and future generations from wood smoke and the affects from climate change.

COMMENDATIONS / PROCLAMATIONS / AWARDS

3. Outgoing Chairperson Groom welcomed new Board members. The Clerk of the Boards then administered Director Warren Slocum's Oath of Office. Chairperson Groom recognized and passed the gavel to Chairperson-Elect, Eric Mar. Outgoing Chairperson Groom was then recognized by the Board and staff for her outstanding leadership. In return, she expressed her gratitude and thanked the staff and Board for their commitment, efforts on behalf of public health and their professionalism.
4. Chairperson Mar continued by recognizing outgoing Deputy Director Roger Kim for his service and leadership during his time on the Board.

CONSENT CALENDAR (ITEMS 5 – 11)

5. **Minutes of the Regular Board Meeting of December 16, 2015;**
6. **Board Communications Received from December 16, 2015 through January 19, 2016;**
7. **Air District Personnel on Out-of-State Business Travel;**
8. **Notices of Violation Issued and Settlements in Excess of \$10,000 in the Month of December 2015;**
9. **Bay Area Climate Action Leadership Summit;**
10. **Consider Authorizing the Executive Officer/APCO to Execute a Contract in an Amount not to exceed \$79,735 for the Purpose of Purchasing Air Monitoring Equipment;**
11. **Consider Authorizing the Executive Officer/APCO to Execute a Contract in an Amount not to exceed \$150,000 for the Purpose of Agricultural Waste Chipping in Lieu of Open Burning;**

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Wagenknecht made a motion, seconded by Director Kniss, to approve Consent Calendar Items 5 through 11, inclusive; and the motion carried by the following vote of the Board:

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

CLOSED SESSION

At 10:17am, the Board went into closed session.

12. Existing Litigation (Government Code Section 54956.9(a))

Pursuant to Government Code Section 54956.9(a), the Board met 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; California Court of Appeal, First Appellate District, Case No. A135335, California Supreme Court, Case No. S213478.

OPEN SESSION

At 10:56am, the Board re-opened session with no reportable action.

BOARD OF DIRECTORS RETREAT

13. Opening Comments

Chairperson Mar and Jack Broadbent, Executive Officer / Air Pollution Control Officer (APCO), made opening comments.

A. State of the Air District and Air Quality Summary

Mr. Broadbent gave the staff presentation *State of the Air District and Air Quality Summary*, including Bay Area air quality concerns, ozone and PM 2.5 [fine particulate matter] exceedance trends, CARE [Community Air Risk Evaluation] Maps, air toxics and Bay Area greenhouse gas (GHG) emissions trends, improving Bay Area air quality and challenges.

Board Comments:

The Board and staff discussed outreach and enforcement of the wood-smoke program; impact of grant money on cancer risk and trends; concerns about coal trains and the Air District's authority over these trains; reports that the Port of Oakland has decided not to accept exports and private port deliveries are being considered; accuracy of claims regarding coal shipments; accuracy of maps showing cancer risk and trends; maps showing refinery locations; the Air District's aim to balance regulation and incentives to achieve goals with technological innovation; exploring the issue of jobs associated with air quality programs, regulations, and incentives; how the Air District can influence job and housing growth; broadening the conversation around unintended consequences of air quality fixes; and considering regional task forces to aid in keeping local concerns at the forefront when considering air quality issues.

B. Update on Beale Street

Rex Sanders, Director of the Executive and Administrative Resources Division, gave the staff presentation, *Update on 375 Beale Street*, including status report, relocation update and schedule, photos of the new facility, IT [information technology] infrastructure and services, move preparedness and next steps.

Board Comments:

The Board and staff discussed the origins of the wood used in the new boardroom construction; the cost and sale of 939 Ellis; and a report on costs around the upcoming move.

C. Air District Financial Overview

Jeff McKay, Deputy APCO (DAPCO), gave the staff presentation, *Air District Financial Overview*, including financial summaries of recent history and for Fiscal Year Ending 2017 budget, staffing update and purchase of 375 Beale Street.

Board Comments:

The Board and staff discussed long-term projections for funding levels of unfunded liabilities; importance of clarifying the policy goals; the costs associated with transition from lease to mortgage at 375 Beale and condominium fees; financing for the new building; the fortunate outcome of the building sale; and the challenges of hiring staff in the Bay Area.

D. Update on New Council

Mr. McKay gave the staff presentation, *Update on New Council*, including summaries of the Council members and recent and upcoming meetings.

Board Comments:

The Board and staff discussed the addition of an environmental justice representative and the duration of existing Council appointments.

The meeting recessed at 12:30pm.

The meeting resumed at 12:41pm.

E. 2016 Legislative Agenda (Out of Order Agenda Item 13.F.)

Jean Roggenkamp, Deputy Executive Officer, gave the staff presentation *2016 Legislative Agenda*, consisting of a recommendation that the Board adopt a two-part legislative agenda for 2016.

Board Comments:

The Board and staff discussed possible enhancements to the enforcement of the smoking vehicles program; the existence of commuter benefit offerings from employers that predate the Commuter Benefits Program; and the benefits achieved from the Commuter Benefits Program.

Board Action:

Director Mitchoff made a motion, seconded by Director Hudson, to approve the adoption of staff recommendation of a two-part legislative agenda for 2016; and the motion carried by the following vote of the Board:

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

F. Update on Community Programs (Agenda Item 13.E.)

Ms. Roggenkamp gave the staff presentation *Update on Community Programs*, consisting of an overview of current community engagement programs.

Board Comments:

The Board and staff discussed the prior existence of an environmental justice committee; local listening sessions; holding town hall meetings with moderators from the community; notification and dissemination of information to the community; the participation of Peak Democracy; the reformulation of the Council; and actively engaging low-income and limited English-proficiency communities.

G. Production System and Website Project Update

Jaime Williams, Director of Engineering, gave the staff presentation *Production System and Website Project Update*, including 2015 accomplishments, permit applications, permit renewals, inspections, online complaints, permit renewal revenue permit, application revenue, 2016 organizational structure and program deliverables, next steps and complex facility plan.

Board Comments:

The Board and staff discussed the posting meeting materials on the website and placing meeting agendas on the homepage.

H. Key Policy Initiatives

Mr. Broadbent gave the staff presentation *Key Policy Initiatives*, including overview of key policy initiatives, rule development, overviews of and key initiatives for the 2016 Clean Air Plan (CAP) and Regional Climate Protection Strategy, 2016 Climate Summit, Super Bowl 50 and Board calendar.

Board Comments:

The Board and staff discussed the CAP and process for updating; Board member support for community choice energy; value of improving health of natural landscapes including restoration and improvement as a part of key initiatives; and future climate action events.

I. Upcoming Committee Assignments and Goals

Chairperson Mar announced that new committee assignments and goals will be forthcoming.

Public Comments:

Jed Holtzman, 350 Bay Area, addressed the Board regarding the history of assembling the Council, his opposition to the Council agenda for February and the incorporation of California Air Resource Board representatives, and the further development of the CAP with the Climate Protection Committee (CPC).

Board Comments:

The Board and staff discussed how the CAP is developed and vetted through the Executive Committee instead of the CPC.

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

15. BOARD MEMBERS' COMMENTS

Director Mitchoff volunteered to work directly with staff on logistics of convening meetings Contra Costa County.

OTHER BUSINESS

16. **Report of the Executive Officer/APCO:** None.

17. **Chairperson's Report:** None.

18. Time and Place of Next Meeting

The Board meeting scheduled on Wednesday, February 3, 2016 is canceled.

The next meeting will be held on Wednesday, February 17, 2016, at Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, CA 94109 at 9:45 a.m.

19. **Adjournment:** The Board meeting adjourned at 1:31 p.m.

Tom Flannigan
Acting Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 4, 2016

Re: Board Communications Received from January 20, 2016 through February 16, 2016

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Copies of communications directed to the Board of Directors received by the Air District from January 20, 2016, through February 16, 2016, if any, will be at each Board Member's place at the February 17, 2016, Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Vanessa Johnson
Reviewed by: Maricela Martinez

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 1, 2016

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

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

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

The report covers the out-of-state business travel for the month of January 2016. The monthly out-of-state business travel report is presented in the month following travel completion.

DISCUSSION

The following out-of-state business travel activities occurred in the month of January 2016:

- Abhinav Guha, Senior Air Quality Engineer, attended American Meteorological Society Annual Conference on Atmospheric Chemistry in New Orleans, Louisiana, January 10, 2016 – January 14, 2016.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 9, 2016

Re: Notices of Violations Issued and Settlements in Excess of \$10,000 January 2016

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

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

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian C. Bunger

Attachment: Notice of Violations Issued

NOTICES OF VIOLATION ISSUED

The following Notice(s) of Violation were issued in January 2016:

| Alameda | | | | | | |
|---------------------|---------------|-------------|--------------|----------------------|-------------------|---|
| Site Name | Site # | City | NOV # | Issuance Date | Regulation | Comments |
| Synergy Enterprises | L3268 | Hayward | A54386A | 1/25/16 | 11-2-303.6 | was issued because the containment did not have viewing ports |

| Contra Costa | | | | | | |
|--|---------------|-------------|--------------|----------------------|-------------------|---|
| Site Name | Site # | City | NOV # | Issuance Date | Regulation | Comments |
| City of Hercules-(Aquatics Center) | B9105 | Hercules | A54430A | 1/19/16 | 2-1-301 | Unpermitted IC engine with no Authority to Construct |
| City of Hercules-(Aquatics Center) | B9105 | Hercules | A54430B | 1/19/16 | 2-1-302 | Unpermitted IC engine with no Permit to Operate |
| City of Hercules-(Aquatics Center) | B9105 | Hercules | A54431A | 1/19/16 | 2-1-307 | S-2 had no natural gas consumption records |
| Parker Hannifin Corp, Veriflo Div | A1836 | Richmond | A54411A | 1/20/16 | 2-1-307 | Failure to get S-20 and S-22 annual source tested, Permit condition 25281 |
| Phillips 66 Company - San Francisco Refinery | A0016 | Rodeo | A53848A | 1/12/16 | 1-522.6 | Failed field accuracy test at Unit 246 B801 heater O2 CEM, Title V Deviation 4299 |
| ST Shore Terminals LLC | A0581 | Crockett | A54432A | 1/26/16 | 8-5-306.2 | S-39 PRD not gas tight. Organic vapor emission > 500 ppm |
| Tesoro Refining & Marketing Company LLC | B2758 | Martinez | A54223A | 1/5/16 | 9-2-301 | H2S>60ppb/3min. RCA# 06W81 |
| Tesoro Refining & Marketing Company LLC | B2758 | Martinez | A54224A | 1/5/16 | 9-2-301 | H2S>60 ppb/3-min; RCA# 06W87 |

AGENDA: 7

| | | | | | | |
|---|-------|----------|---------|---------|-------------|--|
| Tesoro Refining & Marketing Company LLC | B2758 | Martinez | A55532A | 1/13/16 | 12-12-406.1 | Late primary cause in Causal Analysis |
| Tesoro Refining & Marketing Company LLC | B2758 | Martinez | A55533A | 1/26/16 | 8-8-302.3 | Hatches leaking >500 ppm after 7 day repair period expired |
| West Contra Costa County Landfill | A1840 | Richmond | A54409A | 1/19/16 | 2-1-307 | Engine dropped below permitted temperature. Episode 06X35 |
| West Contra Costa County Landfill | A1840 | Richmond | A54409B | 1/19/16 | 1-523.3 | Failure to report within 96 hours of occurrence |
| West Contra Costa County Landfill | A1840 | Richmond | A54410A | 1/19/16 | 2-1-307 | Temperature deviation on S-5 and S-37. Episode 06X45 |

| Marin | | | | | | |
|--|--------|---------------|---------|---------------|------------|--|
| Site Name | Site # | City | NOV # | Issuance Date | Regulation | Comments |
| Novato Sanitary District | A1275 | Novato | A51692A | 1/4/16 | 2-1-307 | Excess Emission - Episode 06W86 |
| San Mateo | | | | | | |
| Site Name | Site # | City | NOV # | Issuance Date | Regulation | Comments |
| Ameresco Half Moon Bay LLC | B7040 | Half Moon Bay | A53969A | 1/7/16 | 2-6-307 | Temperature excursion >1% deviation allowance |
| Veterans Administration Medical Center | A1462 | Menlo Park | A53671A | 1/6/16 | 9-7-307.5 | Failed NOx Source Tests (NTV#1729, 1730 &1731) |

| Santa Clara | | | | | | |
|--------------------|--------|-----------|---------|---------------|------------|----------------------|
| Site Name | Site # | City | NOV # | Issuance Date | Regulation | Comments |
| Allen Johnson | V7099 | Cupertino | A54503A | 1/6/16 | 6-3-301 | Wood Smoke violation |

| | | | | | | |
|------------------------------------|-------|----------|---------|---------|------------|---------------------------|
| Alliance Environmental Group, Inc. | Q8668 | San Jose | A54385A | 1/14/16 | 11-2-303.6 | Insufficient negative air |
| Linear Technology Corp | B2417 | Milpitas | A54139A | 1/21/16 | 2-1-307 | Denied RCA 06X36 |

SETTLEMENTS FOR \$10,000 OR MORE REACHED

There were no settlement(s) for \$10,000 or more completed in January 2016.



Matthew Rodriguez
Secretary for
Environmental Protection

Air Resources Board

Mary D. Nichols, Chair
1001 I Street • P.O. Box 2815
Sacramento, California 95812 • www.arb.ca.gov



Edmund G. Brown Jr.
Governor

TO: Members of the Board of Directors
FROM: Supervisor John Gioia
Board Member
DATE: January 25, 2016
SUBJECT: **QUARTERLY REPORT OF MY ACTIVITIES AS AN AIR RESOURCES BOARD MEMBER**

The list below summarizes my activities as an Air Resources Board member from October 1, 2015, through December 31, 2015:

October Activities

- 14th Meeting with BMW re: Car Sharing Study
- 14th October ARB Staff Briefing
- 15th Meeting with Ken Morgan of Tesla re: Advanced Clean Transit Rule
- 15th Meeting with Steve Douglas and Julia Rege of Auto Alliance re: Advanced Clean Cars
- 19th Meeting with SoCalGas re: Mobile Source Strategy and Advanced Clean Transit Rule
- 21st Long Beach Port Tour
- 22nd October ARB Board Meeting
- 29th Panel "The New Majority" Voices for a Clean Environment

November Activities

- 2nd Meeting with Eileen Tutt and CalETC re: Zero Emission Vehicles
- 16th November ARB Staff Briefing
- 19th November ARB Board Meeting

December Activities

- 10th Meeting with the California Transit Association re: Mobile Source Strategy
- 18th December ARB Board Meeting

Attachments: Public Agendas

The energy challenge facing California is real. Every Californian needs to take immediate action to reduce energy consumption. For a list of simple ways you can reduce demand and cut your energy costs, see our website: <http://www.arb.ca.gov>.

California Environmental Protection Agency

California Environmental Protection Agency

 **Air Resources Board**

LOCATION: (In-Person)

South Coast Air Quality Management District
Auditorium
21865 E. Copley Drive
Diamond Bar, California 91765-4182

This facility is accessible by public transit. For transit information, call: (800) 743-3463,
<http://www.foothilltransit.org/>
(This facility is accessible to persons with disabilities.)

Or Via Videoconference:

California Environmental Protection Agency
Air Resources Board
Byron Sher Auditorium, 2nd Floor
1001 I Street
Sacramento, California 95812

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website:
<http://www.sacrt.com>
(This facility is accessible to persons with disabilities.)

**TO SUBMIT WRITTEN COMMENTS ON AN
AGENDA ITEM IN ADVANCE OF THE MEETING GO
TO: <http://www.arb.ca.gov/lispub/comm/bclist.php>**

PUBLIC MEETING AGENDA

**October 22, 2015
(Diamond Bar, CA)**

Webcast

**Thursday
October 22, 2015
9:00 a.m.**

CONSENT CALENDAR:

The following items on the consent calendar will be presented to the Board immediately after the start of the public meeting, unless removed from the consent calendar either upon a Board member's request or if someone in the audience wishes to speak on it

Consent Item #

15-8-1: Public Meeting to Consider the Greenhouse Gas Quantification Determination for the Shasta Regional Transportation Agency's Regional Transportation Plan/Sustainable Communities Strategy

The Board will consider accepting the Shasta Regional Transportation Agency's determination that its 2015 Regional Transportation Plan/Sustainable Communities Strategy, if implemented, would achieve the region's per capita greenhouse gas emissions reduction targets for 2020 and 2035 set by the Air Resources Board.

More Information

Proposed Resolution

15-8-2: Public Meeting to Consider the Greenhouse Gas Quantification Determination for the Tulare County Association of Governments' Regional Transportation Plan/Sustainable Communities Strategy

The Board will consider accepting the Tulare County Association of Governments' determination that its 2014 Regional Transportation Plan/Sustainable Communities Strategy, if implemented, would achieve the region's per capita greenhouse gas emissions reduction targets for 2020 and 2035 set by the Air Resources Board.

[More Information](#)

[Proposed Resolution](#)

15-8-3: Public Meeting to Consider the Greenhouse Gas Quantification Determination for the Kings County Association of Governments' Regional Transportation Plan/ Sustainable Communities Strategy.

The Board will consider accepting the Kings County Association of Governments' determination that its 2014 Regional Transportation Plan/Sustainable Communities Strategy, if implemented, would achieve the region's per capita greenhouse gas emissions reduction targets for 2020 and 2035 set by the Air Resources Board.

[More Information](#)

[Proposed Resolution](#)

15-8-4: Public Meeting to Consider Updated Transportation Conformity Budgets for the San Joaquin Valley Ozone, PM2.5, and PM10 State Implementation Plans

The Board will consider updates to transportation conformity budgets for three State Implementation Plans in the San Joaquin Valley.

[More Information](#)

[Proposed Resolution](#)

DISCUSSION ITEMS:

Note: These agenda items may be heard in a different order at the Board meeting.

Agenda Item #

15-8-5: Public Meeting to Consider a Modification to the Fiscal Year 2015-16 Funding Plan for Low Carbon Transportation Investments and the Air Quality Improvement Program

The Board will consider approving an update to the Fiscal Year 2015-16 Funding Plan for Low Carbon Transportation Investments and the Air Quality Improvement Program, originally approved by the Board in June 2015 pending appropriation of funds in the 2015-16 State Budget. The Board-approved plan was predicated on a \$350 million Low Carbon Transportation appropriation. In September 2015, the Legislature approved a partial appropriation of \$90 million. Staff proposes to allocate the \$90 million toward three ongoing projects and delaying implementation of the remaining projects in the Funding Plan until additional funding is appropriated.

[More Information](#)

[Staff Presentation](#)

15-8-6: Informational Presentation of the Discussion Draft of the Mobile Source Strategy

Staff will present to the Board the mobile source strategy and measure concepts described in the "Mobile Source Strategy Discussion Draft." The presentation will discuss how the comprehensive strategy outlines many of the mobile source actions needed to meet air quality standards, greenhouse gas and petroleum reduction targets, as well as sustainable freight

planning. Based on Board direction provided in response to the presentation, staff will work with the air districts to further develop the measure concepts into control measures for subsequent consideration by each air district for inclusion in their State Implementation Plan submittals that are due in 2016 for meeting federal air quality standards.

More Information

Staff Presentation

15-8-7: Update to the Board on the Advanced Clean Cars Program Mid-Term Review

Staff will present to the Board an update on on-going work related to the Advanced Clean Cars mid-term review, including updates on work with Federal agencies, current Zero Emission Vehicle sales, and research contracts related to consumers.

More Information

Staff Presentation

15-8-8: Update to the Board on Zero Emission Vehicle Market Enabling Actions

Staff, along with invited experts, will update the Board on efforts to enable zero emission vehicle markets. The update will cover fueling infrastructure, fleet purchases, multi-state and national partnerships, and other relevant topics.

More Information

Staff Presentation

15-8-9: Update to the Board on Advanced Clean Cars Particulate Matter Measurement Feasibility

Staff will present to the Board an assessment of the feasibility of measuring Particulate Matter (PM) emissions, at and below 1 mg/mi. This informational item is in response to industry concerns about low-level PM emissions measurement. The staff presentation will include the progress made, in cooperation with various stakeholders, in gravimetric PM emission determination at and below 1 mg/mi. In addition to presenting these findings, staff will also provide an evaluation of other approaches to PM emission measurement.

More Information

Staff Presentation

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding these pending or potential litigation, and as authorized by Government Code section 11126(a):

American Fuels and Petrochemical Manufacturers, et al. v. Jane O'Keeffe, et al., U.S. District Court (D. Ore. Portland), Case No. 3:15-CV-00467.

Sarah Farley v. California Air Resources Board, Superior Court of California (Sacramento County), Case No. 34-2015-80002044.

POET, LLC, et al. v. Corey, et al., Superior Court of California (Fresno County), Case No. 09CECG04850; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394. [remanded to trial court].

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 09-CV-02234 [remanded to trial court].

American Fuels and Petrochemical Manufacturers, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB's interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163 [remanded to trial court].

California Dump Truck Owners Association v. Nichols, U.S. District Court (E.D. Cal. Sacramento), Case No. 2:11-CV-00384-MCE-GGH; plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 13-15175.

Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774; ARB's successful appeal, California Court of Appeal, Third District, Case No. C071891 [remanded to the trial court].

Truck and Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2013-00150733.

Alliance of Automobile Manufacturers v. California Air Resources Board; Sacramento Superior Court, Case No. 34-2013-00152974.

California Chamber of Commerce et al. v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2012-80001313; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075930.

Morning Star Packing Company, et al. v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2013-800001464; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075954.

Delta Construction Company, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 11-1428.

Alliance for California Business v. Nichols et al., Glenn County Superior Court, Case No. 13CV01232.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283.

Owner-Operator Independent Drivers Association Inc. et al. v. Richard W. Corey et al., U.S. District Court, (E.D. Cal. Fresno) Case No. 1:13-CV-01998-LJO-SAB (transferred by court to E.D. Cal. Sacramento, Case No. 2:14-CV-00186-MCE-AC).

Jack Cody dba Cody Transport v. California Air Resources Board, et al. (Sacramento Superior Court, Case No. 34-2015-80002116.

CO-AL Transport v. California Environmental Protection Agency et al., (United States Court of Appeals, Ninth Circuit, Case No. 15-70839).

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494.

Transportation Solutions Defense and Education Fund v. California Air Resources Board, Fresno County Superior Court, Case No. 14CECG01788 (plaintiff's transfer to Sacramento Superior).

California Air Resources Board v. BP West Coast Products LLC, Contra Costa County Superior Court, Case No. C12-00567.

Sacramento Metropolitan Air Quality Management District v. Hardesty Sand & Gravel, et al. (Sacramento County Superior Court, Case No. 34-2011-00101272).

OPPORTUNITY FOR MEMBERS OF THE BOARD TO COMMENT ON MATTERS OF INTEREST

Board members may identify matters they would like to have noticed for consideration at future meetings and comment on topics of interest; no formal action on these topics will be taken without further notice.

OPEN SESSION TO PROVIDE AN OPPORTUNITY FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON SUBJECT MATTERS WITHIN THE JURISDICTION OF THE BOARD

Although no formal Board action may be taken, the Board is allowing an opportunity to interested members of the public to address the Board on items of interest that are within the Board's jurisdiction, but that do not specifically appear on the agenda. Each person will be allowed a maximum of three minutes to ensure that everyone has a chance to speak.

TO ELECTRONICALLY SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO:

<http://www.arb.ca.gov/lispub/comm/bclist.php>

(Note: not all agenda items are available for electronic submittals of written comments.)

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERK OF THE BOARD:

1001 I Street, 23rd Floor, Sacramento, California 95814

(916) 322-5594

ARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

Consistent with California Government Code Section 7296.2, special accommodation or language needs may be provided for any of the following:

- An interpreter to be available at the hearing;
- Documents made available in an alternate format or another language;
- A disability-related reasonable accommodation.

To request these special accommodations or language needs, please contact the Clerk of the Board at (916) 322-5594 or by facsimile at (916) 322-3928 as soon as possible, but no later than 7 business days before the scheduled Board hearing. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Consecuente con la sección 7296.2 del Código de Gobierno de California, una acomodación especial o necesidades lingüísticas pueden ser suministradas para cualquiera de los siguientes:

- Un intérprete que esté disponible en la audiencia
- Documentos disponibles en un formato alternativo u otro idioma
- Una acomodación razonable relacionados con una incapacidad

Para solicitar estas comodidades especiales o necesidades de otro idioma, por favor llame a la oficina del Consejo al (916) 322-5594 o envíe un fax a (916) 322-3928 lo más pronto posible, pero no menos de 7 días de trabajo antes del día programado para la audiencia del Consejo. TTY/TDD/Personas que necesiten este servicio pueden marcar el 711 para el Servicio de Retransmisión de Mensajes de California.

SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR RESOURCES BOARD

PUBLIC MEETING AGENDA

November 19, 2015

Webcast

LOCATION:

California Environmental Protection Agency
Air Resources Board
Byron Sher Auditorium, 2nd Floor
1001 I Street
Sacramento, California 95812

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website: <http://www.sacrt.com>
(This facility is accessible to persons with disabilities.)

TO SUBMIT WRITTEN COMMENTS ON AN AGENDA ITEM IN ADVANCE OF THE MEETING GO TO: <http://www.arb.ca.gov/lispub/comm/bclist.php>

**Thursday
November 19, 2015
9:00 a.m.**

DISCUSSION ITEMS:

Note: These agenda items may be heard in a different order at the Board meeting.

Agenda Item #

15-9-1: Public Meeting to Hear a 2015 Legislative Update

The Air Resources Board Legislative Director will present a review of air quality and climate change legislation from the first half of the 2015-2016 Legislative Session.

More Information

Staff Presentation

15-9-2: Public Meeting to Update the Board on Advanced Medium- and Heavy-duty Truck Technology Assessments: Hybrid, Battery Electric, and Fuel Cell Electric Vehicles

Staff will provide an informational update to the Board on recently drafted technology assessments for advanced medium- and heavy-duty truck hybrid, battery electric, and fuel cell electric technology. These include advanced technologies that could assist in compliance with the recently proposed federal Phase 2 greenhouse gas standards for medium- and heavy-duty trucks. The technology assessments are intended to support the Air Resources Board planning and regulatory efforts, including California's integrated freight planning and State Implementation Plan development.

More Information

Staff Presentation

15-9-5: Public Meeting to Hear a Status Report on the 2030 Target Scoping Plan Update

Staff will provide the Board with information on the process and schedule for the 2030 Target Scoping Plan Update under the California Global Warming Solutions Act of 2006 (AB 32). Staff will present a summary of progress to date and propose a schedule for public workshops, advisory groups, Board hearings, draft/final work products, and other milestones.

More Information

Staff Presentation

15-9-3: Public Meeting to Hear an Annual Update on the Cap-and-Trade Program

Staff will update the Board on the status of California's Cap-and-Trade Program, including information on recent auctions, compliance events, Scoping Plan coordination, and linked programs.

[More Information](#)

[Staff Presentation](#)

15-9-6: Public Meeting to Update the Board on the United States Environmental Protection Agency's Clean Power Plan Rules

Staff will update the Board on the United States Environmental Protection Agency's recently finalized "Clean Power Plan" and related rules issued under section 111 of the federal Clean Air Act. Staff will also discuss initial ideas for California's compliance with those rules.

[More Information](#)

[Staff Presentation](#)

15-9-4: Public Meeting to Update the Board on the Adaptive Management Plan for the Cap-and-Trade Program

Staff will update the Board on the cap-and-trade adaptive management program. Adaptive management involves establishing a process to track emissions and identify and evaluate potentially significant adverse impacts from cap-and-trade covered facilities. If needed, this process would also identify potential ways for addressing such impacts, which could then be further developed and implemented pursuant to State law.

[More Information](#)

[Staff Presentation](#)

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding these pending or potential litigation, and as authorized by Government Code section 11126(a):

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Sarah Farley v. California Air Resources Board, Superior Court of California (Sacramento County), Case No. 34-2015-80002044.

POET, LLC, et al. v. Corey, et al., Superior Court of California (Fresno County), Case No. 09CECG04850; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394. [remanded to trial court].

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 09-CV-02234 [remanded to trial court].

American Fuels and Petrochemical Manufacturers, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB's interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163 [remanded to trial court].

California Chamber of Commerce et al. v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2012-80001313; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075930.

Morning Star Packing Company, et al. v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2013-800001464; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075954.

State of West Virginia et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1363.

California Dump Truck Owners Association v. Nichols, U.S. District Court (E.D. Cal. Sacramento), Case No. 2:11-CV-00384-MCE-GGH; plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 13-15175.

Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774; ARB's successful appeal, California Court of Appeal, Third District, Case No. C071891 [remanded to the trial court].

Truck and Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2013-00150733.

Alliance of Automobile Manufacturers v. California Air Resources Board; Sacramento Superior Court, Case No. 34-2013-00152974.

Delta Construction Company, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 11-1428.

Owner Operator Independent Drivers Association, Inc., United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 14-1192.

Alliance for California Business v. Nichols et al., Glenn County Superior Court, Case No. 13CV01232.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283.

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CO-AL Transport v. California Environmental Protection Agency et al., (United States Court of Appeals, Ninth Circuit, Case No. 15-70839).

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494.

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SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR RESOURCES BOARD

PUBLIC MEETING AGENDA

December 17, 2015

Webcast

LOCATION:

California Environmental Protection Agency
Air Resources Board
Byron Sher Auditorium, 2nd Floor
1001 I Street
Sacramento, California 95812

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website:

<http://www.sacrt.com>

(This facility is accessible to persons with disabilities.)

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**Thursday
December 17, 2015
9:00 a.m.**

CONSENT CALENDAR:

The following item on the consent calendar will be presented to the Board immediately after the start of the public meeting, unless removed from the consent calendar either upon a Board member's request or if someone in the audience wishes to speak on it.

Consent Item #

15-10-1: Public Meeting to Consider Revisions to California Infrastructure State Implementation Plan

The Board will consider approving revisions to the California Infrastructure State Implementation Plan. These revisions address federal Clean Air Act requirements that states not contribute significantly to nonattainment in, or interfere with maintenance by, any other State with respect to national ambient air quality standards. If approved, the revisions will be forwarded to U.S. EPA for inclusion in California's State Implementation Plan.

[More Information](#)

[Proposed Resolution](#)

DISCUSSION ITEMS:

Note: These agenda items may be heard in a different order at the Board meeting.

Agenda Item #

15-10-3: Public Hearing on the Cap-and-Trade Auction Proceeds Draft Second Investment Plan (Fiscal Years 2016-17 through 2018-19)

The Board will hold a public hearing on the draft Second Investment Plan for Cap-and-Trade Auction Proceeds. The draft Plan identifies priority State investments for the Greenhouse Gas Reduction Fund to help achieve the State's greenhouse gas reduction goals and yield valuable co-benefits. The Board will consider a resolution supporting the Plan. The Department of Finance will later submit the Plan to the Legislature, as required by Assembly Bill 1532.

[More Information](#)

[Staff Presentation](#)

15-10-4: Public Meeting to Update the Board on the Southern California Consolidation Project Preliminary Site Evaluation

The Board will hear an informational update on the evaluation of potential sites in Pomona and Riverside for the proposed new Southern California motor vehicle emissions testing and research facility.

[More Information](#)

[Staff Presentation](#)

CLOSED SESSION

The Board will hold a closed session, as authorized by Government Code section 11126(e), to confer with, and receive advice from, its legal counsel regarding these pending or potential litigation, and as authorized by Government Code section 11126(a):

POET, LLC, et al. v. California Air Resources Board, et al., Superior Court of California (Fresno County), Case No. 15CECG03380.

American Fuels and Petrochemical Manufacturers, et al. v. Jane O'Keeffe, et al., U.S. District Court (D. Ore. Portland), Case No. 3:15-CV-00467; Plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 15-35834.

Sarah Farley v. California Air Resources Board, Superior Court of California (Sacramento County), Case No. 34-2015-80002044.

POET, LLC, et al. v. Corey, et al., Superior Court of California (Fresno County), Case No. 09CECG04850; plaintiffs' appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394. [remanded to trial court].

Rocky Mountain Farmers Union, et al. v. Corey, U.S. District Court (E.D. Cal. Fresno), Case No. 1:09-CV-02234-LJO-DLB; ARB interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 09-CV-02234 [remanded to trial court].

American Fuels and Petrochemical Manufacturers, et al. v. Corey, et al., U.S. District Court (E.D. Cal. Fresno), Case No. 1:10-CV-00163-AWI-GSA; ARB's interlocutory appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 10-CV-00163 [remanded to trial court].

California Chamber of Commerce et al. v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2012-80001313; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075930.

Morning Star Packing Company, et al. v. California Air Resources Board, et al., Sacramento Superior Court, Case No. 34-2013-800001464; plaintiffs' appeal, California Court of Appeal, Third District, Case No. C075954.

Kimberly-Clark Worldwide, Inc. v. California Air Resources Board, et al., Sacramento County Superior Court, Case No. 34-2015-80002246.

Richard Sowinski v. California Air Resources Board, et al., Orange County Superior Court, Case No. 30-2015-00822179-CU-BT-CXCCX-105.

State of West Virginia et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1363.

California Dump Truck Owners Association v. Nichols, U.S. District Court (E.D. Cal. Sacramento), Case No. 2:11-CV-00384-MCE-GGH; plaintiffs' appeal, U.S. Court of Appeals, Ninth Circuit, Case No. 13-15175.

Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2010-00082774; ARB's successful appeal, California Court of Appeal, Third District, Case No. C071891 [remanded to the trial court].

Truck and Engine Manufacturers Association v. California Air Resources Board, Sacramento Superior Court, Case No. 34-2013-00150733.

Alliance of Automobile Manufacturers v. California Air Resources Board; Sacramento Superior Court, Case No. 34-2013-00152974.

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BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 5, 2016

Re: Quarterly Report of the Executive Office and Division Activities for the Months of
October 2015 - December 2015

EXECUTIVE AND ADMINISTRATIVE RESOURCES DIVISION – R. SANDERS, DIRECTOR**Human Resources**

The Human Resources (HR) Office coordinated nine recruitment exams including exams for Accountant, Clerk of the Boards, Air Quality Engineer, Manager (Compliance & Enforcement), Manager (Lab), Principal Accountant, Secretary, Staff Specialist, and Supervising Air Quality Specialist. In addition, the HR Office offered training sessions, including: Communication Strategies, Supervising People in the Public Sector, Safe Driver: Behind the Wheel Training, and Project Management for Administrative Professionals. The HR Office continues to administer payroll, benefits, safety, labor/employee relations, and wellness activities. There are currently 324 regular employees, 15 temporary employees and interns, and 41 vacant positions. There were 15 new employees, 10 promotions, and 2 retirements from October to December 2015.

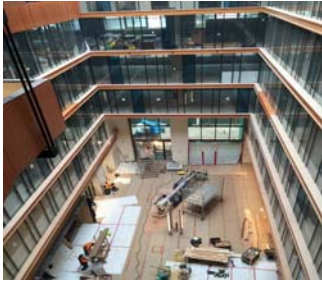
Business Office

The Business Office issued 405 purchase orders. Fleet services outsourced 7 vehicles for maintenance and/or body shop repairs. There are currently 127 fleet vehicles: 1 electric, 1 hydrogen, 15 plug-in hybrids, 23 gas, 20 CNG, and 67 hybrids. The department executed 77 contracts and 2 request for proposals during this period. The Business Office also continues to facilitate webcasts for District Committee and Board meetings.

Facilities Office**Construction Update – 375 Beale Street – Bay Area MetroCenter**

The Air District will move its operations and staff to 375 Beale Street this Spring. The Metropolitan Transportation Commission and the Association of Bay Area Governments announced in December, 2015 a move date of March 4, 2016. The Fire/Life Safety commissioning and issuance of a certificate of occupancy is expected. The exterior painting and refurbishing of the windows of the building was completed. The interior Board Room work including installation of dais, board chairs, decorative glazing and communicating stair hand rails, and board room commissioning is complete. The atrium finishes were installed and the lobby concrete slab poured and polished. The Air District walk-thru of the data room was held on October 1, 2015 on Level 1. Furniture installation is complete on Level 2 and 6; Level 7 and Level 8 furniture installation started in November, 2015.

The following photos are of the interior of the building:



Atrium view of lobby



Board dais installed



Board room seating installed

Inter-Agency Collaboration

The Air District, MTC, and ABAG executive management continue to meet to discuss shared business operations and technology solutions. The Air District is working on parking solutions, fleet management, EV charging stations infrastructure, security, and the condo association development and management.

Furniture Procurement

Furniture for 375 Beale has been ordered and is 90 % complete. Final furniture orders are being scheduled for installation including chairs, executive offices, and public areas/atrium.

Move Coordination Update

A recommendation was taken to the BAHA Board at its November, 2015 for physical movers, Alexander's Mobility Services was awarded the contract to move the three agencies to 375 Beale Street. Move Ambassador and informational sessions will continue to be held at the Air District. The first Board of Directors' meeting is anticipated in April, 2016.

Regional Resource Center (RRC)

A Request for Proposal was re-issued by MTC to select a firm as the Regional Resources Center (RRC) customer service representative. The selected firm will provide visitors with information and products related to the three regional agencies. Two proposals were received, the evaluation panel is comprised of representative from each of the agencies and expects a recommendation and approval in February.

COMPLIANCE AND ENFORCEMENT DIVISION – W. KINO, DIRECTOR**Enforcement Program**

Staff documented 97 air pollution violations that resulted in Notices of Violation and responded to 1,050 general air pollution complaints. These activities addressed noncompliance with applicable federal, state and air district regulations and provided a mechanism for the public to voice their concerns about air pollution issues that might be in noncompliance. Additionally, highlighted enforcement activities for the quarter are as follows:

- From October 1 – December 31, 2015, staff received and investigated more than 600 air pollution complaints for odorous emissions in the greater Milpitas area. Staff documented three public nuisances: One against the San Jose – Santa Clara Regional Waste Water Facility for odors caused by the removal of bio-solids from its stabilization lagoons and open air drying beds on October 8; one against the BFI – Recyclery (aka Newby Island Organics) on October 13 for odorous emissions traced to its materials recycling facility; and one against the International Disposal Corporation of California (aka Newby Island Landfill) for odorous landfill gas odors.
- On October 20, 2015, staff issued a Notice of Violation to the Newby Island Landfill for landfill surface leaks and landfill collection leaks.
- On October 22, 2015, staff participated in the South Bay Odor Stakeholders' Group. The group meets quarterly and serves as a forum for municipal leaders, private industry, state and local regulators, and community members to collaborate in identifying and resolving odor issues in the greater Milpitas area.
- Staff met with a group of Milpitas residents on October 28, 2015, to answer questions and discuss concerns residents had about the Milpitas odor situation, especially those surrounding the Newby Island Resource Recovery Park (landfill, composting, and recycling).
- Staff documented two asbestos dust mitigation Plan (ADMP) violations at construction projects in the southeastern section of San Francisco (Bay View Hunters Point area). These construction sites are working in soils and rocks containing naturally occurring asbestos (NOA) and are subject to the State's asbestos Air Toxic Control Measure (ATCM) for construction, grading, quarrying and surface mining. On October 19, staff documented a track out violation for dirt tracked out of the Hunters View Redevelopment Project onto a public roadway; and, on November 14, 2015, staff documented a violation for not using air monitoring devices during earth disturbing activities at the Hunters Point Shipyard Parcel A' – Phase I Development. Notices of Violation were issued to the applicable developers.
- On November 4, 2015, staff participated in a public meeting concerning Lehigh Southwest Cement, which was hosted by Santa Clara County Supervisor Joe Simitian and attended by various local, state and federal agency officials. Lehigh is a large Portland cement manufacturer in Cupertino. Staff provided an overview of the District's regulatory responsibilities at the facility and answered questions from the public (by card submittal) via Supervisor Simitian.

- On November 12, 2015, staff met with Dow Chemical regarding an operational change required by the Department of Toxic Substances Control. The change will put Dow out of compliance with their Permit to Operate. Staff recommend Dow seek a Compliance & Enforcement Agreement and until their Permit Application can be reviewed.
- On November 27, 2015, West Contra Costa County Landfill had a fire at the green waste piles. Richmond Fire Department responded and heavy equipment was used to disperse and extinguish the fire. District staff issued a Notice of Violation for violation of Regulation 5 Open Burning.
- Staff has met with Tesoro Refinery several times regarding Hydrogen Sulfide (H₂S) emission recorded at the Waterfront Road Ground Level Monitor (GLM). Since 2012 there have been more than 54 indicated excesses recorded. Tesoro has hired a consultant and performed an analysis of potential sources of the H₂S. Staff is continuing to work with Tesoro to resolve the matter.

Compliance Assurance Program

Staff conducted over 1,769 inspections including permitted facilities, gasoline stations, asbestos, open burning, portable equipment and mobile sources. Additionally, highlighted inspection activities for the quarter are as follows:

- On October 9, 2015, classroom training for 6 inspectors was completed and they were given their assignments which started their field training. Classroom training consisted of both classroom and field training and now the inspectors will spend time in the field full time conducting inspections.
- Staff received information from the Environmental Protection Agency (EPA) Region 9 concerning illegal burning of wire and electronics at the Candlestick States Park and Yosemite Slough in the pre-dawn hours. Staff reported the activity to the District Attorney's (DA) Office for possible criminal enforcement.
- On October 23, 2015, staff met with representatives from EPA Region IX regarding a RCRA (Resource Conservation and Recovery Act) inspection at the Shell Refinery that occurred in March 2015. Region IX representatives contacted District staff to better understand the operation of a recovered oil unit at the Refinery. Staff explained the operation in detail to EPA staff and there were appreciative for District staff's time to share information.
- On October 21, 2015, staff attended the Syar Quarry Environmental Impact Review (EIR) certification hearing before the Napa County Planning Commission. Syar Quarry is a rock quarry in Napa that requested a 35-year extension (expansion) to its use permit, which has been subject to vehement opposition from some community activists. The EIR was certified by the Commission and later approved by the Napa Board of Supervisors on November 18, 2015. It's currently under appeal.
- On October 20 - 22, 2015, the California Air Resources Board (CARB) conducted a natural gas turbine and industrial utility boiler class. The class toured the NRG (An Energy Company) and PG&E power plants in Antioch. Approximately 30 students from CARB, Environmental Protection Agency (EPA) Region IX, and the Air District attended the class.

- On November 2 - 3, 2015, a joint exercise was conducted at the California State University, Merchant Maritime Academy Campus in Vallejo. Phillips 66 Refinery was selected for this mock exercise of an oil spill/ in-situation open burn. The scenario involved a 500 barrel oil spill from a barge getting released and impacting a marsh area west of Mare Island in Vallejo. In addition to Phillips 66 Environmental staff, the following agencies participated in this drill: U S Coast Guard, EPA, Fish & Wildlife Oil Spill Response Unit, Contra Costa & Solano County Hazmat Units, Vallejo and other local Fire Departments, and District Compliance and Enforcement staff. The mock in-situ burn plan was conditionally signed by Incident and Deputy Incident command structure and the end of the exercise. Air District staff voiced concern over such a plan and explained that the Air District has taken enforcement action in the past for public welfare burns that caused public air quality impacts.
- On November 10, 2015, staff attended a site tour at PG&E's downtown San Rafael property to learn about the history and planned soil cleanup at this site. The project received an authority to construct from the District on September 30, 2015. The site was contaminated with benzene and other crude oil byproducts from a crude oil to natural gas stripping process conducted by a previous owner approximately 100 years ago. The contaminated soil will be removed in three stages. This soil will be tented and abated by aqueous carbon filtration and then hauled off-site in tarped trucks for disposal at an approve
- On November 19, 2015, staff toured the CEMEX Clayton Quarry in response to neighbors of the facility expressing concerns regarding dust in the area. This facility produces cement, aggregates, ready-mix concrete and other building materials. Air District staff observed new dust abatement devices in place in an effort to address public concern.
- On November 24, 2015, a meeting was held in the Oakland Library to discuss community complaint handling regarding American Brass & Iron (AB& I) Foundry. Air District staff attended this meeting requested by members of Communities for a Better Environment. Staff explained the Air District's complaint handling procedures and response.
- On November 17, 2015, staff attended a town hall meeting hosted by Alameda County Supervisor Scott Haggerty. The community was invited to discuss the impacts of dust and dirt generated by asphalt, concrete and quarry operations in the vicinity of State Route 84/Isabel Avenue. Representatives from Alameda County Community Development Agency, Caltrans, City of Livermore, Vulcan Materials and CEMEX were present. Concerns raised included excessive dust from the quarry sites as well as traffic and vehicle speed on Isabel Avenue. Air District staff is exploring air monitoring options in the area and collecting fallout samples for analysis. Staff will continue to monitor the site frequently for excessive dust emissions.
- On December 10, 2015, staff attended the Air Resources Board (ARB) Course 251 Asbestos Demolition and Renovation - Regulator Training in San Luis Obispo. The class is oriented to the asbestos inspector.
- On November 30, 2015, staff participated in a community meeting at Buri Buri Elementary School, South San Francisco and provided members of the public information about the District's dust regulation. Residents were concerned about dust emissions from an ongoing school construction site project impacting the local neighborhood.

- Staff conducted the following inspections for the Strategic Incentives Division (SID): 59 projects and 187 engines.

Compliance Assistance and Operations Program

Staff received and evaluated over 1,986 plans, petitions, and notifications required by the asbestos, coatings, open burn, tank and flare regulations. Staff received and responded to over 31 compliance assistance inquiries and green business review requests. Additionally, highlighted compliance assistance activities for the quarter included:

- On October 22, 2015, staff gave a presentation to a delegation from the Chinese Environmental Ministry Department. Staff gave a general overview of the District's Compliance & Enforcement Division and a demonstration of typical air quality inspection equipment used by field staff for compliance purposes.
- On October 29, 2015, staff gave a presentation to the Environmental Agency Abu Dhabi (EAD) on the various programs within the District Compliance and Enforcement Division and a demonstration of typical air quality inspection equipment used by field staff for compliance purposes.
- In November 2015, staff gave several presentations to the Chinese Delegation visiting from Beijing. Presentations included Compliance and Enforcement programs at the District such as: Residential Wood Smoke (Regulation 6 Rule 3), Complaint Investigation, and Field Inspection tools.
- The Stubble Burn Season (September 1 to December 31) ended. Staff received and approved 3 stubble burn projects in Sonoma County. A total of 97 acres were actually burned for the season.
- Staff approved 3 prescribed burn smoke management plans in Napa, San Mateo and Santa Clara County.
- The *Winter Spare the Air* season began November 1. The 877-4NO-BURN line was switched to the winter messaging notifying callers of the daily burn forecast. Staff mailed out 280 informational packets to residences that received complaints regarding wood burning. During the last quarter of 2015, the Air District received 53,551 calls to the 1-877-4NO-BURN line, and 699 complaints regarding wood burning.

(See Attachment for Activities by County)

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| ENGINEERING DIVISION – J. WILLIAMS, DIRECTOR |
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Permit Activity Statistics

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

| Permit Activity | | | |
|--|-----|---|-------|
| New applications received | 269 | New facilities added | 128 |
| Authorities to Construct issued | 144 | Permit Exemptions (entire applications deemed exempt) | 4 |
| Permits to Operate issued (new and modified) | 241 | Annual update packages completed | 2,292 |
| Registrations (new) | 11 | | |

Health Risk Analysis (HRA): 55 HRAs were completed during the reporting period.

Energy Projects

Staff continues to work with regulatory agencies and community groups to discuss permitting issues associated with proposed energy projects including Shell Greenhouse Gas Reduction, Valero Crude by Rail, WesPac Energy – Pittsburg Terminal and BP Richmond Terminal.

Shell Greenhouse Gas Reduction Project: This project proposes the permanent shut down of Shell’s Flexicoker Unit. In addition, new and reconfigured energy-efficient equipment will be installed and existing equipment will be modified in order to process lighter crude oil. The project is not expected to increase the Refinery’s total capacity. Staff is reviewing Shell’s response submittal to the Air District’s incomplete letter/information request, which was received on September 28, 2015. Contra Costa County is working on a Draft Environmental Impact Report (DEIR) for the project.

Valero Crude by Rail Project: The proposed project would allow the Valero Refinery located in Benicia to receive a portion of its crude by rail. The refinery currently receives crudes by ship and pipeline. Union Pacific Railroad would transport the crudes in railcars using existing rail lines to Roseville, California, and from there to the refinery. The project would allow Valero to receive up to 70,000 barrels per day of the crude oil by rail and reduce its shipments of crude by marine vessel by the same amount. The City of Benicia (City) is the CEQA lead agency for the Project. The City issued a Revised DEIR on August 31, 2015 for public input on potential impacts. The Final Environmental Impact Report (EIR) became available for review on January 5, 2016. Staff is reviewing the Final EIR. The City of Benicia Planning Commission will hold a formal public hearing to receive comments on February 8, 2016 to consider the Final EIR and a Use Permit for the project.

Shore Terminal/NuStar Crude by Rail Project: The facility is proposing to unload crude oil at its existing rail unloading facility, which is currently permitted to unload ethanol. The crude oil will be stored at one of the terminal’s external floating roof tanks, and then, transported via pipeline to another tank at Philips 66 Refinery. The facility plans to demonstrate a no net

emission increase from the rail car emissions as a result of this project. The facility is preparing applications for the Contra Costa County's Land Use Permit and the District's Air Permit.

WesPac Energy – Pittsburg Terminal Project: WesPac proposed a terminal to receive crude oil and partially refined crude oil from marine vessels and pipelines. It would store the oil in existing storage tanks, and then transfer it to nearby refineries. During the CEQA review process, the project was revised to exclude any rail activity. The City was working on a second Recirculated DEIR, when the project applicant withdrew its City of Pittsburg application in November 2015. The Air District never received a permit application for this project.

BP Richmond Terminal Neat Ethanol Project (Richmond, CA): BP proposed to receive and distribute lower carbon ethanol for blending with fuels with the goal of complying with the State's Low Carbon Fuel Standard. BP had applied for a Design Review Permit from the City of Richmond and submitted an Air District permit application for this project. BP's Richmond Terminal has since been sold to a new owner, Kinder Morgan. Kinder Morgan will not pursue the project and the Air District permit application will be canceled.

CEQA Projects

Vallejo Marine Terminal (VMT) and Orcem Project: The proposed project consists of two main components: (1) The VMT component would reestablish industrial uses on the VMT site through the removal of the deteriorated timber wharf and construction of a modern deep-water terminal (2) The Orcem component would involve construction and operation of an industrial facility for the production of a high performance, less polluting alternative for traditional portland cement. Orcem would import most of the raw materials used in the manufacturing process via ships docking at the wharf proposed by VMT. Staff sent comments on the DEIR to the City of Vallejo, the CEQA Lead Agency, on November 2, 2015 and participated in a conference call with the project proponent to discuss them. The Air District has received a permit application for the Orcem project but not for the VMT project. The City expects it will take at least three more months before a FEIR would be available for this project.

Permits and Projects

Gillig: This facility is proposing to move their bus manufacturing operation from Hayward to Livermore. Staff completed evaluation of this project and is currently waiting for Gillig to provide 41.86 tons of POC offsets. Gillig has filed a separate banking application to claim emission reduction credits (ERCs) from the closure of their Hayward facility. These ERCs will total 20.35 tons and be used to provide offsets for the new facility. Gillig is in the process of obtaining the balance of 21.51 tons of offsets required for the Livermore project.

West Contra Costa Sanitary Landfill (WCCSL) Compost Project (Richmond): WCCSL applied to modify the green waste compost operation by increasing throughput to 130,000 tons per year, adding up to 30% food waste, and converting to covered aerated static piles to meet BACT for POC control. The facility supplied 74 tons per year of POC emission reduction credits for this project. The Air District issued a public notice for this project that ended on October 30, 2015. No comments were received. The Air District issued the Authority to Construct on December 18, 2015.

Las Gallinas Valley Sanitary District (San Rafael): The Air District issued an Authority to Construct on December 1, 2015 to install equipment for converting digester gas to truck fuel.

Hydrogen Sulfide and siloxanes will be removed to produce a clean renewable fuel. Sulfur dioxide emissions will decrease because the absorbent will be landfilled instead of desorbed on site.

DTE Energy's Potrero Hills Energy Producers (Suisun City): The Air District issued an Authority to Construct for an 8 MW landfill gas to energy plant on October 24, 2014. Construction is nearing completion and DTE expects initial operation of the gas treatment system to begin in January 2016. Staff is working with DTE to explain and clarify the commissioning procedures.

GBF/Pittsburg Landfill Remediation Project: Staff is working with DTSC, RWQCB, and the facility operator, TRC, to discuss updated plans for preventing further off-site contamination from this closed hazardous waste disposal site. The proposed project involves new leachate lagoons and extensive excavation of the landfill to install slurry walls. Staff is reviewing permit applications for this project.

Regulation 2 Permitting Rules: Revisions to our New Source Review permitting rules were adopted by the Board of Directors in December 2012, but the revised rules do not become effective until EPA approves them for inclusion in the State Implementation Plan. On August 28, 2015, EPA published in the Federal Register a proposed limited approval and limited disapproval of our rules. Comments on EPA's proposed action were due Nov. 12, 2015. Staff provided comments to EPA on key areas of concern. The most significant issue is EPA's position that a facility must provide offsets more than once for the same emissions.

Petroleum Refinery Emissions Reduction Rules: In October 2014, the Air District Board of Directors adopted resolution 2014-17 to develop a regulatory strategy that would further reduce emissions from petroleum refineries, with a goal of an overall reduction of 20 percent (or as much as feasible) no later than 2020. Staff has worked with the Rule Development to develop new or amend existing rules to achieve this reduction. Staff worked on the refinery fugitive rule, the fluid catalytic cracking rule and the cooling tower rule which were all adopted in December of 2015.

CAPCOA Engineering Managers Committee: Staff presented issues related to the EPA proposed limited approval/limited disapproval of our NSR rules. Other topics discussed included CAPCOA GHG Reduction Exchange (GHG Rx) Protocol, EPA Section 111 power plant rules and ARB Clean Power Plan. Staff led the review of the Grazed Rangelands CAPCOA GHG Rx protocol (Marin Carbon Project).

Marin Carbon Project to Reduce GHG: Staff met with representatives of the Marin Carbon Project (MCP) and CAPCOA's GHG Reduction Exchange (GHG Rx) coordinator to discuss challenges getting GHG emission reduction credits. Specifically, staff discussed emission reduction credits (ERCs) for avoided GHG emissions due to diverting material from landfills and wastewater treatment plants for composting. MCP is a consortium of agricultural producers and institutions in Marin County, university researchers, county and federal agencies, and non-profit organizations. It was established in 2006 for the purpose of demonstrating the potential of carbon sequestration on range and agricultural lands.

Lehigh Public Meeting (Cupertino): Santa Clara County Supervisor Joe Simitian hosted a meeting on November 4, 2015 with the Air District, six other oversight agencies and the community to discuss air quality, water quality and noise issues. Staff answered questions on the

new stacks, fugitive dust from the facility and new OEHHA requirements. Supervisor Simitian plans to host public Lehigh meetings annually.

Foreign Delegation Visits: The delegations from China and Abu Dhabi visited the Air District and other government agencies to gain information on environmental assessment and permitting, inspections and enforcement, air emissions inventories, best available control technology, and emissions offsets. Staff presented the Air District's New Source Review and Title V permitting programs, the CEQA environmental review process, and an overview of the Engineering Division's operations and management.

LEGAL DIVISION – B. BUNGER, DISTRICT COUNSEL

The Air District Counsel's Office received 100 violations reflected in Notices of Violation (NOVs) for processing.

Mutual Settlement Program staff initiated settlement discussions regarding civil penalties or passing the Wood Smoke Awareness Course for 50 violations reflected in NOVs. In addition, 3 Final 30 Day Letter(s) were sent regarding civil penalties for 3 violations. Finally, settlement negotiations resulted in collection of \$46,162.50 in civil penalties for violations reflected in NOVs.

Counsel in the Air District Counsel's Office initiated settlement discussions regarding civil penalties for 11 violations reflected in NOVs. Settlement negotiations by counsel resulted in collection of \$523,250 in civil penalties for 58 violations reflected in NOVs.

(See Attachment for Penalties by County)

COMMUNICATIONS AND PUBLIC INFORMATION DIVISION – L. FASANO

News Releases

The Air District issued 11 press releases and/or media advisories during the last quarter:

| | |
|------------|---|
| 12/16/2015 | Air District Board adopts new refinery rule and two amendments |
| 12/15/2015 | Air District Announces Winners of Great Race for Clean Air Students to tackle region's environmental & sustainability issues at Spare |
| 12/07/2015 | the Air Youth YES Conference |
| 10/29/2015 | Air District settles case with Valero |
| 10/28/2015 | Winter Spare the Air season begins November 1 |
| 10/21/2015 | Air District strengthens wood burning rule |
| 10/20/2015 | Air District settles case with Shell Oil Refinery |
| 10/14/2015 | Permissive burn season closes for fall marsh management fires |
| 10/07/2015 | Bay Area Air District statement on new US EPA ozone standard |
| 10/1/2015 | Bay Area Air District statement on new US EPA ozone standard |

Media Inquiries

Air District staff responded to approximately 190 media inquiries during this quarter. Topics included:

- CEQA Ruling
- Refinery Rules
- Tesoro Fire
- SCR Units in the Bay Area
- Refinery Rules
- Bikeshare
- Tire Shop Fire in SF
- Wood Smoke Amendments
- Paris Climate Conference
- Winter Spare the Air
- Ag Burning
- Valero Settlement
- Idling near schools
- Shell Settlement
- Coal by rail
- Odors
- Lehigh
- Sunday Streets
- Vehicle idling
- Start of the Winter Spare the Air season
- Google maps AQ monitoring
- EPA ozone standard
- Ferry fuel cell project
- Coal dust
- VW emissions
- Odors in St. Helena
- Asbestos

Media Highlights

The Air District and/or Spare the Air was mentioned in approximately 1,337 print/online stories and 136 video clips in the last quarter. Below are the last quarter's media coverage highlights:

- [**Petaluma 360: Dutra asphalt project in Petaluma seeks permit**](#)
- [**SF Gate: Light up ye olde yule log: No spare the air warning this Christmas**](#)
- [**California Watchdog: CA high court rejects bid to expand CEQA's scope**](#)
- [**South San Francisco Patch: Calif. Supreme Court Denies Expansion of Environmental Impact Reports**](#)
- [**Globe St.com: What Reverse CEQA Opinion Means**](#)
- [**Lexology: "Reverse CEQA" Reversed- California Supreme Court Rejects CEQA Analysis of Impacts of the Environment on the Project**](#)
- [**Mountain View Patch: CA Supreme Court Nixes Expanding Environmental Impact Reports**](#)
- [**KQED: Tesoro Mistakenly Issued Test Alert During Martinez Refinery Problem**](#)
- [**San Jose Mercury News: Stricter pollution controls approved for Bay Area oil refineries**](#)

- [**Digital Journal:** Billowing smoke from Avon refinery alarms East Bay residents](#)
- [**The Charlotte Observer:** Court issues ruling in fight over environment reviews](#)
- [**California Planning & Development Report:** CEQA Does Not Apply In Reverse](#)
- [**East Bay express:** Air Board Okays New Refinery Rules, But Does Not Block Tar Sands](#)
- [**Pacific Legal:** California high court rejects “Reverse CEQA”](#)
- [**JD Supra:** California Supreme Court Holds “CEQA-In-Reverse” Is Not The Norm, Reverses And Remands First District’s Judgment In CBIA v. BAAQMD](#)
- [**SF Gate:** State Supreme Court gives air district mixed ruling on scope](#)
- [**LA Times:** State high court clarifies environmental law's impact on development](#)
- [**Associated Press:** Court limits environment reviews](#)
- [**CP-DR:** CEQA Does Not Apply In Reverse](#)
- [**CBS SF Bay Area:** As China Issues Red Alert Over Smog, Scientists Monitoring Levels Reaching Bay Area](#)
- [**PR Newswire:** Students to Tackle Region's Environmental & Sustainability Issues at Spare the Air Youth YES Conference](#)
- [**ABC 7 News:** HEALTH ADVISORY LIFTED AFTER SMOKE DRIFTED FROM MARTINEZ REFINERY](#)
- [**MIL-TECH:** SAN FRANCISCO BAY AREA GHGS TO BE MEASURED REGION-WIDE FOR FIRST TIME WITH PICARRO ANALYZERS](#)
- [**Venture Capital Post:** West Coast mayors will form consortium to build highway for electric vehicles](#)
- [**Fox and Hounds:** Environmental Rules Should Be Based on More Than Ability to Pay](#)
- [**Where Event:** Sunflower Alliance](#)
- [**Market Place:** A natural gas leak with seemingly no end](#)
- [**Indy Bay:** Cap all Pollutants](#)
- [**iNews Source:** Massive methane leak worst in state history](#)
- [**Richmond Confidential:** Chevron’s role in childhood asthma hazy](#)
- [**Times-Herald:** Lori Allio, PhD: Orcem plays loose with the facts](#)
- [**East Bay Express:** Community Activists Help Kill Big Oil Terminal in East Bay](#)
- [**Forest Ethics:** STATEMENT: WesPac Energy Withdraws Pittsburg, CA, Oil Terminal Proposal](#)
- [**East Bay Express:** Keystone 2.0](#)
- [**KALW Radio:** Cement plant rankles Silicon Valley neighbors](#)
- [**Auto Blog:** Recharge Wrap-up: Formula E battery award, Tesla NOx problem](#)
- [**The Independent:** Effort Underway to Clear Up Dust Problems Next Summer](#)
- [**ABC 7 News:** SAN FRANCISCO BAY WEIGHS TOUGHER AIR RULES FOR REFINERIES](#)
- [**Inside Bay Area News:** Plan to curb Bay Area oil refinery emissions touted as toughest in nation](#)
- [**Sport Techie:** Super Bowl 50: On Track to Be Net Positive, Green And Giving](#)
- [**Breit Bart:** Jerry Brown Tells Californians to Live ‘Lighter’](#)
- [**Times Union:** San Francisco Bay weighs tougher air rules for refineries](#)
- [**Redwood City-Woodside Patch:** Bay Area Bike Share to Offer Free Bike Rides](#)
- [**East Bay Express:** Big Climate Change March in Oakland This Saturday](#)
- [**CBS:** Public Comment Period Extended For \\$35 Ocean Beach Bonfire Permit](#)
- [**Before It’s News:** Tesla Factory May Have A Nitric Oxide Problem](#)
- [**Sonoma Gazette:** A Message from Your Air District: Clean Wood Burning](#)
- [**New American:** Wood-burning Stoves Banned in New Homes in San Francisco Area](#)

- [**The American Canyon Eagle:** Don't get burned buying firewood](#)
- [**Forest Ethics:** Groups Probe Industry Influence on Bay Area Air Agency](#)
- [**Danville San Ramon:** Air board piles on more regulations](#)
- [**Patch:** Outdoor Burning Ban Lifted for Contra Costa County](#)
- [**Los Altos Town Crier:** Public meeting addresses residents' concerns about Lehigh cement facility](#)
- [**Natural News:** The criminalization of self-reliance: Heating your home with wood is now illegal in more places](#)
- [**San Jose Mercury News:** Lehigh Cement: Joe Simitian and seven agencies update residents on latest at cement and quarry site](#)
- [**The Press:** Bay Area Air Quality Control Board bans indoor wood burning](#)
- [**San Jose Mercury News:** EDITORIAL:A victory is scored by public outcry with the end to misguided idea to seal off wood-burning fireplaces](#)
- [**SF Gate:** GGNRA extends comment period for Ocean Beach fire permit proposal](#)
- [**Point Reyes Light:** Tougher restrictions on wood burning stoves aim to curb soot](#)
- [**Contra Costa Times:** Benicia: Valero to pay \\$196,000 to settle air quality violation notices](#)
- [**Pleasanton Weekly:** Winter Spare the Air season starting soon, tougher restrictions in place](#)
- [**Benicia Patch:** Valero Agrees to \\$196K Settlement for Air Quality Violations at Benicia Refinery](#)
- [**San Jose Mercury News:** Bay Area first: Wood-burning heating devices to be banned in new home](#)
- [**NBC Bay Area:** Bay Area 1st in Nation to Ban Wood-Burning Devices in New Construction Starting Fall 2016](#)
- [**The Independent:** Students Tell Parents in Idling Cars About Exhaust Health Effects](#)
- [**SF Bay News:** Air district stiffens wood burning rules](#)
- [**The Almanac:** Air district approves stricter rules for wood burning](#)
- [**KRON 4:** Ocean Beach fire programs in place for San Francisco](#)
- [**Martinez News Gazette:** Shell settles with Bay Area Air Quality Management District](#)
- [**West Hollywood Patch:** Idle Time Is Right Time to Turn Off Engines](#)
- [**California Watchdog:** Nanny State of the Week: Bay Area bureaucrats ban fireplaces, wood stoves](#)
- [**Pleasanton Weekly:** Winter Spare the Air season starting soon, tougher restrictions in place](#)
- [**KTVU:** Air quality management board bans wood-burning fireplaces](#)
- [**The Independent:** Air Quality District Adopts New Wood Burning Regulations](#)
- [**Patch.com:** New Wood Burning Limits Start in Half Moon Bay This Sunday](#)
- [**Your News Wire:** Wood-Burning Heaters In Your Home To Become Illegal In The US](#)
- [**Forest Ethics:** Groups Probe Industry Influence on Bay Area Air Agency](#)
- [**La Morinda Weekly:** City Considers Electric Charging Stations](#)
- [**CBS:** Google Street View Cars To Map Bay Area Pollution Levels](#)
- [**Auto World News:** GOOGLE STREET VIEW CARS USE SENSORS TO SURVEY SMOG LEVELS IN SAN FRANCISCO](#)
- [**Concord Patch:** Air Quality Grant to Fund Education, Anti-Pollution Efforts](#)
- [**CP&DR:** Cal Supremes Wrestle With "CEQA In Reverse" Case](#)
- [**SF Gate:** Air district's environmental standards face skeptical justices](#)

- [Inside Bay Area: Berkeley: Shattuck Avenue will be closed to traffic, open to possibilities at Sunday Streets](#)
- [Kaxan: Idling cars could pose health risk to children while picking them up at school](#)
- [San Jose Mercury News: Editorial: District correctly reverses course on sealing fireplaces after catching public heat](#)
- [Napa Valley Register: Syar hearings could be entering home stretch](#)
- [JD Supra: California Supreme Court Hears Oral Argument in Case Challenging 2010 Bay Area Air Quality Management District Air Quality Thresholds](#)
- [Milpitas Post: Milpitas council boosts odor consultant's contract](#)
- [Sys-Con Media: Free Electric Vehicle Test-Drives Return to Bay Area](#)
- [Martinez Patch: Shell Refinery Slapped With \\$208,000 Fine](#)
- [Contra Costa Times: Shell refinery to pay \\$208,000 for polluting air](#)
- [Circle of Blue: In Oakland, Still A City With Thorns, A New Garden Emerges \(Part II\)](#)
- [ABC 7 News: Scientists measure pollution near Caldecott Tunnel](#)
- [The Sonoma County Gazette: The Quality of Our Air Regulations Under Review](#)
- [Los Angeles Times: California Gov. Jerry Brown rallies regulators working on new emissions plan](#)
- [Contra Costa Times: New EPA smog rules will help you breathe easier but at a price](#)
- [California Planning & Development Report: Google Collaborates on Air Pollution Monitoring](#)
- [GOVTECH.COM: Google Smog-Mapping Project Offers Alternative Approach to Internet of Things](#)
- [San Jose Mercury News: Google maps: New project will measure smog neighborhood by neighborhood](#)
- [Contra Costa Times: Guest commentary: Bulk terminal at old Army base will be boon to area](#)
- [Danville San Ramon: San Ramon commission to discuss hydrogen fuel station](#)
- [The Independent: Wood Burning Regulations](#)

Public Phone Inquiries

Air District staff responded to the following:

Phone Calls: 453

Community Events

| | |
|-----------------|--|
| 12/11/2015 | WSTA Door to Door Larkspur |
| 12/10/2015 | Gift Wrap Media Event San Francisco |
| 11/21/2015 | ALA Lung Force Walk San Francisco |
| 11/19/2015 | College of Alameda Wellness Fair Alameda |
| 11/13/2015 | WSTA Door to Door Outreach Martinez & Union City |
| 11/7 - 8/2015 | San Jose Fall Home Show |
| 10/23 - 25/2015 | California Home, Garden & Gourmet Show, Santa Clara County Fairgrounds |
| 10/20/2015 | SAP Employee Health & Transportation Fair |
| 10/18/2015 | Sunday Streets Mission |
| 10/18/2015 | Sunday Streets Berkeley |
| 10/17 – 18/2015 | Half Moon Bay Pumpkin Festival |

| | |
|-----------------|------------------------------------|
| 10/17 – 18/2015 | East Bay Home Show |
| 10/11/2015 | 6th Annual Day on the Bay Festival |
| 10/10/2015 | Home Front Festival By the Bay |
| 10/10/2015 | Ashland/Cherryland FamFest |
| 10/2 – 4/2015 | San Mateo Fall Home Show |
| 10/3/2015 | Monument Impact Carnival of Health |

Publications

Social Media Guidance Document

Staff is working on a rollout strategy and collateral materials for the Social Media Guidance Document.

Social Media

Instagram follower base has grown quickly from followers such as SJSV Chamber and the CA DMV with postings of Winter Spare the Air related images.

Staff recorded audio podcasts about Commuter Benefits Program in Mandarin, Cantonese, and Spanish.

Facebook, Twitter, Instagram and Pinterest posts made for the Pleasanton Middle School Idle-Free event

Staff worked together to develop a social media presentation for the Chinese delegates that visited the Air District.

Videos

Staff finalized Refinery Rules videos and posted on YouTube's Air District site. Included URL's in press re lease on Air District website.

Staff preparing for Human Resources related video for the Air District.

Campaigns

Spare the Air

Completed all advertising for Spare the Air.

Idle- Free event generated nearly \$700,000 worth of publicity in California.

Multicultural ads running online for Commuter Benefits via Facebook.

Comcast aired advertisements during Late Show with Stephen Colbert and Tonight Show Starring Jimmy Fallon

Ran Commuter Benefits Program ads until November 2015.

Advertised on Univision.com, Elmensajero.com, Impre network, LaGanga Online, WorldJournal.com, SingTao.com, Facebook and RBTiQ.

Staff recorded Spanish and Chinese STA Audio Podcasts

Winter Spare the Air

Door-to-Door Outreach was successfully conducted and reached approximately 1,400 homes were reached – surveys are still being mailed in from residents who received them.

Staff finalized the voiceover for the TV commercial that aired on Comcast. Commercial also aired during the premiere of the Walking Dead. The Board of Director's received a video of the Wood Smoke commercial on flash drives at their November 18 Board meeting and were encourage to upload the commercial to their city websites or local you tube channels.

Staff posted Winter Spare the Air Audio Podcast of Dr. Michaela Straznicka on podcast platform and shared on social media.

Print ads for transit began in December. Multicultural ads restart on Univision.com, LaGangaOnline.com and Elmensajero.com. Online, print and digital billboard will also began in December.

Staff recorded audio podcasts about Commuter Benefits Program in Mandarin, Cantonese, and Spanish.

Air Currents

Air Currents newsletter completed and sent out on October 29

Employer Program

Held events with USF, Solazyme and other employers for Great Race for Clean Air

Commuter Benefits Program information advertised during Silicon Valley Chamber event

Refinery Tracking Workshops

Communications Office staff attended the refinery rules workshop to assist with media.

Staff has:

- Attended training sessions to assist with messaging;
- Developed talking points;
- Developed handouts;
- Developed videos explaining the highlights of each rule; and
- Assisted with graphics development.

Miscellaneous

Air District PIO spoke at the Fremont Homeowners Association and addressed the health impacts of PM2.5 to local residents.

COMMUNITY ENGAGEMENT – J. ROGGENKAMP, DEPUTY EXECUTIVE OFFICER

Outreach and Engagement Programs

Spare the Air Youth

- The Spare the Air Youth (STAY) committee held a meeting on Thursday, October 1, 2015. The committee discussed the YES Conference logistics and save the date announcement.
- **Thursday, October 1, 2015 – Global Student Embassy, Berkeley** – Staff spoke with staff from Global Student Embassy, a non-profit youth leadership organization that serves youth in Contra Costa, Santa Cruz, Marin, San Francisco counties. Staff spoke about upcoming YES Conference.
- **Tuesday, October 6, 2015 – Morgan Hill Youth Commission, Morgan Hill** - Staff presented to the Morgan Hill Youth Commission about the upcoming YES Conference and opportunities within the Spare the Air Youth program. 27 youth commissioners were present representing various high schools and middle schools in Morgan Hill.
- The Spare the Air Youth (STAY) committee held a meeting on Tuesday, October 13, 2015. The committee discussed the YES Conference logistics and save the date announcement.
- **Wednesday, October 14, 2015 – Cupertino Youth Commission, Cupertino** - Staff presented to the Cupertino Youth Commission about the upcoming YES Conference and opportunities within the Spare the Air Youth program. 9 youth commissioners were present representing various high schools and middle schools in Cupertino.
- The Spare the Air Youth (STAY) committee held a meeting on Tuesday, October 27, 2015. The committee discussed the YES Conference logistics and save the date announcement.

- **Wednesday, October 28, 2015 – Dublin Youth Advisory Committee, Dublin** - Staff presented to the Dublin Youth Advisory Committee about the upcoming YES Conference and opportunities within the Spare the Air Youth program. 25 youth committee members were present representing various high schools and middle schools in Dublin.
- **Monday, November 2, 2015 – Denman Middle School Environmental Club, San Francisco** – Staff met with the students and faculty of Denman Middle School’s Environmental Club and Bike Club. Staff discussed the YES Conference and community grant program.
- **Tuesday, November 3, 2015 – Student Advisory Council SFUSD, San Francisco** – Staff met with the Student Advisory Council and staff of San Francisco Unified School District. Staff discussed the YES Conference and the community grant program.
- **Wednesday, November 4, 2015 – BAYCAT, San Francisco** – Staff met with staff of the BAYCAT Academy, a digital media arts school located in the Bay View Hunters Point area of San Francisco. Staff discussed the YES Conference and community grant program.
- The Spare the Air Youth (STAY) committee held a meeting on Tuesday, November 10, 2015. The committee discussed the YES Conference logistics, outreach and save the date announcement.
- **Tuesday, November 10, 2015 – Environmental Health Science Class, San Jose** – Staff engaged 20 students of Professor Chan’s Environmental Science course through a general Air District presentation.
- **Thursday, November 12, 2015 – Moraga Youth Involvement Board, Moraga** – Staff presented to the Moraga Youth Involvement Board about the upcoming YES Conference and opportunities within the Spare the Air Youth program. 17 youth involvement board members were present representing various high schools and middle schools in Moraga.
- **Friday, November 13, 2015 – Thurgood Marshall High School, San Francisco** – The Air District attended a summit of 120 administrators, teachers and parents about improving African American student achievement. Staff spoke about the Air District’s internship program, Community Grants Program, YES Conference, speaker series and tours.
- **Friday, November 13, 2015 – Oakland Ed-Partnership Convening** – Staff attended this partnership luncheon with the Oakland Unified School District and City of Oakland and local foundations and presented information on the upcoming YES conference.
- **Friday, November 13, 2015 – Green Teen Gathering, Santa Rosa** – Staff attended a youth regional conference in Sonoma County with over 10 high schools represented and 45 students in attendance. Staff spoke about the upcoming YES Conference.

- **Tuesday, November 17, 2015 – San Ramon Youth Commission, San Ramon** - Staff presented to the San Ramon Youth Commission about the upcoming YES Conference and opportunities within the Spare the Air Youth program. 20 youth commissioners were present representing various high schools and middle schools in San Ramon.
- **Wednesday, November 18, 2015 – Pacifica Youth Advisory Board, Pacifica** - Staff presented to the San Ramon Youth Advisory Board about the upcoming YES Conference and opportunities within the Spare the Air Youth program. 15 youth commissioners were present representing various high schools and middle schools in Pacifica.
- **Thursday, November 19, 2015 – Skyline High School Green Academy Visit, Air District Offices** – Staff hosted students from Skyline High School from Oakland. Students received presentations from Community Engagement and Enforcement staff and toured the meteorology room and lab during their visit. Approximately 30 students attended the presentation and tour.
- **Monday, November 23, 2015 – Green Schools, Air District Offices** – Staff spoke with Robin Organ, Executive Director of Green Schools, a national leading non-profit organization organized for innovative environmental education, E-STEM education, and youth leadership and action. Discussion revolved around YES Conference registration and call for workshop proposals.
- The Spare the Air Youth (STAY) committee held a call meeting on Tuesday, November 24, 2015 and an in-person meeting on Thursday, December 3. The committee discussed the YES Conference logistics, outreach and save the date announcement.
- **Tuesday, November 24, 2015 – Lowell Leadership Association/PTSA, San Francisco** - Staff presented to the Lowell High School Leadership Association and Parent Teacher Student Association about the upcoming YES Conference and opportunities within the Spare the Air Youth program. 40 youth leaders were present representing various grades at Lowell High School.
- **Thursday, December 3, 2015 – SFUSD Climate Education Curriculum Meeting, San Francisco** - Staff attended a meeting with on creating a climate change curriculum for San Francisco Unified School District. 5 sustainability educators, administrators and parents attended the meeting.
- **Tuesday, December 8, 2015** – The Spare the Air Youth (STAY) committee held a meeting at the MTC headquarters. The committee discussed the upcoming YES Conference logistics, outreach and save the date announcement.
- **Monday, December 14, 2015 – Tomorrow’s Leaders Today, Petaluma** – Staff spoke with Chris Pack, coordinator of “Environment and Natural Resources Day” as part of Tomorrow’s Leaders Today programming for youth leaders. Staff also talked about the Community Grants Program and the upcoming YES Conference.

- **Monday, December 14, 2015 – Marin County Youth Commission, San Rafael** - Staff presented to the Youth Leadership Institute/Marin County Youth Commission about the upcoming YES Conference and opportunities within the Spare the Air Youth program. 30 youth leaders were present representing various high school and middle schools in Marin County.
- **Tuesday, December 22, 2015** – The Spare the Air Youth (STAY) committee held a meeting via conference call. The committee discussed upcoming YES Conference logistics, outreach and RSVP list. The YES Conference is scheduled for Saturday, January 30, 2016.

Public Participation Plan Implementation

Community Engagement Staff continued to develop and improve guidance documents for Air District staff to implement public outreach activities more effectively including documents for making effective comments on permits and better web interface to communicate the status of applications and opportunities for comments. Staff also worked with the Executive Office on updating and translating Title VI information to the public.

In support of Air District Open Houses, staff worked with different divisions to ensure fliers and workshop materials were consistent, translated as necessary, and distributed widely; staff also ensured information was posted to the Air District website.

Staff is continuing the process to inventory and assess actions of the 2013 Public participation Plan in preparation for updating this plan for 2016. Most of the implementation actions were achieved from 2013-2015.

Community Outreach

Resource Team Meetings

- **Thursday, October 1, 2015 – Contra Costa Resource Team** – Staff attended the Contra Costa STA Resource Team meeting where team members discussed hosting a Regional Open House to promote public participation with team activities. Team members also discussed and distributed materials for the Idle Free Bay Area Project.
- **Monday, October 5, 2015 – Sonoma Resource Team** – Staff attended the Sonoma STA Resource Team meeting where team members discussed the *Go Sonoma website, selfie booth activities for employer fairs and Go Sonoma outreach intern.*
- **Tuesday, October 6, 2015 – Tri-Valley Resource Team** – Staff attended the Tri-Valley Resource Team meeting where team members discussed the implementation of the Idle Free Bay Area program, the Great Race for clean Air, a Commuter Benefits Open house, and presented the trophy for Air Quality Impact Award (AQIA) to students from Safe Routes to School at Foothill High School for their carpool promoting campaign.

- **Thursday, October 15, 2015 – San Francisco Resource Team** – Staff attended the San Francisco STA Resource Team conference call meeting where team members received an update from SFMTA on San Francisco’s transportation plan around preparations for Super Bowl 2016. The team also reviewed the “Fit-Trips Challenge” project and discussed how to encourage participation.
- **Wednesday, October 21, 2015 – San Mateo County Resource Team** – Staff attended the San Mateo STA Resource Team conference call meeting. Team members discussed outreach and recruitment for the Team to increase participation. The team also discussed promotion around their “Active Trips Incentive” project which aims to decrease the number of single occupancy vehicle trips made to daily events, workshops and meetings in San Mateo County.
- **Tuesday, November 10, 2015 – Santa Clara County Spare the Air Resource Team Meeting, Sunnyvale** – Staff attended the Santa Clara Resource Team meeting in Sunnyvale and presented a synopsis of the Air District’s Regional Climate Protection Strategy. Team members discussed promoting rideshares across multiple business within Moffett Park.
- **Tuesday, December 1, 2015 – San Jose Green Vision Resource Team Meeting, San Jose** - Staff attended the San Jose Green Vision Resource Team meeting in San Jose and provided an Air District update. Team members discussed whether to continue the Stop Junk Mail San Jose project and brainstorm additional project ideas.
- **Tuesday, December 1, 2015 – Tri-Valley Spare the Air Resource Team Meeting, Pleasanton** - Staff attended the Tri-Valley Resource Team meeting in Pleasanton and provided an Air District update. Team members discussed the Idle Free Tri-Valley campaign, the Air Quality Impact Award, and a Commuter Benefits Open House.
- **Wednesday, December 2, 2015 – Sonoma County Spare the Air Resource Team Meeting, Santa Rosa** – Staff attended the Sonoma Resource Team meeting in Santa Rosa and presented a synopsis of the Air District’s Regional Climate Protection Strategy. Team members discussed recent commute fairs in the area and the GoSonoma website.
- **Thursday, December 3, 2015 – Southern Alameda County Spare the Air Resource Team Meeting, Fremont** – Staff attended the Southern Alameda Resource Team meeting in Fremont and provided an Air District update. Team members discussed the Idle Free Bay Area campaign and the Scoop Technologies Rideshare Program.
- **Tuesday, December 8, 2015 – Super Bowl 50 Transportation Plan Overview, Conference Call** – The San Francisco Spare the Air Resource Team organized a conference call to discuss planning for Super Bowl 50 in San Francisco. SFMTA representatives shared information about San Francisco’s transportation plans during the January 30 – February 7, 2016 timeframe. Events and concerts are expected to draw thousands of visitors to San Francisco. This will require rerouting Muni buses, relocating casual carpool drop-off and pick-up spots and various street closures around the City. Approximately 60 Spare the Air Resource Team members and transportation representatives attended the conference call.

- **Thursday, December 10, 2015 – Contra Costa County Spare the Air Resource Team Meeting, Concord** - Staff provided an Air District update to the Contra Costa County Resource Team. Team members discussed the Idle Free Project as well as a Regional Open House event.
- **Friday, December 11, 2015 – Napa Valley Clean Air Coalition Team Meeting, Napa** - Staff attended the Napa Clean Air Coalition meeting and provided an Air District update. The team also received a Regional Climate Protection Strategy update from Abby Young. Team members discussed data from the incentives for alternative transportation to meetings project.

Conferences and Events

- **Saturday, October 3, 2015 – Monument Community Festival for Health, Concord** – Staff conducted outreach at the 15th Annual Monument Community Health Festival in Concord. 150 primarily Spanish speaking families visited the Spare the Air booth and asked about woodsmoke rule, learned about the YES Conference and Community grants as well as other Air District programs.
- **Tuesday, October 6, 2015 – Air District Career Fair, San Francisco** - Staff participated in the first annual Air District career fair at St. Mary’s Cathedral in San Francisco. Staff provided information to attendees on the programs, tasks and activities conducted by the Community Engagement Team.
- **Sunday, October 11, 2015 – Nile Canyon Bike Event, Sunol/Fremont** – Staff conducted outreach at the Nile Canyon Bike Event along a Bi-City trail from Sunol/Fremont. 3500 families attended the event with over 200 stopping by our booth.
- **Saturday, October 17, 2015 – Family Empowerment Conference, San Francisco** – Staff conducted outreach at the Family Empowerment Conference in SF. This event provides leadership training to over 300 families with students in SFUSD. Staff spoke with Safe Routes to School coordinators and local CBOs about the YES Conference and Community Grant Program.
- **Sunday, October 18, 2015 – Berkeley Sunday Streets, Berkeley** – Staff conducted outreach at the Berkeley Sunday Streets event in Berkeley. This event shuts down Shattuck Ave. to cars and allows families to walk or bike through the street. Over 200 people visited the Air District booth.
- **Sunday, October 18, 2015 – Persimmon Pairing Festival, Dublin** – Staff attended this event and distributed woodsmoke and other outreach materials to attendees.
- **Wednesday, October 21, 2015 – Hunter’s Point Family Gala, San Francisco** – Staff attended a gala and award ceremony for the Hunter’s Point Family non-profit community-based organization in Hunter’s Point Bayview Area of San Francisco. Staff networked with community leaders and discussed the Community Grants Program, YES Conference and Bay View Hunters Point EJ Task Force. Over 100 people attended the event.

- **Friday, November 6, 2015 – STEAM Carnival, San Francisco** – Staff attended a Science, Technology, Engineering, Arts and Mathematics event for students, teachers, families and administrators around the Bay. Staff spoke about the Air District’s internship program, Community Grants Program, YES Conference, speaker series and tours.
- **Saturday, November 14, 2015 – Port of Oakland Good Neighbor Breakfast** – staff attended this event as a representative of the Air District to learn of current expansion projects at the Port of Oakland and relations with local CARE communities adjacent to the sea and airport.
- **Monday, December 14, 2015** - Staff participated in a multi-agency community walking survey and joint inspection of the and Recology transfer station environs to understand the extent and potential causes of odor, vector sources, noise and other complaints expressed by the Little Hollywood community at the on-going IVAN meetings in Southeast San Francisco.

Community Meetings and Workshops

- **Friday, October 2, 2015 – West Oakland Environmental Indicators Project, Oakland** – Staff walked with volunteer resident leaders of the West Oakland Environmental Indicators Project around West Oakland and knocked on doors to ask if community members wanted to be hosts for community air quality monitors for the Bay Area Near Roadway Sensor Study.
- **Friday, October 16, 2015** – Staff met with community organizers with Our Lady of Guadeloupe to coordinate engagement listening sessions in the East San Jose area.
- **Tuesday, October 20, 2015 – Meeting with Communities for a Better Environment** – Staff coordinated and attended a meeting with Greg Karras and Roger Lin to discuss CBE’s proposal regarding refinery rules. Legal, Executive and Rule Development staff also attended.
- **Wednesday, October 21, 2015 – Meeting with Sustainable Silicon Valley, Air District Offices** – Staff met with Marianna Grossman, Executive Director of Sustainable Silicon Valley, to discuss Sustainable Silicon Valley’s East Palo Alto Net Positive Initiative.
- **Wednesday, October 21, 2015 – SF Department of Public Works** – Staff attended an inter-agency meeting with SFDPW and CARB representatives to coordinate ongoing anti-diesel idling campaign for Bayview Hunters Point and other areas of the city. Staff also heard updates on planned city facility plant construction plans.
- **Thursday, October 22, 2015 – USTDA China Air Quality Management Training Program, Air District Offices** – The Air District hosted a Chinese delegation on October 22. Staff presented an overview of the Air District, organized tour logistics and arranged Compliance & Enforcement, Planning and Engineering’s participation in the visit. Approximately 20 delegates attended the visit.

- **Friday, October 23, 2015 – Community Air Quality Meeting, Berkeley** – Air District staff met with Berkeley researchers about ongoing studies of Bay Area Roadways with air quality monitors.
- **Tuesday, October 27, 2015 – Chinese Delegation Visit, Air District Offices** – The Air District hosted a Chinese delegation on October 27. Staff presented an overview of the Air District, organized tour logistics and arranged for a tour of our laboratory. Approximately 10 delegates attended the visit.
- **Thursday, October 29, 2015 – Community Grant Program Webinar** – Staff conducted a webinar for organizations and people interested in applying for the community grant program. Staff answered questions about application details and offered additional suggestions for potential applications. Over 30 people attended the webinar.
- **Thursday, October 29, 2015 – Abu Dhabi Delegation Visit, Air District Offices** – The Air District hosted a delegation group for Abu Dhabi on October 29. Staff presented an overview of the Air District, organized tour logistics and arranged Compliance & Enforcement and Engineering’s participation in the visit. Approximately 10 delegates attended the visit.
- **Thursday, November 12, 2015 – North Richmond Municipal Advisory Council** – Staff provided a simple overview of refinery rules currently available for public comment and answered questions from the community.
- **Monday, November 16, 2015 – Chinese Delegation Visit, Air District Offices** – Staff presented an overview of the Air District’s Public Participation Plan, discussed public engagement strategies and organized tour logistics for a tour of Richmond City Hall. The delegates met with City of Richmond Planning staff, Richmond Mayor Tom Butt and Richmond City Manager Bill Lindsey.
- **Monday, November 23, 2015 – Communities for Better Environment, East Oakland** – Staff spoke with resident leaders of Communities for a Better Environment (CBE) about their concerns with the AB&I Foundry and the complaint process. Ten residents attended the meeting.
- **Thursday, December 3, 2015 – CEEB Meeting** – Staff met with a representative from the California Council for Economic and Environmental Balance to discuss ways that they can further engage with the Air District and discussed other proposed community engagement strategies.
- **Thursday, December 3, 2015 – Sunflower Alliance Meeting** – Staff met with a representative from the Sunflower Alliance to talk about the November 30 Special Board Meeting and possible ways forward.
- **Monday, November 30, 2015 – Air District Special Board of Directors Meeting** – Staff helped plan logistics for the Special Board meeting anticipating a high turnout from several stakeholder groups. Staff ensured that attendees had handouts and other documents when requested. Staff also assisted with development of a fact sheet on Refinery Rules prior to the meeting.

- **Thursday, December 3, 2015** - Staff met with EPA representatives Ken Davidson and community representatives for a developing vegetative buffer assessment along the I-880 corridor for which EPA is looking to commence and coordinate with the Air District.
- **Monday, December 7, 2015 – Education for A Healthy Living, Contra Costa College, San Pablo** – Staff presented to two Health Education classes about the work of the Air District, air monitoring networks, careers and on-going programs. Approximately 60 students received the presentation.
- **Tuesday, December 15 – 17, 2015 – Online Civic Engagement Meetings** – Web, IT, Communications and Engagement staff met to review a proposed scope of work to implement an online civic engagement tool (Open Town Hall by Peak Democracy). Staff addressed remaining questions with Peak Democracy. Staff anticipates initiating contract documents shortly.
- **Thursday, December 17, 2015 – International Association of Plumbing and Mechanical Officials, San Carlos** – Staff presented to the International Association Plumbing and Mechanical Officials about the work of the Air District, air monitoring networks, rule updates and on-going programs. Approximately 50 members received the presentation.
- **Monday, December 7, 2015 – James Cary Smith Community Grant Program Review Session, Air District Offices** – Staff brought in a team of 8 internal and external grant application reviewers to read and score all grant proposals. The team included community engagement staff, technical staff from planning and MMR as well as a USF Environmental Equity professor and a representative from Community Focus.
- **Monday, December 7 – 18, 2015 – Community Engagement Strategy Meetings** – Staff met with three Board members to obtain feedback regarding a proposed Community Engagement Strategy to potentially replace the proposed Community Council.
- **Thursday, December 10, 2015** – Staff participated in a statewide CAPCOA Public Outreach Committee conference call and heard reports from Paris COP21 and discussed the current State “Hot Spots” program concerning toxic risks.
- **Friday, December 11, 2015** - Staff participated in a conference call with Dr. Edmund Seto (University of Washington) and Tom Kirchstetter (UC-Berkeley) regarding a UC-Berkeley proposal to work with Air District and the on-going BANRS project to co-locate planned sensors in the West Oakland area in order to create a dense network to measure PM and black carbon specifically.

PLANNING AND CLIMATE PROTECTION DIVISION – H. HILKEN, DIRECTOR**Air Quality Planning**

Staff continued preparing the Draft 2016 Clean Air Plan/Regional Climate Protection Strategy (CAP/RCPS) including drafting potential control measures and implementation actions, and creating presentation materials for community open houses scheduled for late January/early February 2016. Staff provided an update on the Bay Area Commuter Benefits Program to the Executive Committee of the Board, providing an evaluation of Program results to date that will be submitted to the California State Legislature. Staff presented the latest draft of Planning Healthy Places (PHP), which is a guidance document to promote healthy infill development in the region to the Executive Committee, to MTC and ABAG staff, and to the Executive Directors of the Bay Area Regional Collaborative (BARC). Staff continues implementation of the Air District's CEQA Guidelines, including tracking their use by lead agencies; reviewing air quality analyses in CEQA documents; drafting comment letters, and responding to inquiries from consultants, local governments and businesses. Staff provided CEQA comment letters to: the City of Benicia on the Recirculated Draft Environmental Impact Report for the Valero Benicia Crude by Rail Project; the City of Pleasanton for the Johnson Drive Economic Development Zone Draft Environmental Impact Report; the City of Vallejo on the Vallejo Marine Terminal and the Orcem Project Draft Environmental Impact Report; the City of Santa Clara on the Draft Environmental Impact Report for the City Place Santa Clara Project and the City of Redwood City on the Draft Environmental Impact Statement/Environmental Impact Report for the Redwood City Harbor Navigation Improvement Project. Additionally, a coordinated comment letter, spearheaded by the Bay Area Air District on behalf of several northern California air districts, was submitted to the City of Benicia in response to the Valero Benicia Crude by Rail Project Recirculated DEIR. Staff participated on a panel on regional agency collaboration at a Bay Area Planning Directors Association general membership meeting. Staff made a presentation on air quality and climate protection programs at the District to a visiting delegation of Chinese air quality officials. Staff attended the CAPCOA Planning Managers' symposium.

Climate Protection Program

Staff continued work on the economic sector GHG gap analyses for the Regional Climate Protection Strategy (RCPS), including drafting and refining control measures for each of the nine sectors and preparing for six Clean Air Plan (CAP)/RCPS open houses scheduled for January and February 2016 across the Bay Area. Staff continued working with the UC Berkeley Cool Climate program on a consumption-based GHG emissions inventory (CBEI) for the Bay Area, including mapping the data online, preparing the final report, meeting with local government staff regarding the CBEI, and presenting the CBEI to the Climate Protection Committee. Staff completed deployment of the GHG monitoring site at Bodega Bay and began collecting data on a continuous basis. Staff continued to prepare for additional GHG measurements at fixed locations, as well as mobile measurements. Staff prepared and presented a poster on the Air District's GHG monitoring network at the American Geophysical Union conference in San Francisco. Staff participated in an ARB workshop on their Draft Short-Lived Climate Pollutant Reduction Strategy and provided comments on this strategy; staff also briefed the Climate Protection Committee on ARB's Draft Short-Lived Climate Pollutant Strategy. Staff participated in two ARB workshops to discuss California's plan for compliance with the U.S. EPA's Clean Power Plan and potential amendments to the State's Cap-and-Trade Regulation. Staff presented to two

delegations of Chinese air quality officials regarding the Air District's air quality and climate protection planning.

Community Air Risk Evaluation (CARE)

Staff presented at the California chapter of the American Planning Association annual conference in Oakland in a panel titled "Infill Residential Development and Air Quality." Staff participated in a conference call with the Alameda County Department of Public Health (ACDPH) and members of Ditching Dirty Diesel, Earth Justice, and the West Oakland Environmental Indicators Project to discuss work by the ACDPH on an assessment of health risks from planned goods movement projects within the county. Staff participated in a webinar to review the US EPA's 2011 National Air Toxics Assessment (NATA) update. Staff participated in several meetings with air quality researchers, community members, and others to discuss potential projects to measure local air quality using low cost air quality sensors. Staff initiated the second phase of a joint study between the Air District, LBNL, and the San Francisco Department of Public Health to sample indoor air quality to test the effectiveness of air filtration in existing housing. Staff continued to provide technical support to the Planning Healthy Places guidance document and to review of CEQA documents.

Emissions Inventory

Staff compiled emissions inventory information to support several recently proposed, pending, and adopted Air District regulations, including refinery rules, wood burning rules, and composting operation rules. Staff compiled an updated list of global warming potentials for greenhouse gases (GHGs) using the latest values from the Intergovernmental Panel on Climate Change (IPCC) to support proposed amendments to the Air District's Fee Rule. Staff provided updated GHG projections to support the Regional Climate Protection Strategy. Staff attended an ARB workshop on strategies to reduce short-lived climate pollutants. Staff reviewed and commented on an Air District-sponsored project report by the Lawrence Berkeley National Laboratory evaluating and mapping the Bay Area's methane emissions. Staff held a conference call with NASA researchers to discuss a possible collaborative project to evaluate GHGs using sensors on satellite and jet flights over the Bay Area. Staff provided GHG and air pollution emissions data to numerous local government staff, state agency staff, consultants, private researchers, and others. Staff presented an overview of the Community Air Risk Evaluation (CARE) program and emissions inventory program to representatives from the Beijing Municipal Environmental Protection Bureau.

Research and Modeling Program

Staff continued to assist with the 2016 Clean Air Plan update, including continuing work on Bay Area 2012 and 2013 particulate matter (PM) and ozone air quality simulations, updating the Multi-Pollutant Evaluation Method, updating pollutant health impact estimates, and updating trends to include the latest air monitoring data. Staff continued work with consultants to improve chemical speciation of the District's modeling emissions inventory and CMAQ simulations. Staff continued to use the CALMET/CALPUFF dispersion model to simulate impacts of SO₂ emissions reductions at Bay Area refineries to support the refinery rule development effort. Staff continued to work with UC Davis to measure speciated ultrafine PM in the Bay Area. Staff worked on selecting 2014-2015 wintertime particulate matter samples taken at several District air monitoring stations for carbon-14 analysis to evaluate the contribution of wood smoke to Bay Area PM. Staff prepared a poster on the application of air quality modeling and analysis of

aircraft data captured during NASA's DISCOVER-AQ campaign to better understand PM formation in aloft layers in the Bay Area for the American Geophysical Union fall meeting in San Francisco.

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| STRATEGIC INCENTIVES DIVISION – K. SCHKOLNICK, ACTING DIRECTOR |
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Carl Moyer Program (CMP)

- Inspectors completed four audit visits for previously-funded projects, 10/6-14.
- SB 513 was signed by Governor Brown, 10/8.
- Staff conducted one vendor audit visit to Coast Counties Truck & Equipment, San Leandro CA, 10/15.
- Staff participated in the following meetings:
 - Air Resources Board (ARB)/ California Air Pollution Control Officers Association (CAPCOA) Tactical Team conference call, 10/29, 11/19 & 12/10.
 - ARB Truck outreach workshop/event at Mission College, 11/3.
 - CAPCOA Grants Committee call, 11/13 & 12/9.
 - ARB public workshop to discuss the implementation of the short-term SB 513 changes, 11/17.
 - California Energy Commission (CEC) Technology Merit Review webinar, 12/2.
- Staff met with Red & White Fleet, CEC, and GOBiz to discuss potential funding opportunities for a hydrogen ferry project, 11/12.
- Staff visited numerous program Bay Area equipment vendors to provide program outreach materials and information, 11/16.
- Staff received the final Department of Finance (DOF) fiscal audit report from their recently concluded review of the Air District's state-funded incentive programs, 12/22.
- Staff tested and deployed updates to the online grants application system, 12/30.

Goods Movement Program

- Staff attended the ARB webinar, California Sustainable Freight Strategy Action Plan, 10/1.
- Year 5 - Staff participated in the following truck projects activities:
 - Presented information at the Port of Oakland Truck Working Group meeting, 10/19.
 - Sent several hundred email reminders to truck owners and stakeholders about the November 20th application deadline, 11/12.
 - Conducted vendor training webinars for equipment dealers and dismantlers wishing to participate in the GMP, 11/18-19.
 - Received 122 project applications for the truck program funding cycle, 11/20.
 - Met with air districts that administer the GMP to discuss implementing a truck reuse program for trucks with model year 2007-2009 engines that applied for funding, 11/24.
- Staff submitted the Air District's Semi-Annual reports for all GMP grants to ARB, 10/20.
- Staff participated in a statewide conference call with ARB and other GMP agencies, 10/21, 11/18 & 12/16.
- Staff participated in an ARB Truck outreach event at Mission College, 11/3.
- Staff discussed possible enforcement actions for GMP projects with legal staff, 11/4.

- Staff opened a \$15 million solicitation for locomotive and rail yard projects that will close on January 29, 2016. Program announcement emails were sent out to locomotive stakeholders in the Bay Area, 11/23.
- Staff worked with planning staff to submit Sustainable Freight Pilot project concepts to ARB, 11/30.
- GMP and CMP staff provided incentive program information at the ARB One-Stop Event (outreach) at College of Alameda, 12/11.
- Staff completed a final check-in with pending YR4 projects and determined that approx. 7.5% (~22 trucks) anticipate completion during 2015. All other projects have either been paid or have confirmed they will not be participating in the YR4 funding cycle.

Grant Development

- Staff worked with MTC staff to discuss the Climate Grants' Parking/TDM Grant Program Evaluation, 10/15 & 10/29.
- Staff presented Air District comments to the ARB Board on the proposed modifications to the ARB Greenhouse Gas Reduction Fund (GGRF) Low Carbon Transportation funding, 10/22.
- Staff submitted a proposal requesting \$5,930,326 to the U.S. DOE to demonstrate three hydrogen fuel cell drayage trucks to operate between the Port of Oakland and West Sacramento, 11/19.
- Staff responded to auditor questions regarding the CA Fleets and Workplace Alternative Fuels Project, 11/20.
- Staff presented at the "Assessment of Critical Barriers and Opportunities to Accelerate Alternative Medium and Heavy Duty Truck Technologies in California," hosted by UC Davis, 12/3.
- Staff attended ARB's Public Workshop on Development of a Long-Term Plan for the Clean Vehicle Rebate Project and Light-Duty Vehicle Incentives in Sacramento, 12/8.
- Staff met with representatives of Dearman Engines to learn about their technology and discuss funding opportunities, 12/10.
- Staff was informed that ARB awarded \$23,638,500, to our partner, SCAQMD, for the California Collaborative Advanced Technology Drayage Truck Demonstration proposals under the ARB Zero-Emission Drayage Truck Demonstration Project, 12/15.
- Staff held a conference call with Wind+Wing representatives to discuss funding for a wind-assisted ferry under upcoming Cap and Trade solicitations, 12/17.
- **Zero-Emission Truck & Bus Pilot Commercial Deployment Projects**
 - Staff met with representative of Proterra to discuss submitting a proposal under this solicitation, 12/10.
 - Staff and US Hybrid representative discussed partnering on a proposal, 12/17.
 - District staff held a conference call with representative from CTE regarding partnering on an ACT Transit hydrogen fuel cell bus project, 12/30.
- **Commercial Lawn & Garden Equipment Exchange Program**
 - Staff worked with the state Attorney General to discuss using GGRGP funds for a commercial lawn and garden equipment replacement program 11/17, 12/9 & 12/16.
 - Staff requested an extension for the Commercial Lawn & Garden Equipment Exchange program from National Fish and Wildlife Foundation and was granted an extension from 12/31/2015 to 6/30/2016, 12/2.

- Staff held a conference call with Alameda and Contra Costa County partners to provide an update on the Commercial Lawn & Garden Equipment Exchange Program, 12/29.

Lower-Emission School Bus Program

- One payment totaling \$234,300 was made to retrofit 13 public school buses for the Mt. Diablo Unified School District (Contra Costa Co.), 10/1.
- One final payment totaling \$654,953.87 was made to Evergreen Elementary School District (Santa Clara County) to replace five public school buses.

Transportation Fund for Clean Air (TFCA)

- **County Program Managers**
 - Staff attended the October Congestion Management Agency (CMA) Director's monthly meeting in Napa, 10/23.
 - Staff met with the nine Bay Area CMAs to discuss the FYE 2017 guidance, 12/4.
 - The FYE 2017 County Program Manager Guidance and Policies were released, 12/7.
- **Regional Fund**
 - Staff presented on the open TFCA Regional Fund programs at Metropolitan Transportation Commission's (MTC) Active Transportation Work Group meeting in Oakland, 11/19.
 - **Plug-in Electric Vehicle (PEV) Programs:**
 - *EV Charging Station Demonstration Program (RFG):*
 - Staff held pre-application webinars on 11/5 & 12/9.
 - The solicitation for this program closed on 12/18. Seventeen applications were received by the deadline, requesting a total of \$2.7M.
 - *Charge! Program:*
 - Staff held pre-application webinars on 10/7 & 11/17.
 - The Charge! Program closed on 1/15/2016. 62 applications were received, requesting a total of \$5.1 million (M). To date, staff has made recommendations of \$1.1M in awards, 1/26.
 - *FYE 2016 PEV Rebate Program:*
 - Staff hosted a pre-application webinar on 10/8.
 - \$180,000 in rebate funds have been awarded to agencies that purchased 60 battery electric vehicles, 20 plug-in hybrid electric vehicles, and four zero-emissions motorcycles, 1/25.
 - *Outreach and other PEV-related activities:*
 - Staff met with representatives from Clean Economy LLC and eMotorWerks, 10/28.
 - Staff participated in conference calls with MTC and Kearns & West to plan for the EV Council meetings, 10/6, 10/20, 11/2 & 12/4, 12/18.
 - Staff participated in conference calls with representatives from San Luis Obispo, Monterey Bay Unified, and San Barbara Air Pollution Control

Districts to discuss collaboration on a CEC grant funding opportunity (GFO-15-601) to deploy DC fast chargers along California's north-south corridors, 10/6 & 10/20.

- Staff participated in a conference call with ChargePoint to discuss their application for a CEC grant funding opportunity (GFO-15-601) to deploy DC fast chargers between South of San Jose and Gilroy, 10/15.
- Staff attended the Drive the Dream event hosted by California PEV Collaborative (PEVC) in Los Angeles, 10/15.
- Staff participated in PEVC conference calls to discuss opportunities to advance charging infrastructure deployment at multi-dwelling units (MDUs) and workplaces, 10/26, 11/5, 11/12, 11/30, 12/18.
- Staff attended a webinar hosted by the PEVC on "Taking Turns: How to Effectively Share Electric Vehicle Chargers," 10/27.
- Staff attended an EV Ride & Drive event at the Oyster Point business park in South San Francisco to promote the Air District's grant opportunities, 10/28.
- Staff submitted a paper to the Electric Vehicle Symposium & Exhibition (EVS29), to be held in Montreal, Canada in June 2016, 10/30.
- Staff participated in Clean Cities PEV Discussion Group: Lessons Learned During EV Project Charging Station Installations Webinar, 11/4.
- Staff met with representatives from NASA to discuss EV charging grant opportunities, 11/4.
- Staff submitted monthly progress report to the CEC on the Bay Area Corridor Charging Expansion Program, 11/10 & 12/10.
- Staff attended the PEVC member meeting held at Amazon Labs in Sunnyvale, 11/10.
- Staff attended a teleconference to discuss the future funding for the Clean Vehicle Rebate Project (CVRP), 11/18.

○ **Bicycle Programs:**

- *FYE 2016 Electronic Bike Lockers:*
 - Staff conducted pre-application webinars, 10/1 & 12/17.
 - To date, four applications have been received. The application submittal deadline is June 3, 2016.
- *FYE 2016 Bike Rack Vouchers:* To date, seven applications have been received. Four projects have been awarded a total of \$19,680. The application submittal deadline was extended to June 3, 2016.
- *Bike Share:*
 - Staff participated in conference calls with the Partner Working Group representatives to discuss local issues, contract implementation issues, and marketing and outreach, 10/7, 10/21, 10/28, 11/4, 11/18, 12/2 & 12/9.
 - DAPCO and staff participated in a conference call with MTC representatives to discuss the bike share system transition, 10/13.
 - Staff participated in conference calls with representatives from Motivate and MTC to discuss contract administration and implementation issues, the strategic marketing plan, operations, and invoicing, 10/20, 10/29, 11/3, 11/17, 11/20, 11/24, 12/1 & 12/14.

- Staff participated in a conference call with representatives from Caltrans, MTC, and Motivate to discuss the Federal Pilot project closeout and the bike share system transition from the Air District to MTC, 10/22.
- Bay Area Bike Share hosted a free-ride day sponsored by Target and Instacart, 11/20.
- The Air District and Motivate executed the Second Partial Accord, Amendment #6, and the Bike Share Asset Transfer Agreement, 12/21. The Air District issued the final payments to Motivate, and Motivate transferred the membership revenue and settlements to the Air District.
- The Air District-Motivate agreement term ended on December 31, 2015. As of January 1, 2016, MTC owns the bike share assets and administers the regional bike share system.
- Final system statistics from launch (8/29/13) to 12/31/15:
 - Active Accounts (Annual and 30-Day) – 3,782
 - Annual Memberships – 7,126
 - 30-day Trial Memberships – 823
 - Casual Memberships – 56,513
 - System Wide Trips – 773,916
- **Trip Reduction Programs:**
 - *FYE 2016 Shuttles/Ridesharing – Existing Services:* During the solicitation period nine applications were received, 5 of which were recommended for full and 2 for reduced award; 2 were not recommended (not eligible). Total funds awarded \$3.2 M. 10/6.
 - Staff attended a teleconference with the TDM Working Group to discuss the 511 program, 12/15.
 - Staff teleconferenced with the UC Berkeley TSRC to discuss a project to survey shuttle routes, 12/18.
- **Hydrogen Fueling Infrastructure Programs:**
 - *FYE 2016 Hydrogen Fueling Stations:*
 - A solicitation for FYE 2016 Hydrogen Fueling Station Projects opened on November 18, 2015, and closed on January 4, 2016. No applications were received.
 - Staff conducted application webinars for the FYE 2016 Hydrogen Fueling Station Projects, 12/3 & 12/8.
 - Staff discussed fueling stations in Berkeley and Emeryville with the Center for Transportation and the Environment, 12/23.
 - *Outreach and other Hydrogen-related activities:*
 - Staff attended the Medium- and Heavy-Duty Fuel Cell Truck Stakeholder Meeting hosted by the California Fuel Cell Partnership (CalFCP) in Sacramento, 10/30.
 - Staff participated in a conference call with the California Hydrogen Business Council (CHBC) Sector Action Group (SAG) to discuss available funding for Goods Movement, Heavy Duty Transportation, and Clean Ports, 11/12.
 - Staff Participated in a Government H2 Update conference call hosted by ARB, 12/4.

Other

- Staff attended a division-wide onsite writing training workshop offered by Janis Bell, 10/1, 10/8, 10/23, 10/28, 11/5, 11/16 & 12/8.
- Staff attended an SFMTA conference on the Super Bowl 50 transportation plan.
- Staff attended training, Project Management for Administrative Professionals, 12/15.

METEORLOGY, MEASUREMENT AND RULES DIVISION – E. STEVENSON, DIRECTOR**Air Quality**

During the 4th quarter of 2015, there were no exceedances of the National 8-hour ozone standard, no exceedances of the State 8-hour ozone standard, and no exceedances of the State 1-hour ozone standard. No summer Spare the Air Alerts were called in October. By mid-October, weak weather systems moved through northern California and the Bay Area transitioned into the winter particulate pollution season.

In November and December 2015, there were no days when PM_{2.5} exceeded the National standard due to frequent storms. This is similar to November and December 2014 when there were no days above the standard and frequent storms moved through the Bay Area. In contrast, there were 12 days above the standard in November and December 2013, which were dry and cold. During the 4th quarter, 8.58 inches of rainfall was recorded at Santa Rosa and there were 15 days at or below freezing. In contrast, during the same period in 2013, Santa Rosa only recorded 1.4 inches of rainfall and there were 24 days at or below freezing.

Air Monitoring

31 air monitoring sites were operational from October through December 2015. Ozone monitors at Hayward, San Martin, Gilroy, Los Gatos, San Ramon, and Fairfield were shut down on December 1, 2015, during the low ozone season, as allowed under a waiver granted by the EPA. All 13 remaining ozone monitors continued to operate during the 4th Quarter 2015.

The Air Monitoring Section concluded the evaluation of both a low level carbon monoxide and a greenhouse gas analyzer produced by Peak Analytical. The testing was done as a joint effort between the Air District and Peak Analytical. Both instruments were compared with current Air District analyzers at the Bethel Island site. The data from the evaluation is currently being reviewed to determine the analyzers performance. The Air Monitoring Section also continued to collaborate on a number of other special projects including a project with Lawrence Berkeley National Laboratory measuring ethane and methane at air monitoring sites in Oakland, and a project with UC Davis which involves the characterization of ultrafine particulate matter at sites in Oakland and San Pablo.

A new staff member, Ila Perkins, was brought on board to fill a vacant Air Quality Instrument Specialist position. The hiring was the result of a recruitment process started in September to fill a vacancy left by a promotion earlier in the year.

The California Air Resources Board conducted performance evaluations of several air monitoring stations during November and December. All sites were found to be well within acceptable

quality limits. These audits fulfill the requirement of participation in the National Performance Audit Program specified by federal regulation.

Performance Evaluation

The Performance Evaluation Group (PEG) conducted EPA-mandated performance audits at 20 District air-monitoring stations, verifying 75 separate parameters during the 4th Quarter of 2015. The National Air Quality System (AQS) Database was updated with all the audit results.

Ground-Level Monitoring (GLM) network audits of Hydrogen Sulfide (H₂S) and Sulfur Dioxide (SO₂) monitors were conducted at sites in the vicinity of Phillips 66 and Shell refineries. Audits were performed at 9 monitoring locations and 15 gas analyzers were tested. All of the GLM locations tested met Air District's performance criteria.

PEG is testing newly purchased meteorological standards and is developing a SOP and data logger programming so that the equipment can be incorporated into the current network. Modifications to the TTP van continue throughout this quarter. The use of a new, ultra-stable CO analyzer to eliminate drift is being explored. A newly designed sampling system for the TTP van is to be purchased.

Records Management

Digital Records Center Test Site was made available to 38 Staff Members in Engineering, Finance and Enforcement.

Nearly 1.2 million files have been converted to searchable PDF.

Physical Record Center was built out in Richmond. Approximately 1,400 Double Banker boxes have been removed from the San Francisco Office and stored and inventoried into the Richmond Records Center. Released forms for staff to electronically request boxes from the Records Center and request pick-up from the San Francisco Office are also available.

Rule Development Program

Refinery Emission Reduction Rulemaking:

On December 16, 2015, the Board approved the first set of refinery emission reduction rules:

| Rule | Pollutant | Description |
|-------------------------------------|----------------------------|---|
| 6-5: Fluid Catalytic Cracking Units | Ammonia, PM _{2.5} | Optimize ammonia injections in these units to minimize PM _{2.5} emissions. This should also reduce ammonia emissions. |
| 8-18: Equipment Leaks | VOCs, Air Toxics | Expand the number of components subject to inspection and repair requirements, substantially reducing VOC emissions, some portion of which are toxic. |
| 11-10: Cooling Towers | VOCs, Air Toxics | Requires timely detection and repair of cooling tower leaks. This will reduce VOC emissions, some portion of which are toxic. |

Together, these three rules are projected to reduce refinery emissions by 14 percent. A fourth rule, Regulation 9, Rule 14: Petroleum Coke Calcining, was re-scheduled so that staff could work with the owners of the impacted facility on a rule that would be more economically feasible. Staff plans to bring that rule back before the Board of Directors in March of 2016.

In addition to the emission reduction rulemaking, staff is preparing modifications of the Air District's permitting rules that would impact oil refineries. If adopted, these changes would require permit review for significant changes in crude oil characteristics. They would also require a Best Available Control Technology (BACT) review for greenhouse gas emissions. Staff is planning to bring these changes to the Board of Directors for consideration in the first or second quarter of 2016.

Refinery Emissions Monitoring and Risk Limits:

Final draft versions of Regulation 12, Rule 15: Petroleum Refining Emissions Tracking and Regulation 12, Rule 16: Petroleum Refining Emissions Risk Limits were released to the public for comment on October 9th.

The Air District received several significant comments on these rules that caused a reconsideration of the appropriate approach for Regulation 12, Rule 16. As a result, these rules were not presented for consideration on December 16, 2015 as originally planned. Regulation 12, Rule 15 has been revised and will be re-proposed in a form that is independent of Regulation 12, Rule 16 and focuses on data collection to help determine impact of crude slate changes on emissions and to better understand the impact of refineries on neighboring communities. This revised version of Regulation 12, Rule 15 will be brought to the Board of Directors for consideration in March of 2016.

Greenhouse Gas Rulemaking Efforts

Staff continues to work on rules to reduce emissions of methane, a powerful greenhouse gas. Staff is working with CARB and the California Public Utility Commission to limit methane leaks from PG&E natural gas distribution network. Staff is also working with CARB on a rule to reduce

methane (and toxic and ozone precursor) emissions from oil and gas production wells and underground storage. In addition, staff is evaluating other opportunities to reduce emissions from other methane sources such as landfills and capped oil and gas wells.

Laboratory

Staff toured the new lab space at 375 Beale to observe the progress and to identify steps required to ensure that the move results in as little downtime for laboratory operations as possible.

The laboratory manager, Jim Hesson, retired. Recruitment and interviews were conducted in December. The position will be filled in early January.

| | |
|---------------------------|------|
| Laboratory | |
| Sample Analyzed | 1000 |
| Inter-Laboratory Analyses | 1 |

Source Test

The Source Test Section continued participation in the District's Rule Development efforts on calcining, revisions to Regulation 6 and Regulation 12, Rule 15: Refinery Emissions Tracking, as well as providing assistance in formulating new methodology for testing cooling towers.

Additional activities include rule development for heavy liquid service at refineries, PM_{2.5} testing at refineries and approving Regulation 9, Rule 10 CEM installation protocols for Tesoro, Valero, Chevron and Phillips 66 refineries.

Twenty-one Regulation 9, Rule 10 carbon monoxide (CO) source tests were done by the Air District's CEM group: seven at Phillips 66, nine at Chevron, and five at Tesoro.

Evaluation of EPA's Method 201A and revisions to Method 202 for particulate particle size sampling also continues.

Source Test staff was assigned to review the Method of Procedures (MOP) for errors and updates in anticipation of MOP revisions that will be done by Rule Development and is assisting the Enforcement and Engineering Divisions in establishing analytical criteria for evaluating CEM data of a mercury monitor at Lehigh, as well as evaluating performance specification tests performed at this site's new exhaust stack.

Routine Source Test Sections duties continued which includes:

- Performance of Continuous Emissions Monitoring (CEM) Field Accuracy Tests on monitors installed at large source emission points.
- Performance of source tests to determine emissions of precursor organic compounds, filterable particulate matter and toxic air contaminants.
- Performance of tests to assess the compliance status of gasoline cargo tanks, gasoline dispensing facilities, gasoline terminal loading and vapor recovery systems.

- Evaluation of independent contractor conducted source tests to determine report acceptability and source compliance.
- The Phillips 66 Rodeo Refinery's open path monitor monthly reports for September, October, and November were reviewed.

STATISTICS

Administrative Services:

Accounting/Purchasing/Comm.

| | |
|-------------------------------|-------|
| General Checks Issued | 1,233 |
| Purchase Orders Issued | 405 |
| Checks/Credit Cards Processed | 4,030 |
| Contracts Completed | 77 |
| RFP's | 2 |

Executive Office:

| | |
|--------------------------------|-----|
| Meetings Attended | 150 |
| Board Meetings Held | 5 |
| Committee Meetings Held | 9 |
| Advisory Council Meetings Held | 1 |
| Hearing Board Meetings Held | 3 |
| Variances Received | 1 |

Information Systems

| | |
|----------------------------|-----|
| New Installation Completed | 11 |
| PC Upgrades Completed | 17 |
| Service Calls Completed | 878 |

Human Resources

| | |
|--------------------------------------|-------|
| Manager/Employee Consultation (Hrs.) | 350 |
| Management Projects (Hrs.) | 400 |
| Employee/Benefit Transaction | 600 |
| Training Sessions Conducted | 5 |
| Applications Processed | 388 |
| Exams Conducted | 9 |
| New Hires | 15 |
| Promotions | 10 |
| Payroll Administration (Hrs.) | 600 |
| Safety Administration | 150 |
| Inquiries | 4,000 |

Facility/Vehicle

| | |
|--------------------------------|------|
| Request for Facility Service | 189 |
| Vehicle Request(s)/Maintenance | 88/7 |

Compliance Assistance and Operations Program

| | |
|--|-------|
| Asbestos Plans Received | 1,410 |
| Coating and other Petitions Evaluated | 9 |
| Open Burn Notifications Received | 447 |
| Prescribed Burn Plans Evaluate | 3 |
| Tank/Soil Removal Notifications Received | 18 |
| Compliance Assistance Inquiries Received | 26 |
| Green Business Reviews | 5 |
| Refinery Flare Notifications | 19 |

Compliance Assurance Program

| | |
|------------------------------------|-------|
| Industrial Inspections Conducted | 1,021 |
| Gas Station Inspections Conducted | 135 |
| Asbestos Inspections Conducted | 356 |
| Open Burning Inspections Conducted | 3 |
| PERP Inspections Conducted | 23 |
| Mobile Source Inspections | 44 |
| Grants Inspections Conducted | 187 |

Engineering Division:

| | |
|----------------------------------|-------|
| Annual Update Packages Completed | 2,292 |
| New Applications Received | 269 |
| Authorities to Construct Issued | 144 |
| Permits to Operate Issued | 241 |
| Exemptions | 4 |
| New Facilities Added | 128 |
| Registrations (new) | 11 |

Communications and Outreach:

| | |
|--|-----|
| Presentations Made | |
| Responses to Media Inquiries | 190 |
| Events staffed with Air District Booth | 17 |
| Visitors (District Tour) | 1 |

STATISTICS

Compliance and Enforcement Division:

Enforcement Program

| | |
|--|-------|
| Violations Resulting in Notices of Violation | 97 |
| Violations Resulting in Notice to Comply | 39 |
| New Hearing Board Cases Reviewed | 4 |
| Reportable Compliance Activity Investigated | 115 |
| General Complaints Investigated | 1,050 |
| Smoking Vehicle Complaints Received | 788 |
| Woodsmoke Complaints Received | 794 |
| Mobile Source Violations | 5 |

Meteorology Measurements & Rules:

4th Quarter 2015 Ambient Air Monitoring

| | |
|--|---|
| Days Exceeding Nat'l 24-hour PM _{2.5} Std | 0 |
| Days Exceeding Nat'l 24-hour PM ₁₀ Std | 0 |
| Days Exceeding State 24-hour PM ₁₀ Std | 0 |
| Days Exceeding the Nat'l 8-hour Ozone Std | 0 |
| Days Exceeding the State 1-hour Ozone Std | 0 |
| Days Exceeding the State 8-hour Ozone Std | 0 |

Ozone Totals, Year to Date 2015

| | |
|---------------------------------------|----|
| Days Exceeding State 1-hour Ozone Std | 4 |
| Days Exceeding Nat'l 8-hour Ozone Std | 5 |
| Days Exceeding State 8-hour Ozone Std | 11 |

Particulate Totals, Year to Date 2015

| | |
|---|---|
| Days Exceeding Nat'l 24-hour PM _{2.5} Std | 9 |
| Days Exceeding the Nat'l 24-hour PM ₁₀ Std | 0 |
| Days Exceeding State 24-hour PM ₁₀ Std | 1 |

PM_{2.5} Winter Season Totals for 2015-2016

| | |
|--|---|
| Days Exceeding Nat'l 24-hour PM _{2.5} Std | 0 |
|--|---|

4th Quarter 2015 Agricultural Burn Days

| | |
|--|----|
| Oct-Dec Permissive Burn Days – North | 75 |
| Oct-Dec No-Burn Days – North | 17 |
| Oct-Dec Permissive Burn Days – South | 78 |
| Oct-Dec No-Burn Days – South | 14 |
| Oct-Dec Permissive Burn Days – Coastal | 77 |
| Oct-Dec No Burn Days – Coastal | 15 |

Laboratory

| | |
|----------------------------|-------|
| Sample Analyzed | 1,000 |
| Inter- Laboratory Analyses | 1 |

Technical Library

| | |
|-----------------------------|---|
| Titles Indexed/Cataloged | 0 |
| Periodicals Received/Routed | 0 |

Source Test

| | |
|--|-------|
| Total Source Tests | 94 |
| Pending Source Tests | 3 |
| Violation Notices Recommended | 6 |
| Contractor Source Tests reviewed | 3,226 |
| Outside Test Observed | 10 |
| Violation Notices Recommended After Review | 19 |

Continuous Emissions Monitoring (CEM)

| | |
|---------------------------------------|-----|
| Indicated Excess Emission Report Eval | 14 |
| Monthly CEM Reports Reviewed | 132 |
| Indicated Excesses from CEM | 152 |

Ground Level Monitoring (GLM)

| | |
|---|----|
| Oct-Dec Ground Level Monitoring SO ₂ Excess Reports | 1 |
| Oct-Dec Ground Level Monitoring H ₂ S Excess Reports | 12 |

These facilities have received one or more Notices of Violations
Report period: October 1, 2015 – December 31, 2015

Alameda

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|---------------------------------------|-------------------|-------------|----------------|------------------------|
| 167th Ave Gas Station | X4857 | San Leandro | \$750 | 2 |
| All Star Gas | V6282 | San Leandro | \$5,000 | 1 |
| City of Alameda, Maint Serv Center | A3194 | Alameda | \$4,000 | 1 |
| Hayward Waste Water Treatment Plant | A1009 | Hayward | \$2,000 | 1 |
| Jose Napoles | X4578 | Hayward | \$6,000 | 3 |
| Mass Petroleum Inc. | X6550 | San Leandro | \$500 | 1 |
| P. W. Stephens Environmental, Inc. | L6230 | Fremont | \$500 | 1 |
| Raybern Foods, LLC | E0514 | Oakland | \$30,000 | 1 |
| Turk Island Solid Waste Disposal Site | A3256 | Union City | \$4,000 | 1 |
| Valley Crest Landscape | J4245 | Pleasanton | \$300 | 1 |

Total Violations Closed: 13

Contra Costa

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|---|-------------------|-----------|----------------|------------------------|
| Contra Costa Water District Ralph D Bollman WTP | B0929 | Concord | \$250 | 1 |
| Electro Forming Company | A5665 | Richmond | \$1,000 | 1 |
| Equilon Enterprises LLC | B1956 | Martinez | \$7,000 | 1 |
| Garden Plus Co | W0240 | Pittsburg | \$1,000 | 1 |
| Golden Gate Service Station | X3771 | Pittsburg | \$1,250 | 2 |
| KAG West, LLC | N1032 | Crockett | \$4,000 | 1 |

These facilities have received one or more Notices of Violations
Report period: October 1, 2015 – December 31, 2015
(continued)

Contra Costa

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|---------------------------|-------------------|---------------|----------------|------------------------|
| Lone Tree Gas & Food | X4210 | Antioch | \$1,000 | 1 |
| P & T Valero | V6203 | Pleasant Hill | \$1,500 | 2 |
| Pacific Gas & Electric Co | A0541 | Concord | \$30,000 | 2 |
| Ralph & Camille Saviano | X4006 | Brentwood | \$1,000 | 2 |
| Shell Martinez Refinery | A0011 | Martinez | \$208,000 | 17 |
| Sunbelt Rental | X1266 | Richmond | \$300 | 1 |

Total Violations Closed: 32

Marin

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|--------------------------|-------------------|------------|----------------|------------------------|
| Craft Auto Body | B0157 | San Rafael | \$63 | 2 |
| Rino Fairfax Gas Station | X6549 | Fairfax | \$600 | 2 |

Total Violations Closed: 4

San Francisco

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|-------------|-------------------|---------------|----------------|------------------------|
| Hotel Nikko | B3897 | San Francisco | \$1,500 | 2 |
| SFMTA | B4150 | San Francisco | \$300 | 1 |

Total Violations Closed: 3

These facilities have received one or more Notices of Violations
Report period: October 1, 2015 – December 31, 2015
(continued)

San Mateo

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|------------------------|-------------------|-------|----------------|------------------------|
| Spirit HD Colma CA, LP | A5897 | Colma | \$3,000 | 1 |

Total Violations Closed: 1

Santa Clara

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|----------------------------|-------------------|---------------|----------------|------------------------|
| Acco Management Co | X5742 | Mountain View | \$10,000 | 3 |
| Henner Tank Lines | X5403 | San Jose | \$400 | 1 |
| Hiway Farms LLC | X4143 | San Jose | \$500 | 1 |
| Kool Metal Awning Co | X4212 | Santa Clara | \$200 | 1 |
| SAI Investment Inc | X3594 | Campbell | \$5,000 | 1 |
| Sears, #1468 | B6806 | Cupertino | \$1,000 | 1 |
| Toro Petroleum | J0257 | San Jose | \$400 | 1 |
| Unocal #255290 | X6551 | Santa Clara | \$2,000 | 1 |
| Valero Refining Co SS#7544 | X4856 | San Jose | \$200 | 1 |

Total Violations Closed: 11

Solano

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|---------------------------|-------------------|---------|----------------|------------------------|
| J N Auto Body | A8057 | Vallejo | \$1,500 | 1 |
| Nino Quality Motors, Inc. | X5649 | Vallejo | \$4,000 | 2 |
| NuStar Logistics, LP | B5574 | Benicia | \$5,000 | 1 |

**These facilities have received one or more Notices of Violations
Report period: October 1, 2015 – December 31, 2015
(continued)**

Solano

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|--------------------------------------|-------------------|-------------|----------------|------------------------|
| Potrero Hills Landfill, Inc | A2039 | Suisun City | \$31,000 | 4 |
| Valero Benicia Asphalt Plant | A0901 | Benicia | \$7,000 | 1 |
| Valero Refining Company - California | B2626 | Benicia | \$184,000 | 24 |

Total Violations Closed: 33

Sonoma

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|-------------------------------------|-------------------|------------|----------------|------------------------|
| A'Roma Roasters & Coffee House, Inc | B5951 | Santa Rosa | \$750 | 1 |
| Michael Newman/Phyllis Evans | W3494 | Sonoma | \$500 | 1 |
| Russell Wyatt | W3406 | Santa Rosa | \$750 | 1 |

Total Violations Closed: 3

District Wide

| Site Name | Site Occurrence # | City | Penalty Amount | # of Violations Closed |
|-------------------|-------------------|-------------|----------------|------------------------|
| Thomspon & Harvey | X5407 | Santa Maria | \$400 | 1 |

Total Violations Closed: 1

Closed Notice of Violations with Penalties by County October 1, 2015 – December 31, 2015

| Alameda County | | | | |
|-----------------------|---------------|-------------------------------------|-------------|--|
| Status Date | Site # | Site Name | City | Regulation Title |
| 10/5/2015 | B8136 | Russell City Energy Co, LLC | Hayward | Continuous Emission Monitoring and Recordkeeping Procedures |
| 10/5/2015 | L6230 | P. W. Stephens Environmental, Inc. | Fremont | Reporting, Demolition and Renovation |
| 10/6/2015 | X4578 | Jose Napoles | Hayward | Reporting, Demolition and Renovation |
| 10/6/2015 | X4578 | Jose Napoles | Hayward | Demolition, Renovation and Removal |
| 10/6/2015 | X4578 | Jose Napoles | Hayward | Asbestos Demolition, Renovation and Manufacturing - Waste Disposal |
| 11/3/2015 | A1009 | Hayward Waste Water Treatment Plant | Hayward | Failure to Meet Permit Conditions |
| 11/16/2015 | X6550 | Mass Petroleum Inc. | San Leandro | Permit to Operate |
| 11/19/2015 | Q5172 | Environmental Remedies, Inc | Pleasanton | Demolition, Renovation and Removal |
| 11/24/2015 | V8868 | P.W. Stephens Environmental Inc. | Hayward | Demolition, Renovation and Removal |
| 11/24/2015 | V8868 | P.W. Stephens Environmental | Hayward | Asbestos Demolition, Renovation and Manufacturing - Waste |
| 11/24/2015 | V8868 | P.W. Stephens Environmental Inc. | Hayward | Reporting, Demolition and Renovation |
| 11/24/2015 | L6230 | P. W. Stephens Environmental, Inc. | Fremont | Demolition, Renovation and Removal |
| 12/3/2015 | G2645 | Bluewater Environmental Services | San Leandro | Reporting, Demolition and Renovation |
| 12/14/2015 | X7019 | Avis Rental Car | Oakland | Record Keeping Requirements |
| 12/14/2015 | X7020 | Chevron USA # 0877 | Berkeley | Gasoline Dispensing Facilities, Phase I Requirements |
| 12/14/2015 | X7020 | Chevron USA # 0877 | Berkeley | Gasoline Dispensing Facilities, Phase II Requirements |
| 12/14/2015 | X7510 | Unocal SS #3292 (Habrans Sing) | San Leandro | Gasoline Dispensing Facilities, Phase II Requirements |

| Contra Costa County | | | | |
|----------------------------|---------------|--|-------------|--|
| Status Date | Site # | Site Name | City | Regulation Title |
| 12/17/2015 | Q8806 | CES Controlled Environmental Service | Oakley | Demolition, Renovation and Removal |
| 12/17/2015 | Q8806 | CES Controlled Environmental Service | Oakley | Asbestos Demolition, Renovation and Manufacturing - Waste Disposal |
| 10/21/2015 | A0016 | Phillips 66 Company - San Francisco Refinery | Rodeo | Non-compliance, Major Facility Review |
| 10/19/2015 | A0016 | Phillips 66 Company - San Francisco Refinery | Rodeo | Non-compliance, Major Facility Review |
| 12/8/2015 | A1840 | West Contra Costa County Landfill | Richmond | Ringelmann No. 1 Limitation |
| 12/15/2015 | B7419 | Air Liquide Large Industries US LP | Rodeo | Non-compliance, Major Facility Review |
| 11/19/2015 | A0010 | Chevron Products Company | Richmond | Continuous Emission Monitoring and Recordkeeping Procedures |
| 11/19/2015 | A0010 | Chevron Products Company | Richmond | Standards of Perf for New Stationary Sources |
| 11/19/2015 | A0010 | Chevron Products Company | Richmond | Non-compliance, Major Facility Review |
| 11/19/2015 | A0010 | Chevron Products Company | Richmond | Standards of Perf for New Stationary Sources |
| 11/19/2015 | A0010 | Chevron Products Company | Richmond | Non-compliance, Major Facility Review |

| | | | | |
|------------|-------|--|--------------|---|
| 11/9/2015 | A5462 | Bio-Rad Laboratories | Richmond | Failure to Meet Permit Conditions |
| 10/6/2015 | A0011 | Shell Martinez Refinery | Martinez | Emission Limitations for Sulfur Recovery Plants |
| 12/22/2015 | A0011 | Shell Martinez Refinery | Martinez | Equipment Leaks, Identification |
| 12/22/2015 | A0011 | Shell Martinez Refinery | Martinez | Equipment Leaks, Inspection |
| 10/5/2015 | B0742 | John Muir Medical Center | Walnut Creek | Failure to Meet Permit Conditions |
| 11/3/2015 | A6093 | Systron Donner Inertial | Concord | Failure to Meet Permit Conditions |
| 11/6/2015 | B0929 | Contra Costa Water District Ralph D Bollman WTP | Concord | Failure to Meet Permit Conditions |

Closed Notice of Violations with Penalties by County October 1, 2015 – December 1, 2015 (continued)

| Contra Costa County | | | | |
|-----------------------------|---------------|---|---------------------|--|
| Status Date | Site # | Site Name | City | Regulation Title |
| 10/6/2015 | A0012 | NRG Delta, LLC | Pittsburg | Advanced Technology Alternative Emission Control Plan |
| 10/6/2015 | A0012 | NRG Delta, LLC | Pittsburg | Advanced Technology Alternative Emission Control Plan |
| 10/27/2015 | X6202 | James Johnston | Antioch | Prohibition of Fires |
| 11/9/2015 | B2758 | Tesoro Refining & Marketing Company LLC | Martinez | Non-compliance, Major Facility Review |
| 11/9/2015 | B2758 | Tesoro Refining & Marketing Company LLC | Martinez | Non-compliance, Major Facility Review |
| 10/19/2015 | B2758 | Tesoro Refining & Marketing Company LLC | Martinez | Tank Degassing Requirements |
| 11/3/2015 | B2758 | Tesoro Refining & Marketing Company LLC | Martinez | Requirements for Fixed Roof Tanks, Pressure Tanks and Blanketed Tanks |
| 11/6/2015 | A4022 | SFPP, L P | Concord | Requirements for Internal Floating Roof Tanks |
| 11/5/2015 | B2758 | Tesoro Refining & Marketing Company LLC | Martinez | Wastewater Separators Rated Capacity Larger Than or Equal to 18.9 Liters per Seconds |
| 11/5/2015 | B2758 | Tesoro Refining & Marketing Company LLC | Martinez | Wastewater Separators Rated Capacity Larger Than or Equal to 18.9 Liters per Seconds |
| 12/30/2015 | B2758 | Company LLC | Martinez | Ringelmann No. 1 Limitation |
| Marin County | | | | |
| Status Date | Site # | Site Name | City | Regulation Title |
| 11/16/2015 | X6549 | Rino Fairfax Gas Station | Fairfax | Permit to Operate |
| Napa County | | | | |
| Status Date | Site # | Site Name | City | Regulation Title |
| 11/3/2015 | W5318 | SFD | Napa | Prohibition of Fires |
| San Francisco County | | | | |
| Status Date | Site # | Site Name | City | Regulation Title |
| 11/3/2015 | N4857 | Void Site | San Francisco | Parametric Monitoring and Recordkeeping Procedures |
| San Mateo County | | | | |
| Status Date | Site # | Site Name | City | Regulation Title |
| 12/15/2015 | B7040 | Ameresco Half Moon Bay LLC | Half Moon Bay | Non-compliance, Major Facility Review |
| 12/15/2015 | B7040 | Ameresco Half Moon Bay LLC | Half Moon Bay | Parametric Monitoring and Recordkeeping Procedures |
| 12/14/2015 | E2099 | Blue Line Transfer, Inc | South San Francisco | Failure to Meet Permit Conditions |
| 12/16/2015 | A2266 | Browning-Ferris Industries of CA, Inc | Half Moon Bay | Non-compliance, Major Facility Review |
| 12/17/2015 | X4223 | USS Cal Builders (construction company) | South San Francisco | Reporting, Demolition and Renovation |

Closed Notice of Violations with Penalties by County
October 1, 2015 – December 31, 2015
(continued)

| Santa Clara County | | | | |
|---------------------------|---------------|--|---------------|--|
| Status Date | Site # | Site Name | City | Regulation Title |
| 10/5/2015 | X5742 | Acco Management Co | Mountain View | Asbestos Demolition, Renovation and Manufacturing - Waste Disposal |
| 10/5/2015 | X5742 | Acco Management Co | Mountain View | Demolition, Renovation and Removal |
| 10/5/2015 | X5742 | Acco Management Co | Mountain View | Reporting, Demolition and Renovation |
| 10/6/2015 | X3594 | SAI Investment Inc | Campbell | Asbestos Demolition, Renovation and Manufacturing - Waste Disposal |
| 11/3/2015 | B3289 | Los Esteros Critical Energy Facility | San Jose | Non-compliance, Major Facility Review |
| 11/3/2015 | A9013 | International Disposal Corp of CA | Milpitas | Public Nuisance |
| 11/3/2015 | A9013 | International Disposal Corp of CA | Milpitas | Public Nuisance |
| 11/6/2015 | A5472 | BFI Newby Island Recycler | Milpitas | Public Nuisance |
| 12/9/2015 | B1459 | VCA Animal Hospital of Los Gatos | Los Gatos | Authority to Construct |
| 12/3/2015 | N7663 | Z-CON Specialty Services, Inc. | San Jose | Demolition, Renovation and Removal |
| 11/24/2015 | E3030 | Moksha Coffee Roasting, LLC | Mountain View | Authority to Construct |
| 11/24/2015 | E3030 | Moksha Coffee Roasting, LLC | Mountain View | Permit to Operate |
| 12/15/2015 | V2283 | Valero Refining Co SS#7850 | Santa Clara | Failure to Meet Permit Conditions |
| 12/15/2015 | X7070 | Union 76 #2602488 | Santa Clara | Permit to Operate |
| 12/15/2015 | X7053 | Valero Refining Co # 7624 | Santa Clara | Gasoline Dispensing Facilities, Phase II Requirements |
| 12/15/2015 | X7069 | North First Union 76 | San Jose | Failure to Meet Permit Conditions |
| 12/18/2015 | X7153 | Montague Car Wash | San Jose | Gasoline Dispensing Facilities, Phase II Requirements |
| 11/3/2015 | X6336 | Tuff Shed | Milpitas | Authority to Construct |
| 11/3/2015 | X6336 | Tuff Shed | Milpitas | Permit to Operate |
| 12/14/2015 | E1277 | Zero Waste Energy Development Company, LLC | San Jose | Failure to Meet Permit Conditions |
| 12/15/2015 | X7052 | Al's Arco | Santa Clara | Failure to Meet Permit Conditions |
| 11/16/2015 | X6551 | Unocal #255290 | Santa Clara | Permit to Operate |
| 12/14/2015 | X7021 | Environmental Systems Inc. | Santa Clara | Gasoline Dispensing Facilities, Phase I Requirements |
| 12/17/2015 | X7116 | Hertz Rental Car | Santa Clara | Gasoline Dispensing Facilities, Phase I Requirements |
| 12/18/2015 | X7152 | McCarthy Ranch Chevron | Milpitas | Gasoline Dispensing Facilities, Phase II Requirements |
| 12/17/2015 | N7663 | Z-CON Specialty Services, Inc. | San Jose | Reporting, Demolition and Renovation |

| Solano County | | | | |
|----------------------|---------------|--------------------------------------|-------------|---|
| Status Date | Site # | Site Name | City | Regulation Title |
| 11/3/2015 | B7932 | ALCO Iron & Metal Company | Vallejo | Prohibition of Fires |
| 10/27/2015 | B2626 | Valero Refining Company - California | Benicia | Non-compliance, Major Facility Review |
| 10/21/2015 | B2626 | Valero Refining Company - California | Benicia | Continuous Emission Monitoring and Recordkeeping Procedures |
| 10/21/2015 | B2626 | Valero Refining Company - California | Benicia | Parametric Monitoring and Recordkeeping Procedures |
| 11/19/2015 | B2626 | Valero Refining Company - California | Benicia | Non-compliance, Major Facility Review |
| 10/21/2015 | B2626 | Valero Refining Company - California | Benicia | Requirements for Approved Emission Control Systems |
| 10/27/2015 | B2626 | Valero Refining Company - California | Benicia | Equipment Leaks, Identification |
| 10/27/2015 | B2626 | Valero Refining Company - California | Benicia | Standards of Perf for New Stationary Sources |

**Closed Notice of Violations with Penalties by County
 October 1, 2015 – December 31, 2015
 (continued)**

| Sonoma County | | | | |
|-----------------------------|---------------|---|-------------|--|
| Status Date | Site # | Site Name | City | Regulation Title |
| 11/16/2015 | A1403 | City of Santa Rosa Wastewater Treatment | Santa Rosa | Non-compliance, Major Facility Review |
| 11/16/2015 | A1403 | City of Santa Rosa Wastewater Treatment | Santa Rosa | Non-compliance, Major Facility Review |
| 11/16/2015 | A1403 | City of Santa Rosa Wastewater Treatment | Santa Rosa | Emission Limits – Spark-Ignited Engines Powered by Waste Derived Fuels |
| | | | | |
| | | | | |
| Out of Area Counties | | | | |
| Status Date | Site # | Site Name | City | Regulation Title |
| 10/8/2015 | X5835 | Benjamin Macias Barra | San Diego | 13CCR2485 - 12 minutes idling |

Bay Area Air Quality Management District
Board of Directors

LIST OF ACRONYMS

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

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

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

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

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

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

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

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 5, 2016

Re: Set Public Hearing for March 16, 2016 to Consider Adoption of Proposed
Regulation 9, Rule 14: Petroleum Coke Calcining Operations; and Approval of a
CEQA Negative Declaration

RECOMMENDED ACTION

Recommend the Board of Directors set a Public Hearing for March 16, 2015, to consider adoption of new rule, Regulation 9: Inorganic Gaseous Pollutants, Rule 14: Petroleum Coke Calcining Operations; and approval of a California Environmental Quality Act (CEQA) Negative Declaration.

BACKGROUND

Regulation 9, Rule 14 (“Rule 9-14”) is a new proposed rule that would apply to the only petroleum coke calcining operation and largest single source of sulfur dioxide (SO₂) in the Air District. Since SO₂ is a precursor to the formation of particulate matter 2.5 microns or less (PM_{2.5}), this rule also would reduce associated formation and emission of PM_{2.5}. The anticipated emissions reductions resulting from the adoption of Rule 9-14 will make progress toward the achievement and maintenance of the State and National ambient air quality standards as outlined by Control Measure SSM-8 of the Air District’s Bay Area 2010 Clean Air Plan.

Under this proposed rule, the affected facility will have to reduce SO₂ emissions from a typical 1,480 Tons Per Year (TPY) to 1,050 TPY. The facility will also have to comply with an hourly SO₂ emission rate of 320 pounds per hour combined from both kilns. The proposed rule would be completely implemented by January 1, 2020.

This proposed rule has been modified to minimize the economic impacts on this facility while still ensuring significant emission reductions.

RULE DEVELOPMENT PROCESS

During the development of Rule 9-14, staff engaged all interested stakeholders, including affected industry, nearby community members, environmental organizations, other governmental agencies, the media, and other interested parties. This process included the following efforts: an advanced call for comments in May 2015; Open Houses in refinery communities in September 2015; several face to face meetings with the plant owners; an informational Board meeting in

November 2015; publication of an initial proposed rule for comment in November 2015; and publication of the current proposed rule, draft staff report and draft socioeconomic report in January 2016.

Pursuant to the California Environmental Quality Act, the Air District has prepared a CEQA initial study for the proposed new Regulation 9, Rule 14. The initial study concludes that there are no potential significant adverse environmental impacts associated with this proposed rule. Notice is hereby given that the Air District Board of Directors will consider approval of a CEQA Negative Declaration pursuant to Public Resources Code section 21080(c) and CEQA Guidelines section 15070 et seq.

A public hearing notice, proposed Regulation 9, Rule 14, the staff report, the CEQA Negative Declaration, and the socioeconomic analysis are available at the Air District headquarters or on the Air District's website at <http://www.baaqmd.gov/rulehearings>.

BUDGET CONSIDERATIONS/FINANCIAL IMPACTS

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Greg Nudd
Reviewed by: Eric Stevenson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 5, 2016

Re: Set Public Hearing for March 16, 2016 to Consider Adoption of Proposed Regulation
12, Rule 15: Petroleum Refining Emissions Tracking; and Approval of a CEQA,
Negative Declaration

RECOMMENDED ACTION

Set a Public Hearing for March 16, 2015, to consider adoption of Regulation 12: Miscellaneous Standards of Performance, Rule 15: Petroleum Refining Emissions Tracking; and approval of a California Environmental Quality Act (CEQA) Negative Declaration.

BACKGROUND

Bay Area refineries are among the largest stationary sources of air pollutants—criteria, toxic, and climate—in the region. Refineries process crude oil into various products, such as gasoline, diesel fuel, jet fuel, heating oil, and asphalt. Changes in the crude oil stock being processed in Bay Area refineries, along with other factors, may cause an increase in the air emissions of these pollutants. As a result, the Bay Area Air Quality Management District ("Air District") is developing a new rule: *Regulation 12, Rule 15: Petroleum Refining Emissions Tracking* ("Rule 12-15").

Rule 12-15 would require that all refineries:

1. Submit consistent, enhanced periodic emissions inventory information, including information about cargo carriers;
2. Submit periodic crude slate information, including volumes and composition data, for imported pre-processed feedstocks as well as for crude oil;
3. Install and operate new air monitoring facilities at refinery fence lines and in nearby communities; and
4. Submit available energy utilization analyses.

These activities and the information they would provide would address the Air District goals to:

1. Accurately and fully characterize emissions of air pollutants (criteria, toxic, and climate) from all refinery-related emissions sources on an on-going basis to determine if additional rule development is required to further reduce emissions;
2. Track crude slate changes in an attempt to determine if those changes result in increased emissions;

3. Improve real-time monitoring of emissions at refinery fence lines and surrounding communities; and
4. Identify areas where one or more refineries could improve energy efficiency and therefore reduce GHG emissions to supplement GHG emission reductions achieved through California Air Resources Board (CARB) regulations related to AB 32.

RULE DEVELOPMENT PROCESS

In October 2012, the Board of Directors adopted a Work Plan for Action Items Related to Accidental Releases from Industrial Facilities that included development of a Petroleum Refinery Emissions Tracking Rule. Since July of 2012, Air District staff has engaged in an extensive and comprehensive process involving a wide range of stakeholders that has resulted in proposed Rule 12-15, Emissions Inventory Guidelines, and Air Monitoring Guidelines.

In March of 2013 a workshop report and initial proposed rule were issued. Public workshops were held in April 2013 and March 2015. Staff briefed the Stationary Source Committee on several occasions in 2014 and 2015. There also have been numerous meetings with stakeholders, including a technical work group. Furthermore, in July 2013, staff finalized the Desert Research Institute report on air monitoring options and methodologies that might be utilized to measure air quality impacts near refineries. Using the DRI report as a starting point, a panel of national air monitoring experts was convened that provided further input on air monitoring options and methodologies that could be employed to enhance air monitoring at refinery fencelines and in nearby communities. Further consultations with stakeholders, including multiple public meetings, were held on this proposed rule throughout 2015. The proposed rule, staff report and supporting documents were published on the Air District web site in January 2016.

Pursuant to the California Environmental Quality Act, the Air District prepared a CEQA initial study for proposed new Regulation 12, Rule 15. The initial study concludes that there are no potential significant adverse environmental impacts associated with the proposed rule. Notice is hereby given that the Air District intends to approve a Negative Declaration for the rule pursuant to Public Resources Code section 21080(c) and CEQA Guidelines section 15070 et seq.

A public hearing notice, the proposed Rule 12-15, the staff report, and the socioeconomic analysis are available at the Air District headquarters or on the Air District's website at <http://www.baaqmd.gov/rulehearings>.

BUDGET CONSIDERATIONS/FINANCIAL IMPACTS

The administrative procedures in Regulation 12, Rule 15 represent a significant workload increase for the Air District. Although most of these procedures are one-time events and processes, they cannot be completed on the required schedule with existing staff.

The Air District has the authority to assess fees to regulated entities for the purpose of recovering the reasonable costs of implementing and enforcing applicable regulatory requirements. On March 7, 2012, the Air District's Board of Directors adopted a Cost Recovery Policy that specifies that newly adopted regulatory measures should include fees that are designed to recover increased

regulatory program activity costs associated with the measure (unless the Board of Directors determines that a portion of those costs should be covered by tax revenue).

In accordance with the adopted Cost Recovery Policy, Air District staff is developing a new fee schedule to be included in Regulation 3, Fees, through a separate rule development process.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Greg Nudd
Reviewed by: Eric Stevenson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 5, 2016

Re: Consider Authorization for a Purchase Order in Excess of \$70,000 Pursuant to
Administrative Code Division II Fiscal Policies and Procedures, Section 4.3 Contract
Limitations for California Environmental Quality Act (CEQA) Consulting Services

RECOMMENDED ACTION

The Board of Directors will consider authorizing the Executive Officer/APCO to issue a Purchase Order in an amount not to exceed \$254,000 to Environmental Audit, Inc. for consulting services to assist Air District Staff in the preparation of documents required under the California Environmental Quality Act (CEQA).

DISCUSSION

Under the California Environmental Quality Act, the Air District is required to conduct an environmental analysis for every regulation that it adopts. While some of these analyses can be relatively short and simple, most range from moderately to extremely complex and detailed. For example, the draft Environmental Impact Report prepared for Regulation 12-16 was over 240 pages. Since there are an extremely wide variety of situations and issues that need to be addressed in the development of CEQA documents to meet legal requirements, it is prudent to utilize an outside contractor with specific and extensive experience with CEQA.

The high regulatory workload anticipated for calendar years 2016 and 2017 will require more CEQA work than can be covered in the current purchase order. Therefore, staff recommends that the Board of Directors authorize the Executive Officer/APCO to issue a Purchase Order to Environmental Audit, Inc. for \$254,000 to cover anticipated work.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. The FYE 2016 Rule Development Budget (Program 611) includes funding for this purpose.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Greg Nudd
Reviewed by: Eric Stevenson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 5, 2016

Re: Consider Authorization for a Purchase Order in Excess of \$70,000 Pursuant to
Administrative Code Division II Fiscal Policies and Procedures, Section 4.3 Contract
Limitations for Socioeconomic Analysis Consulting Services

RECOMMENDED ACTION

The Board of Directors will consider authorizing the Executive Officer/APCO to issue a Purchase Order in an amount not to exceed \$30,000 to Applied Development Economics. for consulting services to assist Air District Staff in the preparation of socioeconomic reviews required for rulemaking actions. This new purchase order will bring the total value of the Applied Development Economics contract to \$72,000, which requires approval by the Board.

DISCUSSION

Section 40728.5 of the California Health and Safety Code requires an air district to assess the socioeconomic impacts of the adoption, amendment or repeal of a rule if the rule is one that "will significantly affect air quality or emissions limitations." Since economic analysis is not one of the Air District Staff's core areas of expertise, we have traditionally used economic research firms to conduct these analyses.

Staff uses Applied Development Economics to conduct all of our socioeconomic analyses for refinery rules. This minimizes overall costs because the contractor becomes familiar with the economics of the industry and then only needs to analyze the impact of particular rules.

Additional funds are needed on this contract to assess the impact of refinery-related regulations that are under development as part of the Air Districts Refinery Strategy. Therefore, staff recommends that the Board of Directors authorize the Executive Officer/APCO to issue a Purchase Order to Applied Development Economics for \$30,000 to cover anticipated work.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. The Fiscal Year Ending 2016 Rule Development Budget (Program 611) includes funding for this purpose.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Greg Nudd
Reviewed by: Eric Stevenson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

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

Date: February 8, 2016

Re: Report of the Budget and Finance Committee Meeting of January 27, 2016

RECOMMENDED ACTION

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

BACKGROUND

The Committee met on Monday, January 27, 2016, and received the following informational reports:

- A) Air District Financial Audit Report - Fiscal Year Ending 2015;
- B) Second Financial Report – Fiscal Year Ending 2016; and
- C) Overview of Current Fiscal Year Ending 2016.

Chairperson David Hudson will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None. Funding for the Auditors' report is included in the FYE 2016 Budget.
- B) None; receive and file.
- C) None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Tom Flannigan
Reviewed by: Maricela Martinez

Attachment 14A: 01/27/16 – Budget and Finance Meeting Agenda #4
Attachment 14B: 01/27/16 – Budget and Finance Meeting Agenda #5
Attachment 14C: 01/27/16 – Budget and Finance Meeting Agenda #6

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 5, 2016

Re: Air District Financial Audit Report - Fiscal Year Ending 2015

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Pursuant to the Section II.2.1 of the Administrative Code, the District is required to have an annual independent financial audit. The Independent Auditors, Gilbert Associates, Inc. completed the Financial Audit Report of the Air District's Financial Statements for the Fiscal Year Ending 2015. The Independent Auditors also completed the Financial Audit Report of the OMB Circular A-133 and Transportation Fund for Clean Air Compliance Reports for the Fiscal Year Ending 2015.

DISCUSSION

The auditors completed their audit of the District's financial records and activities for the year ended June 30, 2015 and issued an "unqualified opinion" or clean opinion on the financial statements. Attached are the audit reports being presented along with a brief summary:

1. *Basic Financial Statements*

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

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

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

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

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Funding for the Auditors' report is included in the FYE 2016 Budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

Attachment 4A: Financial Statements with Independent Auditor's Report for the Year Ended June 30, 2015

Attachment 4B: OMB Circular A-133 and Transportation Fund for Clean Air Compliance Report for Year Ended June 30, 2015

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

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

**FOR THE YEAR ENDED
JUNE 30, 2015**

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bay Area Air Quality Management District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bay Area Air Quality Management District, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1E to the financial statements, in 2015 the District adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

To the Board of Directors
Bay Area Air Quality Management District
Page 3

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Gilbert Associates, Inc.

GILBERT ASSOCIATES, INC.
Sacramento, California

December 18, 2015

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

This discussion and analysis of the Bay Area Air Quality Management District (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the accompanying basic financial statements.

A. Financial Highlights

The Bay Area Air Quality Management District is scheduled to relocate its headquarters and operations to the Bay Area Metro Center located at 375 Beale Street. To finance ownership interest of its portion of the new facility, the District issued \$30,000,000 in 2013 through a private placement of taxable Certificates of Participation Notes (COPs) with the Bay Area Headquarters Authority. The Air District anticipates moving to its new location in the first quarter of 2016. Further information can be found on page 32.

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

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows at the close of the 2014-2015 fiscal year by \$121,205,374 (net position).

The District's net position decreased by \$53,493,691 from fiscal year 2013-14 due primarily to the implementation of Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. The Net Pension Liabilities were included within the government-wide financial statements for governmental financial reporting.

The District's governmental funds reported a fund balance of \$194,822,990. The entire fund balance of the Special Revenue Fund in the amount of \$106,759,313 is reserved for air quality grants and projects. The entire Capital Projects Fund of \$29,488,441 represents the investment activities for the 2013 COPs. The \$58,575,236 General Fund balance consists of \$18,711,407 representing the assigned fund balance, \$14,718,522 restricted, committed or nonspendable and the remaining balance of \$25,145,307 unassigned.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

Table 1 presents the General Fund detail of fund balances as of June 30, 2015, and June 30, 2014.

Table 1. General Fund Balances as of June 30, 2015 and 2014

| <u>Category</u> | <u>General Fund June 30, 2015</u> | <u>General Fund June 30, 2014</u> | <u>Increase/ (Decrease)</u> |
|---|---------------------------------------|---------------------------------------|---------------------------------|
| Fund Balances: | | | |
| Nonspendable: | | | |
| Prepaid Expenses | \$ 91,475 | \$ 640,168 | \$ (548,693) |
| Restricted: | | | |
| Air Quality Grants and Projects | 2,173,856 | 2,766,603 | (592,747) |
| Post-Employment Benefits | 2,953,191 | 2,822,645 | 130,546 |
| Committed: | | | |
| Self-Funded Worker's Compensation | 1,000,000 | 1,000,000 | |
| Future acquisitions of 375 Beale Street | 8,500,000 | 8,500,000 | |
| Assigned: | | | |
| Building and Facilities | 5,668,200 | 6,668,200 | (1,000,000) |
| PERS Funding | 800,000 | 800,000 | |
| Post-Employment Benefits | 1,000,000 | 1,000,000 | |
| Capital Equipment | 2,867,100 | 4,228,000 | (1,360,900) |
| Air Quality Grants and Projects | 8,376,107 | 5,583,024 | 2,793,083 |
| Unassigned: | <u>25,145,307</u> | <u>16,878,892</u> | <u>8,266,415</u> |
| Total Fund Balance | <u>\$ 58,575,236</u> | <u>\$ 50,887,532</u> | <u>\$ 7,687,704</u> |

B. Overview of the Financial Statements

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

Government-Wide Financial Statements

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

B. Overview of the Financial Statements, Continued

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

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities owed by the District, and deferred inflows of resources on a full accrual basis. The difference between the assets held and deferred outflows of resources, and the liabilities owed and deferred inflows of resources, is reported as *Net Position*. The net position total is comparable to total stockholder's equity presented on the balance sheet of a private enterprise. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position as of June 30, 2015 is presented on page 14.

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

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

Fund Financial Statements

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

B. Overview of the Financial Statements, Continued

Governmental Funds

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

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

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

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 to 42.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Air District's retirement pension liabilities held by California Public Employees Retirement System (PERS), other post-employment benefit (OPEB) liabilities, general fund and special revenue fund budget comparison schedules, and TFCA and Carl Moyer program expenditures on pages 43 to 49.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

C. Government-Wide Financial Analysis

The government-wide financial analyses focus on net position and changes in net position of the District's governmental activities. Table 2 below shows a condensed Statement of Net Position as of June 30, 2015 compared to the fiscal year ended June 30, 2014.

Table 2. Statement of Net Position as of June 30, 2015 and June 30, 2014

| | Governmental Activities June 30, 2015 | Governmental Activities June 30, 2014 | Increase/ (Decrease) |
|--------------------------------|---|---|-------------------------------|
| Current & Other Assets | \$ 218,302,557 | \$ 223,695,392 | \$ (5,392,835) |
| Capital Assets | 23,767,303 | 21,423,060 | 2,344,243 |
| Total Assets | <u>242,069,860</u> | <u>245,118,452</u> | <u>(3,048,592)</u> |
| Deferred Outflows of Resources | 4,268,315 | — | 4,268,315 |
| Current Liabilities | 25,021,202 | 32,575,231 | (7,554,029) |
| Noncurrent Liabilities | 85,864,363 | 37,844,156 | 48,020,207 |
| Total Liabilities | <u>110,885,565</u> | <u>70,419,387</u> | <u>40,466,178</u> |
| Deferred Inflows of Resources | 14,247,236 | — | 14,247,236 |
| Net Position | | | |
| Invested in Capital Assets | 23,255,744 | 21,423,060 | 1,832,684 |
| Restricted | 111,886,360 | 117,338,736 | (5,452,376) |
| Unrestricted net position | (13,936,730) | 35,937,269 | (49,873,999) |
| Total Net Positions | <u>\$ 121,205,374</u> | <u>\$ 174,699,065</u> | <u>\$ (53,493,691)</u> |

At June 30, 2015 the District's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$121,205,374, a decrease of \$53,493,691 over the previous fiscal year. This decrease is mainly due to the implementation of GASB Statement No. 68 for Pension Reporting.

As a result of GASB 68, the District is required to report its deferred outflows/inflows and pension liability related to its pension plan with CalPERS. The \$53.5 million decrease in net position is due to a cumulative net increase of \$1.2 million in Total Assets and Deferred Outflows offset by a cumulative increase in Total Liabilities and Deferred Outflows of \$54.7 million. The \$54.7 million is to recognize the District's net pension liability and related deferred outflows of resources as of June 30, 2015. Additional information can be found on pages 38-39.

As noted earlier, total net position may serve over time as a useful indicator of the District's financial position. Restricted net position is to be used for specific programs and purposes according to legal terms and conditions. The remaining portion of the District's net position is unrestricted and at the end of the fiscal year had a negative balance of (\$13,936,730) which is a direct result of reporting the District's pension obligation related to GASB 68.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

C. Government-Wide Financial Analysis, Continued

Table 3 below provides changes in net position for the fiscal year ending June 30, 2015 compared with the fiscal year ended June 30, 2014.

Table 3. Statement of Activities for Fiscal Years 2014-15 and 2013-14

| | Governmental Activities FY 2014-15 | Governmental Activities FY 2013-14 | Dollar Increase / (Decrease) | Percentage Increase / (Decrease) |
|---|--|--|---------------------------------|--|
| Revenues: | | | | |
| TFCA/MSIF DMV Fees | \$ 36,914,007 | \$ 36,345,524 | \$ 568,483 | 2% |
| Carl Moyer | 8,851,906 | 13,053,955 | (4,202,049) | -32% |
| California Goods Movement Revenue | 7,532,704 | 16,062,216 | (8,529,512) | -53% |
| Permit Fees | 33,637,139 | 32,331,466 | 1,305,673 | 4% |
| State Subvention | 1,723,225 | 1,721,405 | 1,820 | 0% |
| Federal Grants | 6,326,543 | 9,589,875 | (3,263,332) | -34% |
| Penalties & Variance Fees | 2,744,150 | 3,093,269 | (349,119) | -11% |
| Asbestos Fees | 3,247,403 | 2,786,443 | 460,960 | 17% |
| Interest Revenue | 303,750 | 324,504 | (20,754) | -6% |
| Other Revenues | 730,670 | 651,641 | 79,029 | 12% |
| State Grants | 578,683 | 988,667 | (409,984) | -41% |
| Special Environmental Projects | 12,948 | 14,145 | (1,197) | -8% |
| County Apportionments | <u>25,859,398</u> | <u>23,049,894</u> | <u>2,809,504</u> | 12% |
| Total Revenues | <u>128,462,526</u> | <u>140,013,004</u> | <u>(11,550,478)</u> | -8% |
| Expenses: | | | | |
| General Government | 62,992,005 | 61,589,948 | 1,402,057 | 2% |
| TFCA/MSIF, CMP, & Other programs | 51,012,636 | 49,793,757 | 1,218,879 | 2% |
| California Goods Movement Program | 7,976,332 | 18,110,025 | (10,133,693) | -56% |
| Debt Service | <u>74,108</u> | <u>41,622</u> | <u>32,486</u> | 78% |
| Total Expenses | <u>122,055,081</u> | <u>129,535,352</u> | <u>(7,480,271)</u> | -6% |
| Special Item | | | | |
| Gain on sale of 939 Ellis Street Building | | 12,100,523 | (12,100,523) | -100% |
| Change in Net Position before | | | | |
| Extraordinary Item | 6,407,445 | 22,578,175 | (16,170,730) | -72% |
| Recovery of Lehman Brothers loss | | 1,797,301 | (1,797,301) | -100% |
| Change in Net Position | 6,407,445 | 24,375,476 | (17,968,031) | -74% |
| Net Position-beginning of year | <u>174,699,065</u> | <u>150,323,589</u> | <u>24,375,476</u> | 16% |
| Cumulative effect of change in accounting principles | <u>(59,901,136)</u> | | <u>(59,901,136)</u> | |
| Net Position-ending of year | <u>\$ 121,205,374</u> | <u>\$ 174,699,065</u> | <u>\$ (53,493,691)</u> | -31% |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

C. Government-Wide Financial Analysis, Continued

Governmental Activities

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

The Statement of Activities presents information showing how the District's net position changed during the fiscal year 2014-2015. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

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

At June 30, 2015, the District's governmental activities reported ending net position of \$121,205,374, a decrease of \$53,493,691 in comparison to the prior year. The primary reason for this decrease is a result of the implementation of GASB 68.

- Overall governmental revenues are \$128,462,526; a decrease of \$11,550,478 from the prior year. The primary reason for the reduction is due to varied grant funding level from year to year for certain grants such as the Goods Movement and Carl Moyer programs. For the Carl Moyer program, the multi-district funding portion is received every other year and for the Goods Movement, funding distribution is subject to the discretion of the State of California.
- Overall governmental expenditures are \$122,055,081; a decrease of \$7,480,271 over the prior year. The primary reason for this decrease is due to less grant program activities in the current year as compared to the prior year.
- The cumulative effect of change in accounting principles of \$59,901,136 in fiscal year 2014-15 is related to GASB 68; comprised of the restated beginning net pension liability of \$63,716,789 offset by deferred outflows related to pension contributions of \$3,815,653. For further information please see pages 34-39.

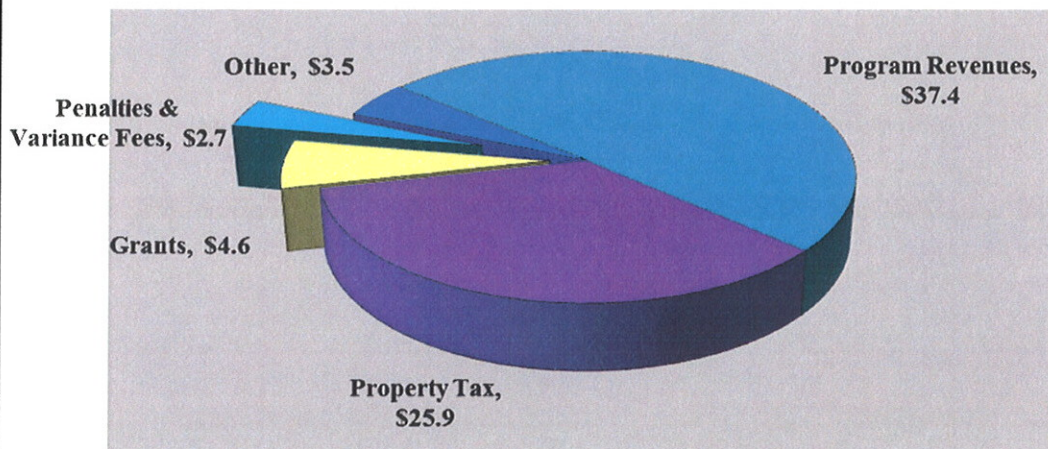
BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

D. General Fund Financial Analysis

Figure 1 below provides a pie chart of the District's General Fund revenues (net of other financing sources) for fiscal year 2014-2015. The General Fund received total revenue of \$74,052,755 in fiscal year 2014-15, an increase of \$5,536,851 over fiscal year 2013-14. This increase is mainly comprised of increased revenues of \$2.6 million in permit, asbestos, and other related fees resulting in an average rate increase of approximately 6.4% over the prior year, as well as increased economic activities. The remaining \$2.9 million increase is related positive growth in construction and housing activities leading to significant increases in property tax revenue. Program Revenues include: Permit, AB2588, Title V, and Asbestos fees. Program revenues are the largest General Fund revenue source in fiscal 2014-16 (\$37.4 million), followed by Property Tax (\$25.9 million), Grants (\$4.6 million), Penalties (\$2.7 million), and Other revenues (\$3.5 million).

**Figure 1. Fiscal Year 2014-2015
General Fund Revenues (Figures in Millions)**

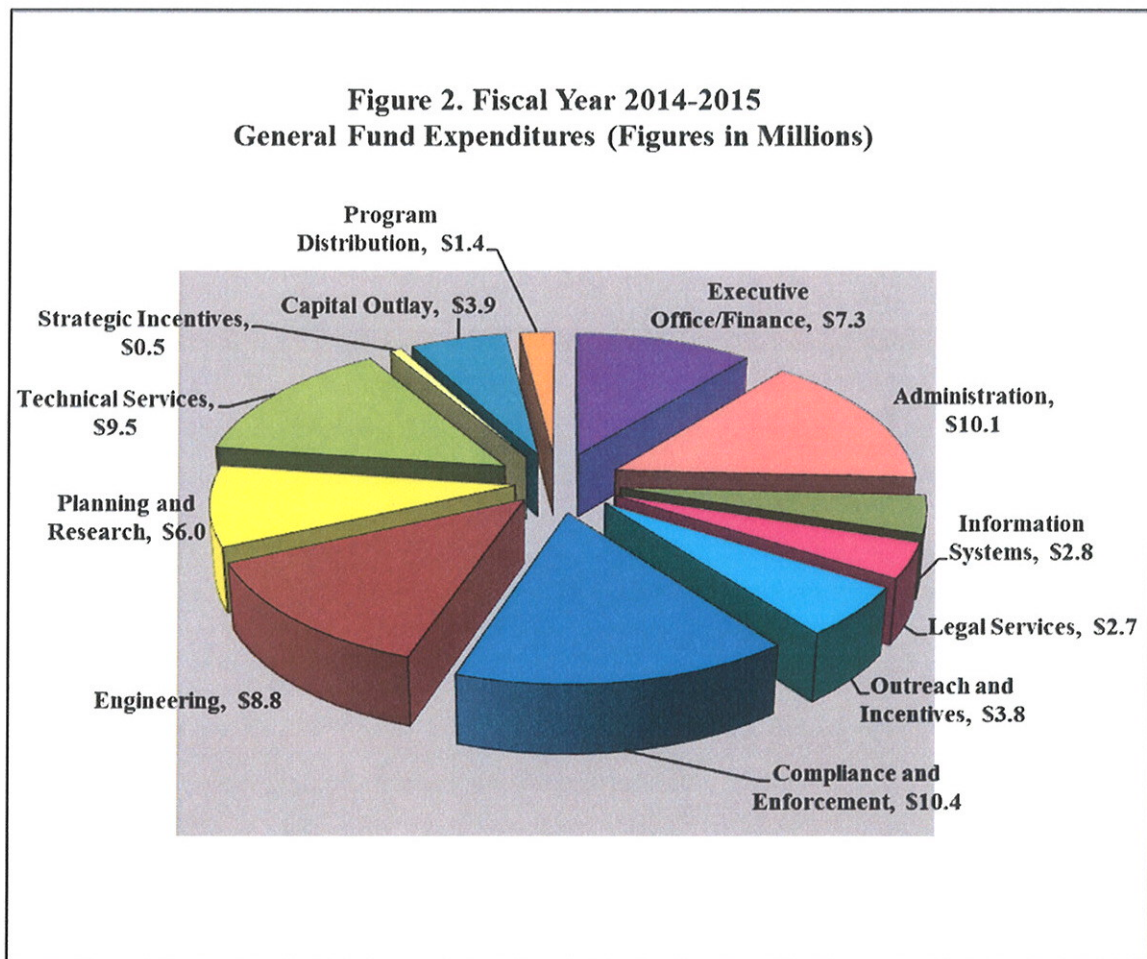


BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

D. General Fund Financial Analysis, Continued

Figure 2 below provides a graph of General Fund operating expenditures (net of other financing uses) for fiscal year 2014-15. General Fund operating expenditures totaled \$67,271,486 which is an increase of \$4,317,731 over fiscal year 2013-14. This increase resulted from a combined increase of rent payments related to 939 Ellis Street and personnel & benefit cost associated with increased filled positions and retirement incentive program. General Fund expenditures represent the District's general government operating costs categorized into the following operating divisions: Compliance and Enforcement (\$10.4 million), Engineering (\$8.8 million), Administration (\$10.1 million), Information Systems (\$2.9 million), Technical Services (\$9.5 million), Executive Office & Finance (\$7.3 million), Planning & Research (\$6.0 million), Outreach & Incentives (\$3.8 million), Strategic Incentives (\$0.5 million) and Legal Services (\$2.7 million). Program Distribution (\$1.4 million) is not an operating division, but rather a category capturing expenditure used for special projects. General Fund operating revenues exceeded operating expenditures by \$6,781,269 in fiscal year 2014-15.



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

D. General Fund Financial Analysis, Continued

The General Fund is the operating fund of the District and at the end of the fiscal year, the total fund balance of the General Fund was \$58.6 million. The assigned fund balance was \$18.7 million, committed \$9.5 million, restricted \$5.1 million, non-spendable \$0.01 million, and the remaining \$25.1 million is unassigned. The unassigned fund balance represents 37.3% of the total General Fund expenditures, while the total fund balance represents 87.1% of the total fund expenditures. The District has available funds for unanticipated emergencies.

The FY 2014-15 adopted budget as compared to the actual expenditures and revenues reflects a decrease in appropriations of \$2.0 million and an increase in revenues of \$9.3 million. The changes to the budget appropriations were the result of Governing Board actions, and carryover of unspent funds from FY 2013-14. The revenue increase resulted in increased economic activities related to property tax receipts and fees.

E. Capital Assets

Capital assets include land, buildings, laboratory equipment, air monitoring stations, computers, office furniture and District fleet vehicles. As of June 30, 2015 the District's investment in capital assets was \$23.8 million net of accumulated depreciation. This was an increase of \$2.4 million from the prior year and mainly relates to construction in progress for the District's billing system.

F. Capital Projects Fund

In the prior fiscal year, a Capital Projects Fund was established to account for financial resources that are specifically related to the acquisition of the District's new office space noted on page 4. At June 30, 2015, the Capital Projects Fund reported a balance of \$29,488,441 which represents the net proceeds being held in trust from issuing \$30,000,000 through a private placement of taxable Certificates of Participation with the Bay Area Headquarters Authority. The Certificates will be held in an escrow account until acquisition of the new office space expected in 2016. The escrow account will pay interest due during the escrow period using the interest earned from the proceeds. Additional information can be found on pages 32-33 of the notes to the financial statements.

G. Economic Factors and Next Year's Budget

The District receives approximately 35% of its General Fund revenue from property taxes levied in nine Bay Area counties and 50% from permit fees charged to local businesses. Consequently, District revenues are impacted by changes in the state and local economy. The District takes a fiscally conservative approach to its budget and it strives to balance its budget within available current revenues. In an effort to recover a greater share of the costs of maintaining air quality, the District increased its permitting fees by approximately 6% in FY 2015-16. The District will continue to focus on long term financial planning to ensure the vitality and effectiveness of its programs.

H. Requests for Information

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2015

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 50,571,212 |
| Restricted cash and cash equivalents | 123,440,771 |
| Restricted investments | 29,481,094 |
| Receivables | 10,774,352 |
| Due from other governments | 3,806,533 |
| Prepays, deposits, and other current assets | <u>228,595</u> |
| Capital assets: | |
| Non-depreciable | 6,448,049 |
| Depreciable, net | <u>17,319,254</u> |
| Total capital assets | <u>23,767,303</u> |
| Total assets | <u>242,069,860</u> |
| DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS | <u>4,268,315</u> |
| LIABILITIES | |
| Accounts payable | 3,028,629 |
| Accrued liabilities | 2,371,612 |
| Other current liabilities | 311,204 |
| Unearned revenue | 16,109,757 |
| Long-term liabilities: | |
| Due within one year: | |
| Compensated absences, current | 3,200,000 |
| Due in more than one year: | |
| Compensated absences, noncurrent | 1,301,562 |
| Certificates of participation | 30,000,000 |
| Other postemployment benefits | 5,809,299 |
| Net pension liability | <u>48,753,502</u> |
| Total liabilities | <u>110,885,565</u> |
| DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS | <u>14,247,236</u> |
| NET POSITION | |
| Net investment in capital assets | 23,255,744 |
| Restricted for air quality grants and projects | 108,933,169 |
| Restricted for post-employment benefits | 2,953,191 |
| Unrestricted net position | <u>(13,936,730)</u> |
| Total net position | <u>\$ 121,205,374</u> |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2015

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Change in Net Position |
|--|-----------------------|-------------------------|--|---|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| Governmental activities: | | | | |
| Primary government | \$ 62,992,005 | \$ 40,249,726 | \$ 6,901,992 | \$ (15,840,287) |
| California Goods Movement program | 7,976,332 | | 7,532,704 | (443,628) |
| Interest | <u>74,108</u> | | | <u>(74,108)</u> |
| TFCA/MSIF, CMP, & other programs: | | | | |
| TFCA/MSIF & other program distribution | 42,160,730 | | 38,640,466 | (3,520,264) |
| Carl Moyer Program | <u>8,851,906</u> | | <u>8,851,906</u> | |
| Total TFCA/MSIF, CMP, & other programs | <u>51,012,636</u> | | <u>47,492,372</u> | <u>(3,520,264)</u> |
| Total governmental activities | <u>\$ 122,055,081</u> | <u>\$ 40,249,726</u> | <u>\$ 61,927,068</u> | <u>(19,878,287)</u> |
| General revenues: | | | | |
| County apportionment | | | | 25,859,398 |
| Investment income not restricted for a specific program | | | | 303,750 |
| Other | | | | <u>122,584</u> |
| Total general revenues | | | | <u>26,285,732</u> |
| Change in net position | | | | 6,407,445 |
| Net position-beginning of year, as previously reported | | | | 174,699,065 |
| Cumulative effect of change in accounting principles | | | | <u>(59,901,136)</u> |
| Net position-beginning of year, as restated | | | | <u>114,797,929</u> |
| Net position-end of year | | | | <u>\$ 121,205,374</u> |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2015

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Total Governmental Funds</u> |
|--|----------------------|---------------------------------|----------------------------------|---|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 50,571,212 | | | \$ 50,571,212 |
| Restricted cash and cash equivalents | 2,953,191 | \$ 120,480,233 | \$ 7,347 | 123,440,771 |
| Restricted investments | | | 29,481,094 | 29,481,094 |
| Receivables | 4,208,152 | 6,566,200 | | 10,774,352 |
| Due from other governments | 3,249,622 | 556,911 | | 3,806,533 |
| Due from other funds | 4,816,861 | | | 4,816,861 |
| Prepays, deposits, and other assets | 228,595 | | | 228,595 |
| Total assets | <u>\$ 66,027,633</u> | <u>\$ 127,603,344</u> | <u>\$ 29,488,441</u> | <u>\$ 223,119,418</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 2,421,304 | \$ 607,325 | | \$ 3,028,629 |
| Accrued liabilities | 2,371,612 | | | 2,371,612 |
| Compensated absences | 195,067 | | | 195,067 |
| Due to other funds | | 4,816,861 | | 4,816,861 |
| Other liabilities | 311,204 | | | 311,204 |
| Unearned revenue | 689,912 | 15,419,845 | | 16,109,757 |
| Total liabilities | <u>5,989,099</u> | <u>20,844,031</u> | | <u>26,833,130</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue | 1,463,298 | | | 1,463,298 |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid items | 91,475 | | | 91,475 |
| Restricted: | | | | |
| Air quality grants and projects | 2,173,856 | 106,759,313 | | 108,933,169 |
| Postemployment benefits | 2,953,191 | | | 2,953,191 |
| Capital projects | | | \$ 29,488,441 | 29,488,441 |
| Committed: | | | | |
| Future acquisition of 375 Beale Street | 8,500,000 | | | 8,500,000 |
| Self-funded workers' compensation | 1,000,000 | | | 1,000,000 |
| Assigned: | | | | |
| PERS funding | 800,000 | | | 800,000 |
| Postemployment benefits | 1,000,000 | | | 1,000,000 |
| Building and facilities | 5,668,200 | | | 5,668,200 |
| Capital equipment | 2,867,100 | | | 2,867,100 |
| Air quality grants and projects | 8,376,107 | | | 8,376,107 |
| Unassigned | 25,145,307 | | | 25,145,307 |
| Total fund balances | <u>58,575,236</u> | <u>106,759,313</u> | <u>29,488,441</u> | <u>194,822,990</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 66,027,633</u> | <u>\$ 127,603,344</u> | <u>\$ 29,488,441</u> | <u>\$ 223,119,418</u> |

See accompanying notes to financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RECONCILIATION OF THE FUND BALANCES - TOTAL GOVERNMENTAL FUNDS WITH THE STATEMENT OF NET POSITION JUNE 30, 2015

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

Total fund balances - total governmental funds \$ 194,822,990

Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds. 23,767,303

Other long-term assets (receivables) are not available to pay for current-period expenditures and therefore, are reported as unavailable revenue in the funds. 1,463,298

The liabilities below are not due and payable in the current period and therefore are not reported in the funds:

Compensated absences (4,306,495)

Certificates of participation (30,000,000)

Other postemployment benefits (5,809,299)

Net pension liability (48,753,502)

In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods.

In the statement of net position, deferred outflows and inflows of resources are reported as follows:

Deferred outflows of resources related to pensions 4,268,315

Deferred inflows of resources related to pensions (14,247,236)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 121,205,374

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2015

| | General Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|--|------------------|-------------------------|--------------------------|--------------------------------|
| REVENUES | | | | |
| TFCA / MSIF DMV fees | | \$ 36,914,007 | | \$ 36,914,007 |
| Permit fees | \$ 34,111,070 | | | 34,111,070 |
| County apportionment | 25,859,398 | | | 25,859,398 |
| California Goods Movement revenue | | 7,532,704 | | 7,532,704 |
| Carl Moyer Program | | 8,851,906 | | 8,851,906 |
| Federal grants | 4,600,084 | 1,726,459 | | 6,326,543 |
| Penalties and variance fees | 2,744,150 | | | 2,744,150 |
| Asbestos fees | 3,247,403 | | | 3,247,403 |
| State subvention | 1,723,225 | | | 1,723,225 |
| State grants | 578,683 | | | 578,683 |
| Other revenues | 730,670 | | | 730,670 |
| Interest and investment gain (loss) | 445,124 | | \$ (141,374) | 303,750 |
| Special environmental projects | 12,948 | | | 12,948 |
| Total revenues | 74,052,755 | 55,025,076 | (141,374) | 128,936,457 |
| EXPENDITURES | | | | |
| General government: | | | | |
| Program distribution | 1,403,396 | | | 1,403,396 |
| Executive office and finance | 7,262,666 | | | 7,262,666 |
| Administration | 10,088,289 | | | 10,088,289 |
| Information systems | 2,849,206 | | | 2,849,206 |
| Legal services | 2,654,094 | | | 2,654,094 |
| Outreach and incentives | 3,827,348 | | | 3,827,348 |
| Compliance and enforcement | 10,442,462 | | | 10,442,462 |
| Engineering | 8,786,452 | | | 8,786,452 |
| Planning and research | 6,026,668 | | | 6,026,668 |
| Technical services | 9,498,435 | | | 9,498,435 |
| Strategic incentives division | 484,966 | | | 484,966 |
| TFCA/MSIF, Carl Moyer, & other programs: | | | | |
| Program distribution | | 36,901,209 | | 36,901,209 |
| Intermittent control | | 968,631 | | 968,631 |
| TFCA administration | | 910,719 | | 910,719 |
| Vehicle buy-back | | 7,415,653 | | 7,415,653 |
| Mobile source incentive | | 457,871 | | 457,871 |
| Regional bikeshare | | 1,297,089 | | 1,297,089 |
| CarSharing incentive | | 756,907 | | 756,907 |
| Regional electric vehicle deployment | | 952,022 | | 952,022 |
| Enhanced mobile source inspection | | 1,458,671 | | 1,458,671 |
| California Goods Movement Program & other programs: | | | | |
| Grant administration | | 629,777 | | 629,777 |
| Truck Program/LESBP | | 7,360,267 | | 7,360,267 |
| Debt Service: | | | | |
| Interest | | | 74,108 | 74,108 |
| Capital outlay | 3,947,504 | | | 3,947,504 |
| Total expenditures | 67,271,486 | 59,108,816 | 74,108 | 126,454,410 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | 6,781,269 | (4,083,740) | (215,482) | 2,482,047 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 906,435 | | | 906,435 |
| Transfers (out) | | (906,435) | | (906,435) |
| Total other financing source (uses) | 906,435 | (906,435) | | |
| NET CHANGE IN FUND BALANCES | 7,687,704 | (4,990,175) | (215,482) | 2,482,047 |
| BEGINNING FUND BALANCES | 50,887,532 | 111,749,488 | 29,703,923 | 192,340,943 |
| ENDING FUND BALANCES | \$ 58,575,236 | \$ 106,759,313 | \$ 29,488,441 | \$ 194,822,990 |

See accompanying notes to financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
RECONCILIATION OF THE
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 2,482,047

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

| | |
|---|-------------|
| Capitalized expenditures are added back to fund balance | 3,947,504 |
| Depreciation expense is deducted from fund balance | (1,552,153) |
| Net book value of capital asset disposals is deducted from fund balance | (51,108) |

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

| | |
|-------------------------------------|----------|
| Permit and other miscellaneous fees | (41,989) |
|-------------------------------------|----------|

| | |
|---|-----------|
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. | (473,931) |
|---|-----------|

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

| | |
|---|---------|
| Change in the liability for compensated absences | 251,511 |
| Change in the liability for other postemployment benefits | 676,851 |

| | |
|--|-----------|
| In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. The difference between accrual-basis pension costs and actual employer contributions was: | 1,168,713 |
|--|-----------|

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 6,407,445

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

1. REPORTING ENTITY AND SIGNIFIGANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District's jurisdiction is limited principally to policing non-vehicular sources of air pollution within the Bay Area, primarily industry pollution and burning. Any company wishing to build or modify a facility in the Bay Area must first obtain a permit from the District to ensure that the facility complies with all applicable rules.

The District also acts as the program administrator for Transportation Fund for Clean Air (TFCA) funds and Mobile Source Incentive funds (MSIF) derived from Assembly Bill 434 and Assembly Bill 923, respectively. TFCA and MSIF funding comes from a \$4 and \$2 surcharge, respectively, on motor vehicles registered within the District's boundaries. TFCA funding may only be used to fund eligible projects that reduce motor vehicle emissions and support the implementation of the transportation and mobile source control measures in the 1994 Clean Air Plan. All projects must fall within the categories listed in State Law (Health and Safety Code Section 44241).

The Health and Safety Code requires the District to pass-through no less than 40% (forty percent) of the TFCA revenues raised within a particular county to that county's eligible, designated Program Manager. The remaining 60% (sixty percent) is for Regional Fund grants and is being allocated to projects on a competitive basis. Projects are evaluated using the District's Board adopted evaluation and scoring criteria. The District may receive reimbursement from TFCA funds, not to exceed 5% (five percent) of total funds, for administration of the program. TFCA activities are accounted for in the District's Special Revenue Fund.

The District includes seven counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara; and portions of two other counties: Southwestern Solano and Southern Sonoma. The District is governed by a 22 (twenty-two) member Board of Directors that includes representatives from all of the above counties.

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

B. Basis of Presentation

Government-wide Statements – The Statement of Net Position and the Statement of Activities display information about the primary government (District). Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational needs of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

When both restricted and unrestricted resources are available for use, it is the District's policy to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed, assigned, and then unassigned fund balances.

Fund Financial Statements – The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column.

C. Funds Presented

The District's major governmental funds are required to be identified and presented separately in the fund financial statements. The District reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – This Fund is used by the District to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Fund – The Capital Projects Fund was established by the District to account for financial resources that are specifically intended for the acquisition of the District's new office space.

D. Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 (ninety) days after year end, with the exception of revenues related to CMAQ Spare the Air, which are included in revenue if received within seven months after year end. Expenditures are recorded when the related fund liability is incurred, except for compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as expenditures in governmental funds.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place.

Imposed non-exchange transaction revenues result from assessments imposed on non-governmental entities, including individuals (other than assessments imposed on exchange transactions), and the revenues are recognized in the period when use of the resources is required or first permitted. District-imposed non-exchange transactions are the TFCA/MSIF DMV fees, Permit fees, Title V Permit fees, Asbestos fees, Penalties and Variance fees, and Settlements.

Government-mandated non-exchange transactions result from one level of government providing resources to another level of government and requiring the recipient to use the resources for a specific purpose. Voluntary non-exchange transactions result from agreements entered into voluntarily by the parties thereto. Both types of non-exchange transaction revenues are treated in the same manner. Revenues are recognized when all applicable eligibility requirements are met. District transactions of both types include the Carl Moyer program, Lower Emission School Bus program, State Subvention, EPA federal grants, DHS federal grants, CMAQ Spare the Air grants, other grants, California Goods Movement program, Shore Power program, and various agreements with the nine Counties served by the District.

Those revenues susceptible to accrual are taxes, intergovernmental revenues, interest, charges for services, fines and penalties, and license and permit revenues.

Under the modified accrual basis, revenue from exchange and non-exchange transactions must meet both the “measurable” and “available” criteria to be recognized in the current period. On governmental fund financial statements, receivables that will not be collected within the availability period have been offset with unavailable revenue. Unearned revenue arises when assets are received before the revenue recognition criteria have been satisfied. Grants received before eligibility requirements have been satisfied are recorded as unearned revenue in the governmental fund financial statements (see Note 6).

E. Current Year GASB Statement Implementation

For the year ended June 30, 2015, the District implemented GASB Statement No. 68 (GASB 68), *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71 (GASB 71) *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The primary objectives of GASB 68 and GASB 71 are to improve accounting and financial reporting by state and local governments for pensions by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. They require employers to report a net pension liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note 10 explains the effect of the current year GASB implementation.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Since GASB 68 requires retroactive application, beginning net position is reduced by the net pension liability offset by the related deferred outflow of resources as of June 30, 2014. As a result, for the year ended June 30, 2015, the beginning net position decreased by \$59,901,136 as the cumulative effect of a change in accounting principles.

F. Compensated Absences

The District's policies provide compensation to employees for certain absences, such as vacation and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on any special event beyond the control of the District and its employees is accrued as employees earn those benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in a period in which such services are rendered or in which such events take place.

The District's liability for compensated absences is recorded in the Statement of Net Position. District employees are allowed to accrue no more than four hundred and sixty hours of vacation as of the end of the calendar year. In the event of termination, the employees are reimbursed for all accumulated vacation at the time of separation from the District.

There are no restrictions regarding the accumulation of sick leave. On termination, employees are not paid for accumulated sick leave, but the accumulated sick leave is counted as service credit by the CalPERS pension plan administered by the State of California.

G. Pensions

The District participates in the Bay Area Air Quality Management District Miscellaneous Plan (the Plan), an agent multiple-employer defined benefit pension plan maintained by the California Public Employees' Retirement System (CalPERS). For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of the Plan, and additions to/deductions from the Plan's fiduciary net position, have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. Use of Management Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

I. Receivables

During the course of normal operations, the District carries various receivable balances for taxes, interest, and permitting operations. The District considers receivables to be fully collectible; accordingly no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations when that determination is made. During the year ending June 30, 2015, management deemed \$41,989 of outstanding receivables to be uncollectible.

J. Capital Assets

The District's assets are capitalized at historical cost or estimated historical cost. District policy has set the capitalization threshold for reporting general capital assets at \$5,000. Donated capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

| | |
|-----------------------------------|-------------|
| Buildings, grounds & improvements | 15-20 Years |
| Equipment | 5-15 Years |

K. Deferred Outflows/Deferred Inflows

In addition to assets, the financial statements report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District's pension plan after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources. Additional factors involved in the calculation of the District's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, and differences between projected and actual investment earnings. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 10 for further details related to these pension deferred outflows and inflows. In the fund financial statements, the District reports unavailable revenues as a deferred inflow of resources.

L. Net Position / Fund Balance

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt, if any, that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the District not restricted for any project or other purpose.

The governmental fund statements utilize a fund balance presentation. Fund balances are categorized as nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable Fund Balance – This category presents the portion of fund balance that cannot be spent because it is either not in a spendable form or it is legally or contractually required to be maintained intact.

Restricted Fund Balance – This category presents the portion of the fund balance that is for specific purposes stipulated by constitution, external resource providers, or enabling legislation.

Committed Fund Balance – This category presents the portion of the fund balance that can be used only for the specific purposes determined by a formal action (Resolution) of the District's highest level of decision making authority. For the District, this level of authority lies with the Board of Directors.

Assigned Fund Balance – This category presents the portion of the fund balance that is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. For the District, balances can be assigned by management or through the budget process.

Unassigned Fund Balance – This category presents the portion of the fund balance that does not fall into restricted, committed, or assigned and are spendable.

M. Future GASB Statement Implementation

In June of 2015, the GASB issued GASB Statement 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, with required implementation for the District during the year ended June 30, 2018. The primary objective of GASB 75 is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. It will require employers to report a net OPEB liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 75 is required to be implemented retroactively and will require a restatement of beginning net position.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Investments

The District pools cash from multiple sources and funds so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time.

Cash, cash equivalents, and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

| | |
|---|-----------------------|
| Cash and cash equivalents | \$ 50,571,212 |
| Restricted cash and cash equivalents | 123,440,771 |
| Restricted investments | <u>29,481,094</u> |
| Total cash, cash equivalents, and investments | <u>\$ 203,493,077</u> |

Cash, cash equivalents, and investments as of June 30, 2015, consist of the following:

| | |
|---|-----------------------|
| Cash and investments in San Mateo | |
| Pooled Fund Investment Program | \$ 171,051,445 |
| Cash, cash equivalents, and investments with fiscal agent | <u>32,441,632</u> |
| Total cash and cash equivalents | <u>\$ 203,493,077</u> |

Cash in County Treasury

The District is a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by California Government Code under the oversight of the Treasury of the County of San Mateo (the Treasury). The Treasury is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes, or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

The District earns interest on a proportionate basis with all other investors. Interest is credited directly to the District's account on a quarterly basis. The pooled fund is collateralized at 102% by San Mateo County, but not specifically identified to any one depositor or in the District's name.

The District reports its investment in the County Pool at the fair value amount provided by the County. Participants' equity in the investment pool is determined by the dollar amount of the participant deposits, adjusted for withdrawals and distributed income. This method differs from the fair value method used to value investments in these financial statements in that unrealized gains or losses are not distributed to pool participants.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Investments Authorized by the District's Investment Policy

The table below identifies the investment types authorized for the District by the California Government Code Section 53601 or the Treasury investment policy, which was adopted by the District, whichever is more restrictive. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

| <u>Authorized Investment Type</u> | <u>Maximum Maturity</u> | <u>Maximum Percentage of Portfolio</u> | <u>Maximum Investment in One Issuer</u> |
|--|-------------------------|--|---|
| U.S. Government Agency / Sponsored | | | |
| Enterprise Securities | 7 years | 100% | 40% |
| U.S. Treasury Obligations | 7 years | 100% | 100% |
| Asset-Backed Securities | 5 years | 20% | 100% |
| Banker's Acceptances | 180 days | 15% | 5% |
| Commercial Paper | 270 days | 40% | 5% |
| Negotiable Certificates of Deposit | 5 years | 30% | 5% |
| Collateralized Certificates of Deposit | 1 year | 15% | 5% |
| Repurchase Agreements | 92 days | 100% | 100% |
| Mutual Funds | N/A | 10% | 5% |
| Corporate Bonds, Medium-Term Notes, & Covered Bonds | 5 years | 30% | 5% |
| Local Agency Investment Funds (LAIF) | N/A | Up to state limit | None |

Investments Authorized by Debt Agreements

The District's cash, cash equivalents, and investments with fiscal agent in the Capital Projects Fund in the amount of \$29,488,441 represent unspent proceeds of the 2013 Certificates of Participation at June 30, 2015, which are restricted for specific purposes under terms of the trust agreement.

Investments of debt proceeds held by the trustee are governed by provisions of the trust agreement, rather than the general provisions of the California Government Code or the District's investment policy.

Derivative Investments

The District did not directly enter into any derivative investments, and the County Pool was not holding derivative investments at June 30, 2015.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Disclosures Related to Interest Rate Risk and Credit Risk

Generally, credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the District's investment policy limit the District's investments in banker's acceptances, commercial paper, negotiable certificates of deposit, collateralized certificates of deposit, and repurchase agreements to the rating of A1/P-1/F-1 or better by two of the three nationally recognized rating services (Standard & Poor's, Moody's Investors Service, or Fitch Ratings). Corporate securities are required to have a rating of AA or better at the time of purchase, aside from 25% of total corporate securities, which can have a rating of A. U.S. government securities are required to have a rating of AA, long-term, or A-1, short-term, or better by two of the three rating services. Asset-backed securities are required to have a rating of AAA or higher by two of the three rating services.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair values to changes in market interest rates.

The District's cash, cash equivalents, and investments were categorized as follows at June 30, 2015:

| | Ratings | | Maturities | Fair Value |
|---|-----------|-----------|------------|----------------|
| | Moody's | S&P | | |
| Money market | Not Rated | Not Rated | Current | \$ 7,347 |
| AIG fixed annuity | Not Rated | Not Rated | Current | 2,953,191 |
| U.S. Treasury Notes | Aaa | Not Rated | 0.58 years | 29,481,094 |
| Investments in San Mateo | | | | |
| Pooled Fund Investment Program | Aa1/P-1 | AA/A-1 | 1.63 years | 171,051,445 |
| Total cash, cash equivalents, and investments | | | | \$ 203,493,077 |

Restricted Cash, Cash Equivalents, and Investments

The District's restricted cash, cash equivalents, and investments are \$152,921,865 at June 30, 2015. Included in this restricted balance is \$29,488,441 for the 2013 Certificates of Participation unspent proceeds, \$120,480,233 restricted for air quality grants and projects, and \$2,953,191 restricted for postemployment benefits.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

3. RECEIVABLES

At June 30, 2015, the District had the following accounts receivable:

| | | |
|----------------------------------|----------------|-----------------------------|
| General Fund: | | |
| Permit and other fees | \$ 3,229,230 | |
| County apportionments | 703,733 | |
| Interest | 86,613 | |
| Other | <u>188,576</u> | |
| Total General Fund | | \$ 4,208,152 |
| Special Revenue Fund: | | |
| TFCA DMV fees | 4,245,807 | |
| MSIF DMV fees | 2,105,490 | |
| Interest | <u>214,903</u> | |
| Total Special Revenue Fund | | <u>6,566,200</u> |
| Total Accounts Receivable | | <u>\$ 10,774,352</u> |

4. INTERFUND TRANSACTIONS

Current interfund balances arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures which are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received. At June 30, 2015, the General Fund was owed \$4,816,861 by the Special Revenue Fund.

With Board approval, resources are transferred from one fund to another. The purpose of the majority of transfers is to move approved administrative revenue charged to restricted programs in the Special Revenue Fund to the General Fund. Interfund transfers for the year ended June 30, 2015 were as follows:

| <u>Fund Receiving Transfer</u> | <u>Fund Making Transfer</u> | <u>Amount Transferred</u> |
|--------------------------------|-----------------------------|---------------------------|
| General Fund | Special Revenue Fund | \$ 906,435 |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

5. CAPITAL ASSETS

The District's capital assets were comprised of the following at June 30, 2015:

| | Balance at 7/1/2014 | Additions | Deletions | Transfers | Balance at 6/30/2015 |
|------------------------------------|--------------------------------|------------------|------------------|------------------|---------------------------------|
| Non-depreciable assets: | | | | | |
| Construction in progress | \$12,556,288 | \$ 2,080,543 | \$ (31,997) | \$ (8,156,785) | \$ 6,448,049 |
| Total non-depreciable assets | 12,556,288 | 2,080,543 | (31,997) | (8,156,785) | 6,448,049 |
| Depreciable assets: | | | | | |
| Building and grounds | 207,868 | | | | 207,868 |
| Leasehold improvements | 2,847,646 | 54,062 | | | 2,901,708 |
| Computers and network equipment | 8,721,746 | | | (1,630,708) | 7,091,038 |
| Production system | | 634,821 | | 9,787,493 | 10,422,314 |
| Motorized equipment | 926,212 | | (176,045) | | 750,167 |
| Lab and monitoring equipment | 7,962,424 | 809,615 | (192,971) | | 8,579,068 |
| Furniture and other equipment | 3,314,561 | 368,463 | (13,222) | | 3,669,802 |
| Total depreciable assets | 23,980,457 | 1,866,961 | (382,238) | 8,156,785 | 33,621,965 |
| Accumulated depreciation: | | | | | |
| Building and grounds | 108,724 | 20,512 | | | 129,236 |
| Leasehold improvements | 2,690,126 | 4,965 | | | 2,695,091 |
| Computers and network equipment | 3,440,732 | 472,359 | | (224,255) | 3,688,836 |
| Production system | | 96,108 | | 224,253 | 320,361 |
| Motorized equipment | 864,499 | 5,674 | (167,244) | (20,646) | 682,283 |
| Lab and monitoring equipment | 6,191,180 | 533,338 | (183,322) | 14,435 | 6,555,631 |
| Furniture and other equipment | 1,818,424 | 419,197 | (12,561) | 6,213 | 2,231,273 |
| Total accumulated depreciation | 15,113,685 | 1,552,153 | (363,127) | | 16,302,711 |
| Total depreciable assets, net | 8,866,772 | 314,808 | (19,111) | 8,156,785 | 17,319,254 |
| Total capital assets, net | \$ 21,423,060 | \$ 2,395,351 | \$ (51,108) | \$ | \$ 23,767,303 |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Depreciation expense by function for capital assets for the year ended June 30, 2015, is as follows:

| | |
|---------------------------------|---------------------|
| Primary Government: | |
| Executive office | \$ 72,549 |
| Administrative services | 61,195 |
| Legal services | 33,272 |
| Public information and outreach | 18,661 |
| Compliance enforcement | 128,399 |
| Engineering | 113,539 |
| Planning | 92,921 |
| Technical services | 609,281 |
| Information services | 325,212 |
| Strategic incentives | <u>97,124</u> |
| Total depreciation expense | <u>\$ 1,552,153</u> |

6. UNEARNED / UNAVAILABLE REVENUE

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net position and governmental funds offset cash received before the earning process is complete with a corresponding liability as unearned revenue.

Under the modified accrual basis of accounting, revenues are recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period. Receivables not collected within the District's period of availability and therefore not considered available to liquidate liabilities of the current period are offset by a corresponding deferred inflow of resources as unavailable revenue in the governmental fund financial statements.

At June 30, 2015, components of unearned and unavailable revenues reported were as follows:

| | Unearned Revenue | Unavailable Revenue | Total |
|--|-----------------------------|--------------------------------|----------------------|
| General Fund: | | | |
| Permits and licenses | | \$ 1,463,298 | \$ 1,463,298 |
| Carl Moyer Program Administration | \$ 689,912 | | 640,947 |
| Subtotal General Fund | <u>689,912</u> | <u>1,463,298</u> | <u>2,104,245</u> |
| Special Revenue Fund: | | | |
| GMB – Administration | 520,064 | | 520,064 |
| GMB – On-Road Projects | 5,584,499 | | 5,584,499 |
| Shore Power Projects | 3,781,357 | | 3,781,357 |
| Carl Moyer Program | 5,533,925 | | 5,533,925 |
| Subtotal Special Revenue Fund | <u>15,419,845</u> | | <u>15,419,845</u> |
| Total unearned and unavailable revenue | <u>\$ 16,109,757</u> | <u>\$ 1,463,298</u> | <u>\$ 17,524,090</u> |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

7. LONG-TERM LIABILITIES

On November 7, 2013, the District issued \$30,000,000 through a private placement of taxable Certificates of Participation (Certificates) with Bay Area Headquarters Authority (BAHA) to finance its ownership interest of approximately 75,000 square feet of office space at 375 Beale Street. The Certificates will be held by the Bank of New York Mellon Trust Company, N.A., as Trustee, in an escrow account until acquisition of the premises by the District, expected sometime in 2016. The escrow account will pay interest due during the escrow period, at an annual rate of 0.247%, using proceeds of the Certificates. Upon acquisition date, the escrow period ends and the District will begin to make base rental payments under the terms of the sublease described below. The District may prepay the Certificates, all or in part, without penalty. The District agreed to contribute at least \$8,500,000 from the sale of its 939 Ellis Street office building, payable at acquisition date at 375 Beale Street, which will go towards its debt obligation.

The District and BAHA have also entered into a financing lease/sublease arrangement whereby at the date of acquisition the District will lease its office space to BAHA and BAHA will then sublease office space back to the District to secure payment on the Certificates. Under the terms of the agreement, total monthly payments have been predetermined over a 30-year amortization period, and the amount of such payments that relates to interest will be calculated based on the index rate period of a five year duration with an applicable spread of 120 basis points or 1.20% per annum. Total payments of principal and interest are structured as follows:

| <u>Rental Term Years</u> | <u>Total Annual Payments</u> | <u>Total Payments</u> |
|--------------------------|--------------------------------------|---------------------------|
| 1 – 10 | \$ 1,200,000 | \$ 12,000,000 |
| 11 - 30 | 1,370,000 | <u>24,660,000</u> |
| | | <u>\$ 36,660,000</u> |

Upon payment of all rental payments under the term of the sublease agreement, the title of the office space will transfer to the District.

A schedule of changes in general long-term debt for the year ended June 30, 2015, is shown below:

| | <u>Balance July 1, 2014, Restated</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2015</u> | <u>Due Within One Year</u> |
|--------------------------------|---|----------------------|------------------------|----------------------------------|--------------------------------|
| Governmental Activities | | | | | |
| Certificates of participation | \$ 30,000,000 | | | \$ 30,000,000 | |
| Compensated absences | 4,558,006 | \$ 3,118,466 | \$ (3,174,910) | 4,501,562 | \$ 3,200,000 |
| Net pension liability | 63,716,789 | 3,099,602 | (18,062,889) | 48,753,502 | |
| OPEB liability | <u>6,486,150</u> | <u>4,212,000</u> | <u>(4,888,851)</u> | <u>5,809,299</u> | |
| Total | <u>\$ 104,760,945</u> | <u>\$ 10,430,068</u> | <u>\$ (26,126,650)</u> | <u>\$ 89,064,363</u> | <u>\$ 3,200,000</u> |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The long-term portion of compensated absences is liquidated by the General Fund and the long-term portion of the OPEB and net pension liabilities are liquidated by both the General Fund and the Special Revenue Fund. Certificates of participation will be partially liquidated with proceeds from the sale of 939 Ellis Street, held in the General Fund, and will be otherwise liquidated by the Capital Projects Fund.

8. LEASES

Commitments under non-cancelable operating lease agreements for air-monitoring stations, vehicles, and office equipment provide for minimum annual rental payments as follows:

Year ended June 30,

| | |
|-----------|---------------------|
| 2016 | \$ 973,091 |
| 2017 | 879,524 |
| 2018 | 654,554 |
| 2019 | 326,956 |
| 2020 | 218,990 |
| 2021-2025 | <u>64,362</u> |
| | <u>\$ 3,117,477</u> |

Air-monitoring station leases are renewable with minor escalations.

Rental expense for lease agreements during the year ended June 30, 2015, was \$1,256,236.

Additionally, the District sold its land and building at 939 Ellis Street on April 30, 2014. On the same date, the District entered a lease agreement with the new owners to lease the premises for a monthly rent of \$91,925 through June 30, 2015. The lease allows for four 90-day extension periods through June 30, 2016, with monthly rent increasing to \$114,906 on October 1, 2015. The District intends to participate in this lease agreement until moving to the new premises on the acquisition date under the sublease with BAHA discussed in Note 7. Rental expense for the building for the year ended June 30, 2015, was \$1,103,102.

9. COUNTY APPORTIONMENT REVENUE

As a result of the passage of Proposition 13 in fiscal year 1979, the District no longer has the power to calculate property tax revenues due for each county. Instead, the District now receives remittances from the counties, which are calculated in accordance with Assembly Bill Number 8. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Property tax revenues are recognized by the District in the fiscal year they are assessed, provided that they become available as defined above.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Property taxes levied are recorded as revenue and receivables in the fiscal year of levy, provided that they are collected within the fiscal year or within ninety days after year end.

County apportionment revenue recognized as of June 30, 2015, is as follows:

| | |
|------------------------------------|----------------------|
| Alameda | \$ 4,590,000 |
| Contra Costa | 3,019,343 |
| Marin | 1,251,191 |
| Napa | 872,824 |
| Santa Clara | 6,971,062 |
| San Francisco | 3,680,507 |
| San Mateo | 3,560,296 |
| Solano | 678,972 |
| Sonoma | <u>1,235,203</u> |
| Total county apportionment revenue | <u>\$ 25,859,398</u> |

10. PENSION PLAN

Plan Description – All District employees are eligible to participate in the Bay Area Air Quality Management District Miscellaneous Plan (the Plan), an agent multiple-employer defined-benefit pension plan administered by the California Public Employees Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. CalPERS issues a publicly available report that includes a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found online at www.calpers.ca.gov.

Benefits Provided – Benefit provisions under the Plan are established by State statute and District resolution. The benefits are based on members' years of service, age, final compensation, and benefit formula. The California Public Employees' Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the Plan has two benefit structures: 1) CalPERS Miscellaneous Employee "2% at 55" for members first hired prior to January 1, 2013, to perform CalPERS creditable activities (Classic members), and 2) CalPERS Miscellaneous Employee "2% at 62" for members first hired on or after January 1, 2013, to perform CalPERS creditable activities (PEPRA members). The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits, while PEPRA members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

| | Classic | PEPRA |
|---|--------------------|--------------------|
| | Prior to | On or after |
| Hire date | January 1, 2013 | January 1, 2013 |
| Benefit formula | 2.0% @ 55 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 - 63 | 52 - 67 |
| Monthly benefits, as a % of eligible compensation | 1.426% - 2.418% | 1.000% - 2.500% |
| Required employee contribution rates | 7.0% | 6.25% |
| Required employer contribution rates | 13.120% | 13.120% |

Employees Covered – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 317 |
| Inactive employees entitled to but not yet receiving benefits | 91 |
| Active employees | 216 |
| Total | 624 |

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability – The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability is shown below.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Actuarial Assumptions – The total pension liability in the June 30, 2013, actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Valuation Date | June 30, 2013 |
| Measurement Date | June 30, 2014 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.50% |
| Inflation | 2.75% |
| Payroll Growth | 3.0% |
| Projected Salary Increase | 3.3% - 14.2% ⁽¹⁾ |
| Investment Rate of Return | 7.50% ⁽²⁾ |
| Mortality | Derived using CalPERS' Membership Data |

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment and administrative expenses, including inflation

The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, see the 2014 Experience Study on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2014 based on June 30, 2013 Valuations, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. The difference was deemed immaterial to the agent multiple-employer plan.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the year ended June 30, 2018. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

| <u>Asset Class</u> | <u>New Strategic Allocation</u> | <u>Real Return Years 1 – 10^(a)</u> | <u>Real Return Years 11+^(b)</u> |
|-------------------------------|---|---|--|
| Global Equity | 47.0% | 5.25% | 5.71% |
| Global Fixed Income | 19.0% | 0.99% | 2.43% |
| Inflation Sensitive | 6.0% | 0.45% | 3.36% |
| Private Equity | 12.0% | 6.83% | 6.95% |
| Real Estate | 11.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 3.0% | 4.50% | 5.09% |
| Liquidity | 2.0% | (0.55)% | (1.05)% |
| Total | <u>100%</u> | | |

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Changes in the Net Pension Liability – The changes in the net pension liability for the Plan are as follows:

| | Increase (Decrease) | | |
|---|------------------------------------|--|--|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| Balance at June 30, 2014 | \$ 244,402,997 | \$ 180,686,208 | \$ 63,716,789 |
| Changes recognized for the measurement period: | | | |
| Service cost | 4,509,169 | | 4,509,169 |
| Interest on the total pension liability | 18,144,590 | | 18,144,590 |
| Contributions - employer | | 3,815,653 | (3,815,653) |
| Contributions - employee | | 2,622,951 | (2,622,951) |
| Net investment income ⁽¹⁾ | | 31,178,442 | (31,178,442) |
| Benefit payments, including refunds of employee contributions | (9,459,410) | (9,459,410) | |
| Net changes | 13,194,349 | 28,157,636 | (14,963,287) |
| Balance at June 30, 2015 | \$ 257,597,346 | \$ 208,843,844 | \$ 48,753,502 |

⁽¹⁾ Net of administrative expenses.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the District for the Plan, calculated using the discount rate for the Plan, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

| | Discount Rate –1% (6.50%) | Current Discount Rate (7.50%) | Discount Rate +1% (8.50%) |
|----------------------------------|--------------------------------------|--|--------------------------------------|
| District's net pension liability | \$ 80,888,520 | \$ 48,753,502 | \$ 21,760,298 |

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2015, the District recognized pension expense of \$3,099,602. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Pension contributions subsequent to measurement date | \$ 4,268,315 | |
| Net differences between projected and actual earnings on plan investments | | \$ (14,247,236) |
| Total | \$ 4,268,315 | \$ (14,247,236) |

\$4,268,315 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| Year Ended June 30 | |
|-------------------------------|-----------------|
| 2016 | \$ (3,561,809) |
| 2017 | (3,561,809) |
| 2018 | (3,561,809) |
| 2019 | (3,561,809) |
| Total | \$ (14,247,236) |

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description – The District sponsors a single-employer defined benefit healthcare plan administered by CalPERS. The District provides medical, dental, vision, and life insurance benefits to eligible retirees. Benefit provisions are established in accordance with the Employee Association Memorandum of Understanding (MOU) for represented employees and as adopted by Board Resolution for all other employees who retire from the District on or after attaining age 50 with at least 5 (five) years of service.

The District established an irrevocable trust to prefund the other postemployment benefit annual required contribution by participating in the California Employers' Retiree Benefit Trust (CERBT) program during the fiscal year ended June 30, 2009. The funds in the CERBT are held in trust and administered by the California Public Employees' Retirement System (CalPERS) as an agent multiple-employer plan. The District's Other Postemployment Benefits (OPEB) financial statements will be included in the CalPERS Comprehensive Annual Financial Report (CAFR). Copies of the CalPERS' CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Funding Policy – The District funds on a pay-as-you-go basis with additional discretionary funding payments as approved by the Board. The District paid health care and life insurance benefit contributions based on when insurance premium payments were made, which were \$1,888,851 for the year ended June 30, 2015. The additional discretionary funding payment approved by the Board for the year ended June 30, 2015, was \$3,000,000. During the year ended June 30, 2015, one hundred eighty-nine (189) retirees participated in the health insurance plan, one hundred sixty-four (164) retirees participated in the dental plan, one hundred sixty-four (164) retirees participated in the vision plan, and one hundred thirty-eight (138) retirees participated in the life insurance plan.

The District’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years.

The CERBT fund, which is an IRC Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other postemployment benefits for retirees and their beneficiaries, (ii) investing contributed amounts and income therein, and (iii) disbursing contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other postemployment benefits in accordance with the terms of the District’s OPEB plan.

Annual OPEB Cost and Net OPEB Obligation – The ARC was determined as part of the June 30, 2013 actuarial valuation. The ARC rate was 13.4% of annual covered payroll. For the year ended June 30, 2015, the District’s annual other postemployment benefit cost (expense) is \$4,212,000. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District’s net OPEB obligation to the plan:

| | | |
|---------------------------------------|----|-------------|
| Annual required contribution | \$ | 4,438,000 |
| Interest on net OPEB obligation | | 524,000 |
| Amortization of net OPEB obligation | | (750,000) |
| Annual OPEB cost (expense) | | 4,212,000 |
| Contributions made | | (4,888,851) |
| Decrease in net OPEB obligation | | (676,851) |
| Net OPEB obligation-beginning of year | | 6,486,150 |
| Net OPEB obligation-end of year | \$ | 5,809,299 |

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2015, and the two preceding years was as follows:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|----------------------------------|---------------------------------|---|------------------------------------|
| 6/30/13 | \$ 5,080,000 | 102.2% | \$ 5,960,640 |
| 6/30/14 | \$ 5,283,000 | 90.1% | \$ 6,486,150 |
| 6/30/15 | \$ 4,212,000 | 116.1% | \$ 5,809,299 |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Funded Status and Funding Progress – The funded status of the plan as of the most recent actuary valuation date, June 30, 2013, was as follows:

| | |
|---|----------------------|
| Actuarial accrued liability (AAL) | \$ 49,660,000 |
| Actuarial value of plan assets | <u>19,636,000</u> |
| Unfunded actuarial accrued liability (UAAL) | <u>\$ 30,024,000</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 39.5% |
| Covered payroll (active plan members) | \$ 32,085,000 |
| UAAL as a percentage of payroll | 93.6% |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The schedule of funding progress included in the required supplementary information presents multiyear information regarding whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

In the June 30, 2013, actuarial valuation, the Entry Age Normal (EAN) cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), an annual medical cost trend rate of 5.0% - 8.3%, dental and vision trend rate of 3%, Medicare Part B trend rate of \$104.90, and an inflation assumption of 3%. The EAN cost method spreads plan costs for each participant from the entry date to the expected retirement date. Under the EAN cost method the plan's normal cost is developed as a level amount over the participant's working lifetime. The actuarial value of plan assets was \$19,636,000. The plan's unfunded actuarial accrued liability is being amortized using the level percentage of pay method over 20 (twenty) years with 13 (thirteen) years remaining as of June 30, 2015.

12. VOLUNTARY SEPARATION BY RETIREMENT INCENTIVE PROGRAM

On March 18, 2015, the District's Board adopted a voluntary separation by retirement incentive program, which provided termination benefits for participating employees with ten years of cumulative District service who voluntarily retired on or before June 30, 2015. Twenty District employees elected to participate. For each participant, the District deposited \$30,000 into a 401(a) money purchase pension plan account in accordance with the incentive program. Deposits were made in July 2015. The \$600,000 liability was included in accrued liabilities in the general fund's balance sheet.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

13. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District manages and finances these risks by purchasing commercial insurance and has a \$1,000 to \$10,000 deductible for general and special property liability with limits of \$10 million and \$350 million, respectively. The District has a \$500,000 deductible for workers' compensation with a \$1 million limit. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the District's commercial insurance coverages in any of the past three years.

As of June 30, 2015, the District had no material claims outstanding for general liability or for workers' compensation cases.

14. COMMITMENTS AND CONTINGENCIES

The District is subject to litigation arising in the normal course of business. In the opinion of the District's Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

The District receives Federal and State grant funds. The amounts, if any, of the District's grant expenditures which may be disallowed upon audit by the granting agencies cannot be determined at this time, although the District expects any such amounts to be immaterial.

15. SUBSEQUENT EVENT

In November 2015, the District purchased real property at 435 Bryant Street for a purchase price of \$2,500,000. This property will be used for employee and visitor parking for the future office site at 375 Beale Street.

REQUIRED SUPPLEMENTARY INFORMATION

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2015

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

| <u>Actuarial Valuation Date</u> | <u>Actuarial Asset Value (a)</u> | <u>Entry Age Actuarial Accrued Liability (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| 1/1/2010 | \$ 7,354,000 | \$ 46,760,000 | \$ 39,406,000 | 15.7% | \$ 31,826,000 | 123.8% |
| 6/30/2011 | \$ 12,450,000 | \$ 53,436,000 | \$ 40,986,000 | 23.3% | \$ 31,896,000 | 128.5% |
| 6/30/2013 | \$ 19,636,000 | \$ 49,660,000 | \$ 30,024,000 | 39.5% | \$ 32,085,000 | 93.6% |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY
AND RELATED RATIOS
AS OF JUNE 30, 2015
LAST 10 YEARS*

Bay Area Air Quality Management District Miscellaneous Plan

| | 2015 |
|---|-----------------------|
| Total pension liability | |
| Service cost | \$ 4,509,169 |
| Interest | 18,144,590 |
| Benefit payments, including refunds of employee contributions | <u>(9,459,410)</u> |
| Net change in total pension liability | 13,194,349 |
| Total pension liability – beginning | <u>244,402,997</u> |
| Total pension liability – ending (a) | <u>\$ 257,597,346</u> |
| | |
| Plan fiduciary net position | |
| Contributions – employer | \$ 3,815,653 |
| Contributions – employee | 2,622,951 |
| Net investment income ⁽¹⁾ | 31,178,442 |
| Benefit payments, including refunds of employee contributions | <u>(9,459,410)</u> |
| Net change in fiduciary net position | 28,157,636 |
| Plan fiduciary net position – beginning | <u>180,686,208</u> |
| Plan fiduciary net position – ending (b) | <u>\$ 208,843,844</u> |
| | |
| District's net pension liability – ending (a) - ending (b) | <u>\$ 48,753,502</u> |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 81.07% |
| | |
| District's covered-employee payroll | \$ 32,010,647 |
| | |
| District's net pension liability as a percentage of covered-employee payroll | 152.30% |

⁽¹⁾ Net of administrative expenses.

Notes to Schedule:

Change of benefit terms – In 2015, there were no changes to the benefit terms.

Changes in assumptions – In 2015, there were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AS OF JUNE 30, 2015 LAST 10 YEARS*

Bay Area Air Quality Management District Miscellaneous Plan

| | 2015 |
|---|---------------|
| Actuarially determined contribution | \$ 4,268,315 |
| Contributions in relation to the actuarially determined contributions | (4,268,315) |
| Contribution deficiency (excess) | \$ 0 |
| District's covered-employee payroll | \$ 33,133,499 |
| Contributions as a percentage of covered-employee payroll | 12.88% |

Notes to Schedule:

Actuarially determined contribution rates are calculated as of June 30, 2012.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry-Age Normal Cost Method |
| Amortization method | Level percentage of payroll |
| Remaining amortization period | 19 years |
| Asset valuation method | 15 year smoothed market |
| Actuarial assumptions: | |
| Discount rate | 7.50% |
| Inflation | 2.75% |
| Payroll growth | 3.0% |
| Projected salary increase | 3.3% - 14.2% ⁽¹⁾ |
| Investment rate of return | 7.50% ⁽²⁾ |
| Mortality | Derived using CalPERS' Membership Data |

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment and administrative expenses, including inflation

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|--|-------------------|------------------------|--------------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Permit fees | \$ 27,119,936 | \$ 27,119,936 | \$ 29,211,409 | \$ 2,091,473 |
| Title V permit fees | 3,867,100 | 3,867,100 | 4,490,995 | 623,895 |
| AB 2588 income | 554,359 | 554,359 | 408,666 | (145,693) |
| County apportionment | 22,523,540 | 22,523,540 | 25,859,398 | 3,335,858 |
| Federal grant - EPA | 2,101,252 | 2,211,581 | 2,559,252 | 347,671 |
| Federal grant - DHS | 1,345,986 | 1,345,986 | 1,152,134 | (193,852) |
| CMAQ Spare the Air | 885,000 | 885,000 | 888,698 | 3,698 |
| Penalties and variance fees | 1,700,000 | 1,700,000 | 2,712,385 | 1,012,385 |
| Hearing board fees | 20,000 | 20,000 | 31,765 | 11,765 |
| Asbestos fees | 2,300,000 | 2,300,000 | 3,247,403 | 947,403 |
| State subvention | 1,719,000 | 1,719,000 | 1,723,225 | 4,225 |
| State grants | 387,164 | 610,164 | 578,683 | (31,481) |
| Portable equipment registration program (PERP) | 400,000 | 400,000 | 580,118 | 180,118 |
| Special environmental projects | 25,000 | 2,810,527 | 605,695 | (2,204,832) |
| Interest | 190,000 | 190,000 | 445,124 | 255,124 |
| Miscellaneous | 114,717 | 114,717 | 150,552 | 35,835 |
| Total revenues | <u>65,253,054</u> | <u>68,371,910</u> | <u>74,645,502</u> | <u>6,273,592</u> |
| EXPENDITURES | | | | |
| Executive office and finance | 6,231,104 | 7,128,317 | 7,262,666 | (134,349) |
| Administration | 8,786,726 | 11,107,887 | 10,088,289 | 1,019,598 |
| Information systems | 3,623,665 | 3,675,482 | 2,849,206 | 826,276 |
| Legal services | 2,708,383 | 2,713,074 | 2,654,094 | 58,980 |
| Outreach and incentives | 3,671,274 | 4,583,322 | 3,827,348 | 755,974 |
| Compliance and enforcement | 10,893,953 | 11,005,508 | 10,442,462 | 563,046 |
| Engineering | 9,372,637 | 9,526,050 | 8,786,452 | 739,598 |
| Planning and research | 6,448,664 | 7,515,122 | 6,026,668 | 1,488,454 |
| Technical services | 9,667,139 | 10,630,754 | 9,498,435 | 1,132,319 |
| Strategic incentives division | 676,158 | 706,158 | 484,966 | 221,192 |
| Program distribution | | 3,051,202 | 1,403,396 | 1,647,806 |
| 1% vacancy savings | (582,438) | (582,438) | | (582,438) |
| Total current expenditures | <u>61,497,265</u> | <u>71,060,438</u> | <u>63,323,982</u> | <u>7,736,456</u> |
| Capital outlay | 3,762,348 | 7,907,979 | 3,947,504 | 3,960,475 |
| Total expenditures | <u>65,259,613</u> | <u>78,968,417</u> | <u>67,271,486</u> | <u>11,696,931</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(6,559)</u> | <u>(10,596,507)</u> | <u>7,374,016</u> | <u>17,970,523</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 6,559 | 6,559 | 906,435 | 899,876 |
| NET CHANGE IN FUND BALANCE | <u>\$</u> | <u>\$ (10,589,948)</u> | <u>8,280,451</u> | <u>\$ 18,870,399</u> |
| BEGINNING BUDGETARY FUND BALANCE | | | <u>48,120,929</u> | |
| ENDING BUDGETARY FUND BALANCE | | | <u>\$ 56,401,380</u> | |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2015

| | Budgeted Amounts | | Actual (Budgetary Basis) | Variance with |
|---|------------------|---------------|--------------------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| REVENUES | | | | |
| TFCA/MSIF DMV fee | \$ 39,601,712 | \$ 70,052,320 | \$ 40,572,748 | \$ (29,479,572) |
| CA Goods Movement revenue & other programs | 14,744,574 | 7,838,186 | 9,259,163 | 1,420,977 |
| Carl Moyer Program | 7,112,233 | 9,059,699 | 8,851,906 | (207,793) |
| AB 434/923 others | 439,796 | 439,796 | 1,331,434 | 891,638 |
| Total revenues | 61,898,315 | 87,390,001 | 60,015,251 | (27,374,750) |
| EXPENDITURES | | | | |
| TFCA/MSIF, Carl Moyer, & other programs: | | | | |
| Program distribution | 22,962,239 | 54,801,446 | 36,901,209 | 17,900,237 |
| Intermittent control | 1,142,609 | 1,246,536 | 968,631 | 277,905 |
| TFCA administration | 1,353,966 | 1,353,967 | 910,719 | 443,248 |
| Vehicle buy-back | 7,242,839 | 7,242,839 | 7,415,653 | (172,814) |
| Mobile source incentive | 634,905 | 634,906 | 457,871 | 177,035 |
| Regional BikeShare | 6,958,149 | 6,958,148 | 1,297,089 | 5,661,059 |
| CarSharing incentive program | | 454,937 | 756,907 | (301,970) |
| Regional electric vehicle deployment | 5,191,125 | 5,191,125 | 952,022 | 4,239,103 |
| Enhanced mobile source inspection | 1,228,113 | 1,228,115 | 1,458,671 | (230,556) |
| California Goods Movement Program & other programs: | | | | |
| Grant administration | 978,156 | 978,156 | 629,777 | 348,379 |
| Truck Program/LESBP | 14,199,655 | 7,293,267 | 7,360,267 | (67,000) |
| Total expenditures | 61,891,756 | 87,383,442 | 59,108,816 | 28,274,626 |
| EXCESS OF REVENUES OVER EXPENDITURES | 6,559 | 6,559 | 906,435 | 899,876 |
| OTHER FINANCING USES | | | | |
| Transfers out | (6,559) | (6,559) | (906,435) | (899,876) |
| NET CHANGE IN FUND BALANCE | \$ | \$ | | \$ |
| BEGINNING BUDGETARY FUND BALANCE | | | | |
| ENDING BUDGETARY FUND BALANCE | | | \$ | |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2015

Budgetary Principles

Through the budget process, the Board of Directors sets the direction of the District. The annual budget assures the most efficient and effective use of the District's economic resources, and establishes the priority of objectives that are to be accomplished during the fiscal year.

The annual budget covers the period from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees, and other public agencies. In addition, it establishes the foundation of effective financial planning by providing resource allocation, performance measures and controls that permit the evaluation and adjustment of the District's performance.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a) The Board of Directors adopts an annual budget by resolution prior to July 1 of each fiscal year. The annual budget indicates appropriations by fund and by program. The Board of Directors may also adopt supplemental appropriations during the year. At the fund level, expenditures may not legally exceed appropriations. The Air Pollution Control Officer (APCO) is authorized to transfer budgeted amounts between divisions and programs within any fund.
- b) Budgets are adopted on a basis that is consistent with Generally Accepted Accounting Principles (GAAP) with the exception of recognition of certain revenues, as discussed below. Annual appropriated budgets are adopted for the General and Special Revenue funds.
- c) Supplementary budgetary revenue and expenditure appropriations were adopted by the Board of Directors during the fiscal year. These supplemental appropriations have been included in the Budgeted Amounts - Final column of the Budgetary Comparison Schedules.

Reconciliation to the Statement of Revenues, Expenditures, and Changes in Fund Balances

The District's budgetary basis is consistent with Generally Accepted Accounting Principles (GAAP), with the exception of certain revenues that are recognized when earned in the GAAP-basis financial statements, but deferred until expended on the budgetary basis. Revenues in the Budget and Actual schedules have been presented on the budgetary basis to provide a more meaningful comparison of actual results with the budget. The following is a reconciliation between revenues on the budgetary basis and the GAAP basis reflected in the statement of revenues, expenditures, and changes in fund balance.

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---------------------------------|----------------------|---------------------------------|
| Revenues – Budgetary Basis | \$ 74,645,502 | \$ 60,015,251 |
| Revenue recognition adjustments | <u>(592,747)</u> | <u>(4,990,175)</u> |
| Revenues – GAAP Basis | <u>\$ 74,052,755</u> | <u>\$ 55,025,076</u> |

SUPPLEMENTARY INFORMATION

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROGRAM, MOBILE SOURCE INCENTIVE PROGRAM, CARL MOYER PROGRAM, & OTHER PROGRAMS SCHEDULE OF EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2015

| <u>Programs</u> | <u>Salaries and Benefits</u> | <u>Services and Supplies</u> | <u>Program Distribution</u> | <u>Total</u> |
|---|----------------------------------|----------------------------------|---------------------------------|----------------------|
| Program distribution | | | \$ 36,901,209 | \$ 36,901,209 |
| Intermittent control | \$ 427,244 | \$ 541,387 | | 968,631 |
| TFCA administration | 734,342 | 176,377 | | 910,719 |
| Vehicle buy-back | 56,122 | 7,359,531 | | 7,415,653 |
| Mobile source incentive | 426,159 | 31,712 | | 457,871 |
| Regional BikeShare | 117,443 | 1,179,646 | | 1,297,089 |
| CarSharing incentive program | 28,331 | 728,576 | | 756,907 |
| Regional electric vehicle deployment | 60,261 | 891,761 | | 952,022 |
| Enhanced inspection program | <u>1,447,567</u> | <u>11,104</u> | | <u>1,458,671</u> |
| Total expenditures | <u>\$ 3,297,469</u> | <u>\$ 10,920,094</u> | <u>\$ 36,901,209</u> | <u>\$ 51,118,772</u> |

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**OMB CIRCULAR A-133 AND
TRANSPORTATION FUND FOR CLEAN AIR
COMPLIANCE REPORTS**

FOR THE YEAR ENDED JUNE 30, 2015

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

FOR THE YEAR ENDED JUNE 30, 2015

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BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Pass-Through / Grant Identifying Number | Federal CFDA Number | Federal Expenditures |
|--|---|---------------------------|-------------------------|
| U.S. Environmental Protection Agency: | | | |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | PM99T08001-2 | 66.034 | \$ 57,931 |
| Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act | PM99T08001 | 66.034 | 198,249 |
| National Air Toxics Trend Study | XA00T63001-4 | 66.034 | 125,177 |
| Lead NAAQS Airport Study | XA00T76401 | 66.034 | 73,511 |
| Subtotal CFDA 66.034 | | | 454,868 |
| National Clean Diesel Program-Truck Replacement | DE00T96101 | 66.039 | 32,340 |
| Air Pollution Control Program Support | A00905614 | 66.001 | 106,183 |
| Air Pollution Control Program Support | A00905614 | 66.001 | 2,051,419 |
| Subtotal CFDA 66.001 | | | 2,157,602 |
| Total U.S. Environmental Protection Agency | | | 2,644,810 |
| U.S. Department of Homeland Security: | | | |
| Homeland Security Biowatch Program | 2006-ST-91-2 | 97.091 | 1,152,134 |
| U.S. Department of Energy: | | | |
| California Fleets & Workplace Alternative Fuels Project | DE-EE0006007 | 81.086 | 728,575 |
| U.S. Department of Transportation: | | | |
| Passed through California Department of Transportation: | | | |
| Highway Planning and Construction | CML-6297(003) | 20.205 | 888,698 |
| Highway Planning and Construction | CML-6297(006) | 20.205 | 965,544 |
| Highway Planning and Construction/Total U.S. Department of Transportation | | | 1,854,242 |
| Total Expenditures of Federal Awards | | | \$ 6,379,761 |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the Bay Area Air Quality Management District (the District). The District's reporting entity is defined in Note 1 of the District's basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the SEFA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – Funds received under the various grant programs have been recorded within the general fund and the special revenue fund of the District. The accompanying SEFA is presented using the modified accrual basis of accounting for expenditures that are accounted for in the general fund and the special revenue fund, which are both governmental funds, as described in Note 1 of the District's basic financial statements.

Relationship to Financial Statements – Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the District's basic financial statements.

Catalog of Federal Domestic Assistance (CFDA) – The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant or contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

3. PASS-THROUGH ENTITIES' IDENTIFYING NUMBERS

When federal awards are received from a pass-through entity, the SEFA indicates, if assigned, the identifying grant or contract number that has been assigned by the pass-through entity.

4. PASS-THROUGH AWARDS

Federal assistance provided to subrecipients is treated as expenditures when it is paid to the subrecipient and is summarized as follows:

| <u>Program</u> | <u>Federal CFDA Number</u> | <u>Amount Provided to Subrecipients</u> |
|---|--------------------------------|---|
| Air Pollution Control Program Support | 66.001 | \$ 605,656 |
| National Clean Diesel Program-Truck Replacement | 66.039 | 25,000 |

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND THE
TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROGRAM**

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bay Area Air Quality Management District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Fund for Clean Air (TFCA) funds allocated to and received by the District were expended in conformance with applicable statutes, rules, and regulations of the Health and Safety Code Sections 44220 through 44225 and 44229 through 44242. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

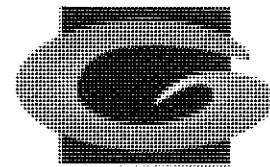
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**GILBERT ASSOCIATES, INC.
Sacramento, California**

December 18, 2015



Gilbert Associates, Inc.
CPAs and Advisors
Relax. We got this.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY OMB CIRCULAR A-133**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Bay Area Air Quality Management District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities and each major fund of the District as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 18, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial

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

A handwritten signature in cursive script that reads "Gilbert Associates, Inc.".

**GILBERT ASSOCIATES, INC.
Sacramento, California**

December 18, 2015

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes No

Significant deficiencies identified? _____ Yes None Reported

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes No

Significant deficiencies identified? _____ Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? _____ Yes No

Identification of major programs

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 66.034 | Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act, National Air Toxics Trend Study, and Lead NAAQS Airport Study |
| 20.205 | Highway Planning and Construction |
| 81.086 | California Fleets & Workplace Alternative Fuels Project |

Dollar threshold used to distinguish between Type A and Type B programs \$ 300,000

Auditee qualified as low-risk auditee? Yes _____ No

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported.

SECTION III - FEDERAL COMPLIANCE

There were no federal compliance findings reported.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

There were no findings in the prior year.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
 of the Budget and Finance Committee

From: Jack P. Broadbent
 Executive Officer/APCO

Date: January 11, 2016

Re: Second Financial Report – Fiscal Year Ending 2016

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance Staff will present an update on the Air District’s financial results for the second quarter of the 2015-16 fiscal year. The following information summarizes those results.

GENERAL FUND BUDGET: STATEMENT OF REVENUES

Comparison of Budget to Actual Revenues

| | | |
|---------------------------|---------------|-----------------------------|
| County Receipts | \$ 10,675,534 | (44%) of budgeted revenue. |
| Permit Fees | \$ 24,272,445 | (84%) of budgeted revenue. |
| Title V Permit Fees | \$ 3,661,749 | (85%) of budgeted revenue. |
| Asbestos Fees | \$ 1,905,610 | (79%) of budgeted revenue. |
| Toxic Inventory Fees | \$ 223,017 | (40%) of budgeted revenue. |
| Penalties and Settlements | \$ 5,082,455 | (254%) of budgeted revenue. |
| Interest Revenues | \$ 85,226 | (45%) of budgeted revenue. |
| Miscellaneous Revenues | \$ 34,433 | (30%) of budgeted revenue. |

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

| | | |
|---|--------------|----------------------------------|
| Personnel - Salaries* | \$16,186,516 | (44%) of budgeted expenditures. |
| Personnel - Fringe Benefits* | \$ 6,896,254 | (38%) of budgeted expenditures. |
| Operational Services and Supplies | \$ 8,874,942 | (49%) of budgeted expenditures. |
| Capital Outlay | \$ 4,339,071 | (108%) of budgeted expenditures. |
| Office Acquisition | \$ - | (0%) of budgeted expenditures. |
| * Consolidated (includes Special Funds) | | |

CASH AND INVESTMENTS IN COUNTY TREASURY

(Based on the December 2015 Account Balance)

| | |
|-------------------|-----------------------------|
| General Fund | \$53,426,060 |
| TFCA | \$72,924,265 |
| MSIF | \$30,643,303 |
| Carl Moyer | \$8,669,025 |
| CA Goods Movement | \$8,540,921 |
| BikeShare | \$2,230,961 |
| Total | <u>\$176,434,534</u> |

| | 6/30/2014 | 6/30/2015 | 6/30/2016 |
|---|----------------------|----------------------|----------------------|
| FUND BALANCES | Audited | Audited | Adopted |
| Reserve for Building and Facilities | \$ 500,000 | \$ - | \$ - |
| Reserve for Capital Equipment Contingency | \$ 1,000,000 | \$ 1,000,000 | \$ 1,360,000 |
| Reserve for Economic Contingency | \$ 10,114,309 | \$ 10,114,309 | \$ 14,501,024 |
| Reserve for Fleet Contingency | \$ - | \$ - | \$ 1,000,000 |
| Reserve for IT-Desktop Equipment | \$ 500,000 | \$ 500,000 | \$ 500,000 |
| Reserve for IT- Event Response | \$ 500,000 | \$ 500,000 | \$ 500,000 |
| Reserve for JD Edwards Software Upgrade | \$ 1,000,000 | \$ - | \$ - |
| Reserve for Pension & Post Employment Liability | \$ 1,800,000 | \$ 1,800,000 | \$ 1,600,000 |
| Reserve for Tech- GHG Monitoring Equipment | \$ 360,900 | \$ - | \$ - |
| Reserve for Tech- Meterological Network Equipment | \$ 417,100 | \$ 417,100 | \$ 417,100 |
| Reserve for Tech- Mobile Monitoring Instruments | \$ 450,000 | \$ 450,000 | \$ 450,000 |
| Reserve for GHG Abatement Technology Study | \$ - | \$ - | \$ 500,000 |
| Reserve for Woodsmoke Program | \$ - | \$ - | \$ 1,000,000 |
| Reserve for Worker's Comp Self -Funding | \$ 1,000,000 | \$ 1,000,000 | \$ 1,000,000 |
| TOTAL RESERVES | \$ 17,642,309 | \$ 15,781,409 | \$ 22,828,124 |
| Use of Fund Balance | | | \$ (1,316,825) |
| Undesignated Fund Balance | \$ 7,404,751 | \$ 15,122,475 | \$ 8,075,760 |
| TOTAL RESERVES/ UNDESIGNATED | \$ 25,047,060 | \$ 30,903,884 | \$ 29,587,059 |
| Building Proceeds | \$ 14,668,200 | \$ 14,168,200 | \$ 5,168,200 |
| TOTAL BUILDING PROCEEDS | \$ 14,668,200 | \$ 14,168,200 | \$ 5,168,200 |
| TOTAL FUND BALANCE | \$ 39,715,260 | \$ 45,072,084 | \$ 34,755,259 |

VENDOR PAYMENTS

In accordance with provisions of the Administrative Code, Division II Fiscal Policies and Procedures - Section 4 Purchasing Procedures: 4.3 Contract Limitations, staff is required to present recurring payments for routine business needs such as utilities, licenses, office supplies and the like, more than, or accumulating to more than \$70,000 for the fiscal year. In addition, this report includes all of the vendors receiving payments in excess of \$70,000 under contracts that have not been previously reviewed by the Board. In addition, staff will report on vendors that undertook work for the Air District on several projects that individually were less than \$70,000, but cumulatively exceed \$70,000.

Below is a list of vendors with cumulative payments made through the second quarter of 2015-2016 fiscal year that exceeded \$70,000 and meets the reporting criteria noted above. All expenditures have been appropriately budgeted as a part of the overall Air District budget for Fiscal Year 2015-16.

| | VENDOR NAME | AMOUNT PAID (July 2015 - December 2015) | Explanation |
|----|--------------------------------------|--|---|
| 1 | ALLIANT INSURANCE SERVICES | 423,419 | Various Business Insurance Policies |
| 2 | BENEFITS COORDINATORS CORP. | 340,725 | Life Insurance Plan & LTD Insurance |
| 3 | CA PUBLIC EMPLOYEE RETIREMENT SYSTEM | 3,907,742 | Health Insurance Plan |
| 4 | CA PUBLIC EMPLOYEE RETIREMENT SYSTEM | 4,438,225 | Retirement Benefits & 457 Supplemental Plan |
| 5 | CAPCOA | 699,063 | Pass through EPA grants |
| 6 | COMCAST | 77,244 | Internet Connections |
| 7 | CSAC EXCESS INSURANCE AUTHORITY | 129,609 | Life Insurance Plan & LTD Insurance |
| 8 | CUBIC TRANSPORTATIONS SYSTEMS | 205,582 | Clipper Transit Subsidy |
| 9 | EMPLOYEE BENEFIT SPECIALISTS | 177,831 | Medical & Dependent Care Flexible Spending Plan |
| 10 | ENTERPRISE FLEET SERVICES | 249,036 | Fleet Leasing and Maintenance services |
| 11 | HARTFORD LIFE INS. CO. | 296,698 | 457 Supplemental Insurance |
| 12 | PACIFIC GAS & ELECTRIC COMPANY | 286,892 | Utilities |
| 13 | PREFERRED BENEFIT INSURANCE AD | 394,950 | Dental Insurance Plan |
| 14 | VERIZON WIRELESS | 102,831 | Cell phone services |

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Hudson and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 4, 2016

Re: Overview of Current Fiscal Year Ending 2016

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will provide an overview of the current fiscal year. The overview will include a discussion of the strategies employed during the FYE 2016 budget cycle and implications for the coming FYE 2017 budget process.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

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

Date: February 9, 2016

Re: Report of the Mobile Source Committee Meeting of January 28, 2016

RECOMMENDED ACTION

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

- A) Projects and Contracts with Proposed Grant Awards over \$100,000:
 - 1) Approve Carl Moyer Program (CMP) and Transportation Fund for Clean Air (TFCA) projects with proposed grant awards over \$100,000 as shown in Attachment 1; and
 - 2) Authorize the Executive Officer/APCO to enter into agreements for the recommended projects.

- B) Electric Vehicle Charging Station Demonstration Program:
 - 1) Approve award of Transportation Fund for Clean Air funds for the projects that are recommended and on the contingency list as show in Attachment A and B; and
 - 2) Authorize the Executive Officer/APCO to enter into agreements up to \$100,000 for eligible projects.

- C) Commercial Lawn and Garden Equipment Replacement Program
 - 1) Approve allocating remaining funds from the ConocoPhillips-funded Carbon Offset Fund Program to implement a commercial lawn and garden equipment replacement program; and
 - 2) Authorize the Executive Officer/APCO to enter into agreements up to \$100,000 for eligible projects.

BACKGROUND

The Committee met on Thursday, January 28, 2016, and received the following reports and recommendations:

- A) Projects and Contracts with Proposed Grant Awards over \$100,000;
- B) Electric Vehicle Charging Station Demonstration Project; and
- C) Commercial Lawn and Garden Equipment Replacement Program.

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None. Through the CMP, Mobile Source Incentive Fund, 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. Through the EV Charging Demo Program, the Air District distributes “pass-through” funds to public agencies on a reimbursement basis. This program’s administrative costs are provided by each funding source.
- C) The General Fund will cover \$45,500 in administrative costs to operate this program.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Tom Flannigan
Reviewed by: Maricela Martinez

Attachment 15A: 01/28/16 – Mobile Source Committee Meeting Agenda #4
Attachment 15B: 01/28/16 – Mobile Source Committee Meeting Agenda #5
Attachment 15C: 01/28/16 – Mobile Source Committee Meeting Agenda #6

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 14, 2016

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

RECOMMENDATIONS

Recommend Board of Directors:

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

BACKGROUND

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

Assembly Bill 923 (AB 923 - Firebaugh), enacted in 2004 (codified as California Health and Safety Code (HSC) 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 under the CMP.

On February 18, 2015, the Board of Directors (Board) authorized Air District participation in Year 17 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.

In 1991, the California State Legislature authorized the Air District to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road

motor vehicle emissions within the Air District's jurisdiction. The statutory authority for the Transportation Fund for Clean Air (TFCA) and requirements of the program are set forth in California HSC Sections 44241 and 44242. Each year, the Board allocates funding and adopts policies and evaluation criteria that govern the expenditure of TFCA funding.

Sixty percent of TFCA funds are awarded by the Air District to eligible projects and programs implemented directly by the Air District (e.g., Spare the Air, Plug-in Electric Vehicle Program) and to a program referred to as the TFCA Regional Fund.

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

DISCUSSION

Carl Moyer Program:

The Air District started accepting project applications for the CMP Year 17 funding cycle on August 17, 2015. The Air District has approximately \$9 million available for CMP projects from a combination of MSIF and CMP funds for the Year 17 cycle. Project applications are being accepted and evaluated on a first-come, first-served basis.

As of January 7, 2016, the Air District had received 33 project applications for the CMP Year 17 cycle. Of the applications that have been evaluated between November 20, 2015 and January 7, 2016, two eligible projects have proposed individual grant awards over \$100,000. These projects will replace 1 off-road tractor and two marine engines. These projects will reduce over 2.4 tons of NOx, ROG and PM per year. Staff recommends the allocation of \$379,820 to these projects from a combination of CMP funds and MSIF revenues. Attachment 1, Table 1, provides additional information on these projects.

Attachment 2, lists all of the eligible projects that have been received by the Air District as of January 7, 2016, and summarizes the allocation of funding by equipment category, and county. This list also includes the Voucher Incentive Program (VIP) on-road replacement projects awarded since the last committee update. Approximately 22% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities. Attachment 3 summarizes the cumulative allocation of CMP, MSIF, and VBB funding since 2009 (more than \$95 million awarded to 700 projects).

Transportation Fund for Clean Air:

On May 6, 2015, the Board allocated \$24.47 million in TFCA funding for eligible projects in Fiscal Year Ending (FYE) 2016, authorized cost-effectiveness limits and evaluation criteria for Air District-sponsored FYE 2016 programs, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for TFCA-funded projects with individual grant award amounts up to \$100,000. On July 29, 2015, the Board adopted policies and evaluation criteria for the FYE 2016 TFCA Regional Fund program. To date, the Air District has opened

TFCA-funded solicitations for shuttle and rideshare, electronic bicycle locker, bicycle rack, hydrogen fueling station, plug-in electric vehicle, and electric vehicle (EV) charging station projects.

As of January 7, 2016, the Air District had received 50 applications for FYE 2016 TFCA funding. Of the applications that have been evaluated between November 21, 2015 and January 7, 2016, three eligible projects proposed an individual grant award over \$100,000. Project #16EV006 will deploy EV charging stations that are integrated with roof top solar at Sonoma Mountain Village (SOMO Village) in Rohnert Park. This installation will serve a 200-acre mixed-used community, including residents, businesses, and over 50,000 visitors attending special events and concerts annually. Project #16EV010 will install 24 solar-powered EV charging stations at a workplace in Palo Alto. Project #16EV013 will install 24 solar-powered EV charging stations at a work place in Mountain View. Together, these projects will reduce about 0.13 tons of NOx, ROG, and PM per year. Staff determined that these projects conform to the provisions of HSC 44241 and the Board-adopted cost-effectiveness criteria and recommends awarding \$187,000 to Project #16EV006, \$120,000 to Project #16EV010, and \$116,190 to Project #16EV013. Attachment 1, Table 2, provides additional information on these projects.

Attachment 4 lists all of the eligible projects that have been evaluated by the Air District as of January 7, 2016. Attachment 5 summarizes the allocation of funding by project category (Figure 1), and county (Figure 2). In total, these 33 projects represent approximately \$5.6 million in funding awards, which include TFCA funds and \$450,000 in Reformulated Gasoline (RFG) Settlement funds. These projects will reduce more than 48 tons of NOx, ROG, and PM per year, with approximately 39% of the \$5.6 million funds have been awarded to projects in the Air District's Community Air Risk Evaluation Program (CARE) areas.

BUDGET CONSIDERATION / FINANCIAL IMPACT

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

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Anthony Fournier and Linda Hui
Reviewed by: Karen Schkolnick

- Attachment 1: Projects with grant awards greater than \$100,000 (evaluated between 11/21/15 and 1/7/16);
- Attachment 2: Summary of all CMP/ MSIF and VIP approved and eligible projects (evaluated between 11/20/15 and 1/7/16);
- Attachment 3: Summary of program distribution by county and equipment category for CMP, MSIF, VBB, and VIP funding since 2009;
- Attachment 4: Summary of all TFCA-approved and eligible projects (evaluated between 7/1/2015 and 1/7/16); and
- Attachment 5: Summary of distribution of TFCA funds by county and project category (evaluated between 7/1/15 and 1/7/16)

AGENDA 4 - ATTACHMENT 1

Table 1 - Summary of Carl Moyer Program/ Mobile Source Incentive Fund projects with grant awards greater than \$100k (Evaluated between 11/20/15 and 1/7/16)

| Project # | Applicant name | Equipment category | Project description | Proposed contract award | Total project cost | Emission Reductions (Tons per year) | | | County |
|-------------------|---------------------------------|--------------------|---|-------------------------|--------------------|-------------------------------------|--------------|--------------|-----------|
| | | | | | | NOx | ROG | PM | |
| 17MOY25 | Spring Hill Jersey Cheese | Off-road | Replacement of one diesel tractor. | \$ 172,820.00 | \$ 216,026.00 | 0.913 | 0.095 | 0.033 | Sonoma |
| 17MOY18 | Tom Mattusch, DBA, F/V Huli Cat | Marine | Replacement of two diesel marine engines. | \$ 207,000.00 | \$ 245,515.00 | 1.393 | -0.010 | 0.054 | San Mateo |
| 2 Projects | | | | \$ 379,820.00 | | 2.306 | 0.085 | 0.087 | |

Table 2 - Summary of Transportation Fund for Clean Air projects with grant awards greater than \$100k (Evaluated between 11/21/15 and 1/07/16)

| Project # | Project Sponsor | Project Category | Project Description | City | Est. C/E | Proposed Contract Award | Emission Reductions (Tons per year) | | | County |
|-------------------|--|---------------------------------|---|---------------|-----------|-------------------------|-------------------------------------|--------------|--------------|-------------|
| | | | | | | | NO _x | ROG | PM | |
| 16EV006 | Sonoma Mountain Village, LLC | Plug-in Electric Vehicles (PEV) | Install 7 dual-port Level 2 and 2 DC EV fast charging stations (with solar) | Rohnert Park | \$500,000 | \$187,000 | 0.024 | 0.031 | 0.003 | Sonoma |
| 16EV010 | Palo Alto Research Center Incorporated | PEV | Install 24 single-port DC EV charging stations (with solar) | Palo Alto | \$500,000 | \$120,000 | 0.016 | 0.020 | 0.002 | Santa Clara |
| 16EV013 | Intuit Inc. | PEV | Install 24 single-port DC EV charging stations (with solar) | Mountain View | \$500,000 | \$116,190 | 0.015 | 0.019 | 0.002 | Santa Clara |
| 3 Projects | | | | | | \$ 423,190 | 0.055 | 0.071 | 0.008 | |

AGENDA 4 - ATTACHMENT 2

Summary of all CMP, MSIF and VIP approved/ eligible projects (between 11/20/15 and 1/7/16)

| Project # | Equipment category | Project type | # of engines | Proposed contract award | Applicant name | Emission Reductions (Tons per year) | | | Board approval date | County |
|--------------------|--------------------|-----------------------|--------------|-------------------------|---|--|--------------|--------------|---------------------|---------------|
| | | | | | | NOx | ROG | PM | | |
| 17MOY5 | Ag/ off-road | Equipment replacement | 1 | \$ 249,000.00 | Ironhouse Sanitary District | 0.925 | 0.078 | 0.027 | 12/16/2015 | Contra Costa |
| 17MOY8 | Marine | Engine replacement | 1 | \$ 117,400.00 | Andrew Guiliano, DBA, Andrew Guiliano (Charter fishing) | 0.407 | 0.025 | 0.015 | 12/16/2015 | Contra Costa |
| 17MOY7 | Off-road | Engine replacement | 3 | \$ 213,500.00 | Dees- Hennessey, Inc. (Construction) | 0.966 | 0.109 | 0.038 | 12/16/2015 | San Mateo |
| 17MOY1 | Ag/ off-road | Equipment replacement | 3 | \$ 126,370.00 | Robert Giacomini Dairy, Inc. | 0.357 | 0.055 | 0.023 | 12/16/2015 | Marin |
| 17MOY2 | Ag/ off-road | Equipment replacement | 1 | \$ 60,710.00 | Donald J. Moreda, Sr. (Dairy) | 0.190 | 0.027 | 0.010 | APCO | Sonoma |
| 17MOY3 | Marine | Engine replacement | 1 | \$ 154,500.00 | Daniel Lazzari DBA Daniel Lazzari (Commercial fishing) | 0.887 | 0.017 | 0.032 | 12/16/2015 | San Francisco |
| 16MOY97 | Ag/ off-road | Equipment replacement | 1 | \$ 61,200.00 | Imhof Tractor Service, Inc. | 0.207 | 0.007 | 0.009 | APCO | Alameda |
| 17MOY6 | Ag/ off-road | Equipment replacement | 1 | \$ 93,645.00 | Gregory Lyons (Lyon's Farms) | 0.339 | 0.048 | 0.021 | APCO | Contra Costa |
| 17MOY11 | Ag/ off-road | Equipment replacement | 5 | \$ 1,005,732.00 | Ben Silacci dba Silacci Dairy | 5.082 | 0.520 | 0.182 | 12/16/2015 | Sonoma |
| 17MOY19 | Ag/ off-road | Equipment replacement | 1 | \$ 120,650.00 | Ghiggeri and Stonebarger, LLC | 0.530 | 0.029 | 0.009 | 12/16/2015 | Contra Costa |
| 17MOY4 | Off-road | Equipment replacement | 1 | \$ 33,150.00 | Pacific Coast General Engineering, Inc. | 0.161 | 0.027 | 0.010 | APCO | Contra Costa |
| 17MOY25 | Off-road | Equipment replacement | 1 | \$ 172,820.00 | Spring Hill Jersey Cheese | 0.913 | 0.095 | 0.033 | TBD | Sonoma |
| 17MOY18 | Marine | Engine replacement | 2 | \$ 207,000.00 | Tom Mattusch, DBA, F/V Huli Cat | 1.393 | -0.010 | 0.054 | TBD | San Mateo |
| VIP265 | VIP | Truck Replacement | 1 | \$ 40,000.00 | Tien Cong Huynh / Tai Cong Huynh | 0.860 | 0.010 | 0.000 | APCO | Alameda |
| VIP266 | VIP | Truck Replacement | 1 | \$ 45,000.00 | IEC Puno Trans Inc or Randy Puno | 0.950 | 0.010 | 0.000 | APCO | Santa Clara |
| VIP267 | VIP | Truck Replacement | 1 | \$ 45,000.00 | Martin S. Mileck | 1.400 | 0.050 | 0.000 | APCO | Mendocino |
| VIP268 | VIP | Truck Replacement | 1 | \$ 35,000.00 | Dennis E. Allen | 0.700 | 0.020 | 0.000 | APCO | Sacramento |
| VIP269 | VIP | Truck Replacement | 1 | \$ 25,000.00 | Steven R. Martini | 0.560 | 0.020 | 0.000 | APCO | Santa Clara |
| VIP270 | VIP | Truck Replacement | 1 | \$ 45,000.00 | Richard Jones | 0.980 | 0.040 | 0.000 | APCO | Tehama |
| VIP271 | VIP | Truck Replacement | 1 | \$ 20,000.00 | Gravel Sand and Soil Delivery LLC | 0.460 | 0.020 | 0.000 | APCO | Sonoma |
| VIP272 | VIP | Truck Replacement | 1 | \$ 45,000.00 | Gurjot Pawar | 0.870 | 0.030 | 0.000 | APCO | Santa Clara |
| VIP273 | VIP | Truck Replacement | 1 | \$ 40,000.00 | Guru Dutt Saini | 0.840 | 0.010 | 0.000 | APCO | San Joaquin |
| 22 Projects | | | 31 | \$ 2,955,677.00 | | 19.977 | 1.237 | 0.462 | | |

AGENDA 4 - ATTACHMENT 2

Figure 1: CMP/ MSIF Funding Distribution by Equipment Category as of 1/7/16

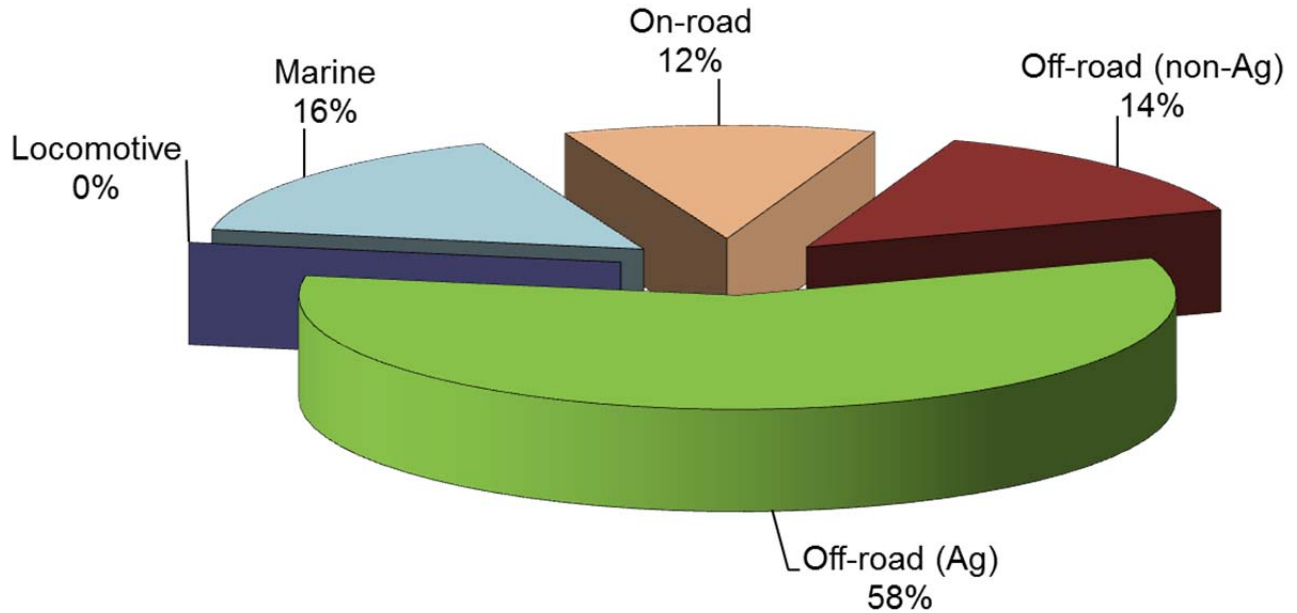
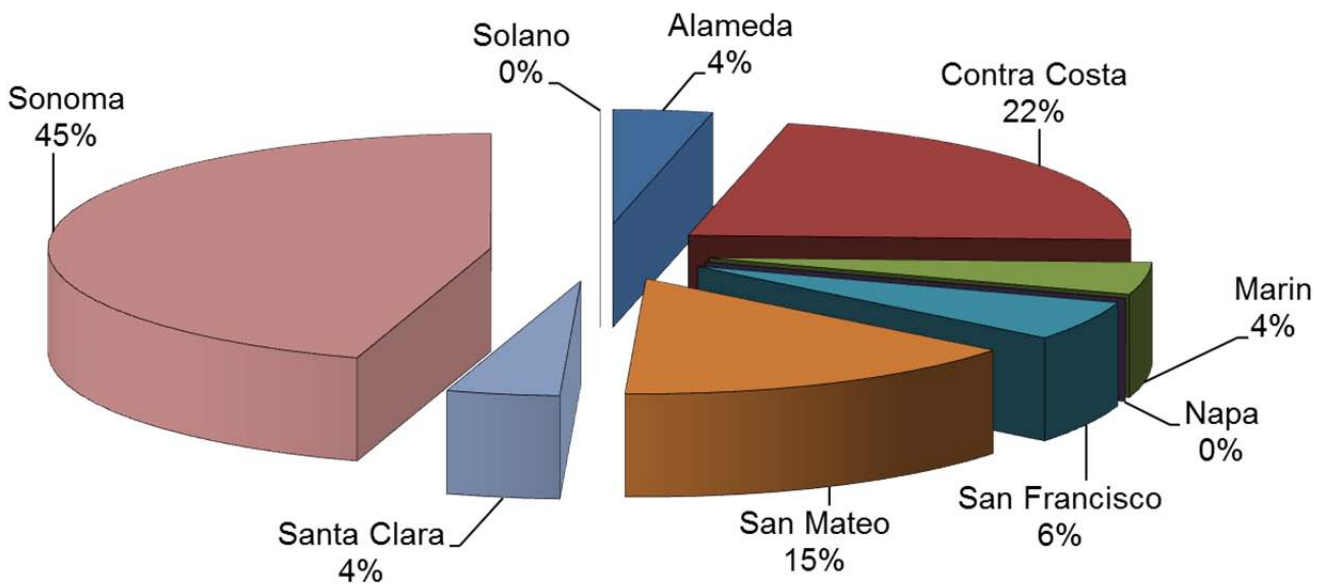


Figure 2: CMP/ MSIF Funding Distribution by County as of 1/7/16



AGENDA 4 - ATTACHMENT 3

Figure 3: CMP, MSIF, VBB and VIP funding since 2009 by equipment category

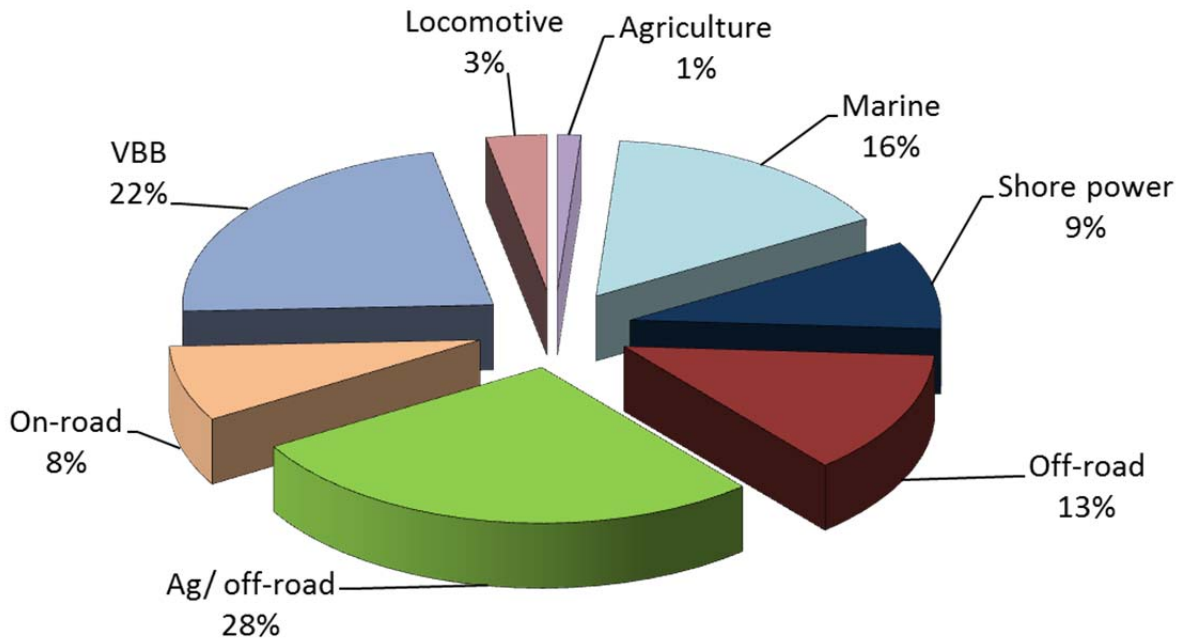
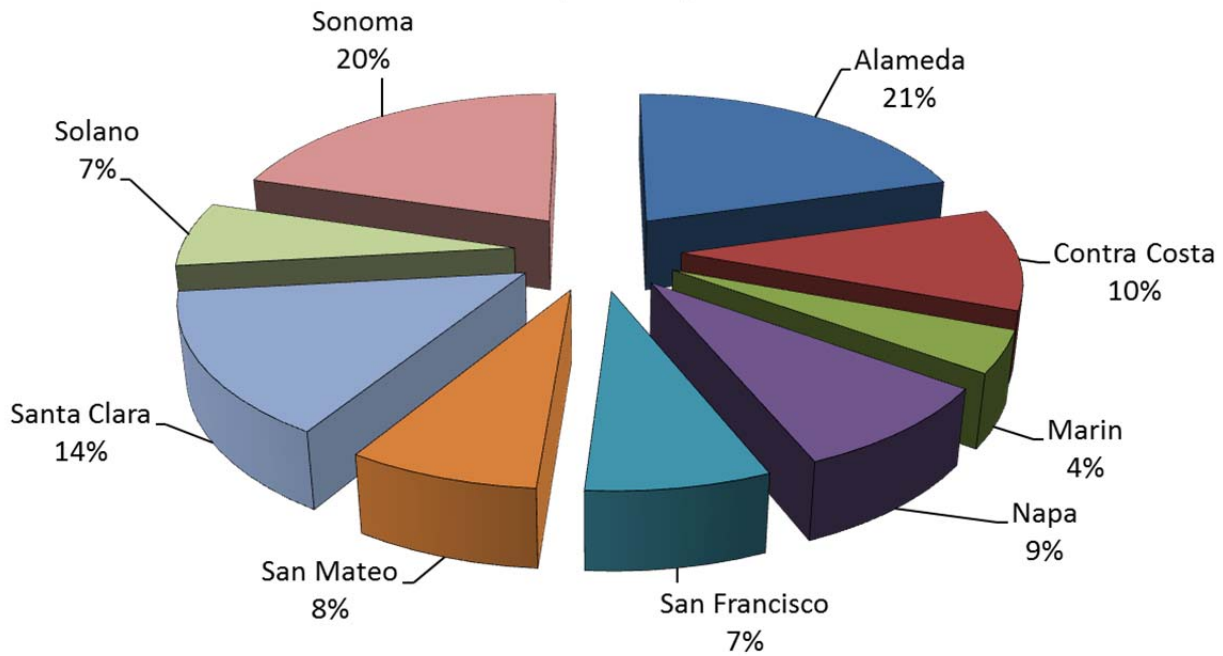


Figure 4: CMP, MSIF, VBB and VIP funding since 2009 by county



AGENDA 4 - ATTACHMENT 4

Summary of all TFCFA approved and eligible projects (evaluated between 7/1/2015 and 1/7/2016)

| Project # | Project Category | Project Description | Award Amount | Applicant Name | Emission Reductions (Tons per year) | | | Board Approval Date | CARE Area | County |
|-----------|---------------------------------|--|--------------|--|-------------------------------------|-------|-------|---------------------|-----------|---------------|
| | | | | | NO _x | ROG | PM | | | |
| 16EV001 | Plug-in Electric Vehicles (PEV) | Install 10 single-port Level 2 EV charging stations | \$30,000 | Car Charging, Inc. | 0.008 | 0.010 | 0.001 | 10/5/15 | Yes | Santa Clara |
| 16EV003 | PEV | Install 39 single-port Level 2 EV charging stations (with solar) | \$234,000 | Powertree Services Inc. | 0.030 | 0.039 | 0.004 | 11/18/15 | Yes | San Francisco |
| 16EV004 | PEV | Install 2 dual-port Level 2 EV charging stations | \$12,000 | S & V, LLC | 0.003 | 0.004 | 0.000 | 10/5/15 | Yes | Alameda |
| 16EV005 | PEV | Install 3 single-port DC EV charging stations (with solar) | \$22,500 | DTTC Properties, LLC | 0.003 | 0.004 | 0.000 | 12/18/15 | No | Santa Clara |
| 16EV006 | PEV | Install 7 dual-port Level 2 and 2 DC fast EV charging stations (with solar) | \$187,000 | Sonoma Mountain Village, LLC | 0.024 | 0.031 | 0.003 | Pending | No | Sonoma |
| 16EV009 | PEV | Install 6 single-port Level 2 EV charging stations | \$18,000 | Clear Blue Commercial | 0.005 | 0.006 | 0.001 | 12/22/15 | No | Sonoma |
| 16EV010 | PEV | Install 24 single-port DC EV charging station (with solar) | \$120,000 | Palo Alto Research Center Incorporated | 0.016 | 0.020 | 0.002 | Pending | No | Santa Clara |
| 16EV012 | PEV | Install 98 dual-port Level 2 EV charging stations | \$338,546 | Santa Clara Campus Owners' Association | 0.088 | 0.113 | 0.013 | 12/16/15 | No | Santa Clara |
| 16EV013 | PEV | Install 24 single-port DC EV charging stations (with solar) | \$116,190 | Intuit Inc. | 0.015 | 0.019 | 0.002 | Pending | No | Santa Clara |
| 16EV014 | PEV | Install 3 dual-port and 1 single-port Level 2 EV charging stations | \$21,000 | Marriott Office Partners Holding Company LLC | 0.005 | 0.007 | 0.001 | 12/14/15 | No | Santa Clara |
| 16EV019 | PEV | Install 2 dual-port Level 2 EV charging stations | \$12,000 | California State University, East Bay | 0.003 | 0.004 | 0.000 | 12/30/15 | Yes | Alameda |
| 16EV021 | PEV | Install 1 DC fast and 8 dual-port level 2 EV charging stations | \$73,000 | Ford Point LLC | 0.019 | 0.024 | 0.003 | 12/31/15 | Yes | Contra Costa |
| 16PEV002 | PEV | Purchase one zero emissions motorcycle (ZEM) | \$2,500 | Town of Colma Police Department | 0.000 | 0.007 | 0.000 | 10/20/15 | Yes | San Mateo |
| 16PEV003 | PEV | Purchase one ZEM | \$2,500 | Pittsburg Police Department | 0.000 | 0.007 | 0.000 | 12/23/15 | Yes | Contra Costa |
| 16RFG01* | PEV | Install 12 dual-port Level 2 EV charging stations | \$65,112 | Chabot Las Positas Comm College District | 0.019 | 0.024 | 0.003 | Pending | Yes | Alameda |
| 16RFG02* | PEV | Install 9 dual-port Level 2 EV charging stations | \$81,486 | City of Fremont | 0.014 | 0.018 | 0.002 | Pending | Yes | Alameda |
| 16RFG08* | PEV | Install 8 dual-port Level 2 EV charging stations | \$78,000 | City of Millbrae | 0.012 | 0.016 | 0.002 | Pending | No | San Mateo |
| 16RFG09* | PEV | Install 1 DC fast, and 5 dual-port Level 2 EV charging stations | \$41,000 | City of Oakland | 0.007 | 0.009 | 0.001 | Pending | Yes | Alameda |
| 16RFG11* | PEV | Install 8 DC fast EV charging stations | \$307,569 | The NASA Ames Exchange | 0.052 | 0.067 | 0.007 | Pending | No | Santa Clara |
| 16RFG15* | PEV | Install 11 dual- and 2 single-port Level 2, and 3 single port Level 1 EV charging stations | \$121,945 | City of Palo Alto | 0.020 | 0.026 | 0.003 | Pending | Yes | Santa Clara |
| 16RFG17* | PEV | Install 1 DC fast and 1 single-port Level 2 EV charging station | \$47,511 | City of Richmond | 0.007 | 0.009 | 0.001 | Pending | Yes | Contra Costa |
| 16RFG18* | PEV | Install 18 dual- and 5 single-port Level 2 EV charging stations | \$250,000 | San Francisco Bay Area Rapid Transit District (BART) | 0.032 | 0.041 | 0.005 | Pending | Yes | Alameda |
| 16RFG19* | PEV | Install 1 DC fast, and 7 dual-port Level 2 EV charging stations | \$149,610 | County of Alameda | 0.017 | 0.022 | 0.002 | Pending | Yes | Alameda |
| 16R11 | Shuttle & Rideshare | 511 Regional Carpool Program | \$1,000,000 | Metropolitan Transportation Commission | 7.6 | 7.1 | 6.7 | 11/18/15 | Yes | Regional |
| 16R12 | Shuttle & Rideshare | SJSU Ridesharing & Trip Reduction | \$140,000 | Associated Students, San Jose State University | 1.8 | 1.8 | 1.6 | 11/18/15 | Yes | Regional |
| 16R15 | Shuttle & Rideshare | Ace Shuttle 53 & 54 | \$80,000 | San Joaquin Regional Rail Commission | 0.26 | 0.46 | 0.45 | 11/18/15 | Yes | Alameda |
| 16R17 | Shuttle & Rideshare | PresidiGo Shuttle | \$100,000 | Presidio Trust | 0.38 | 0.38 | 0.35 | 11/18/15 | Yes | San Francisco |

AGENDA 4 - ATTACHMENT 4

Summary of all TFCFA approved and eligible projects (evaluated between 7/1/2015 and 1/7/2016)

| Project # | Project Category | Project Description | Award Amount | Applicant Name | Emission Reductions (Tons per year) | | | Board Approval Date | CARE Area | County |
|-----------|---------------------|--|--------------|--|--|-------|-------|---------------------|-----------|-------------|
| | | | | | NO _x | ROG | PM | | | |
| 16R18 | Shuttle & Rideshare | Broadway Shuttle | \$186,500 | City of Oakland | 0.23 | 0.35 | 0.29 | 11/18/15 | No | Alameda |
| 16R19 | Shuttle & Rideshare | Caltrain Shuttle Program | \$767,100 | Peninsula Corridor Joint Powers Board | 2.3 | 2.4 | 2.1 | 11/18/15 | No | San Mateo |
| 16R20 | Shuttle & Rideshare | ACE Shuttle Bus Program | \$960,000 | Santa Clara Valley Transportation Authority | 3.8 | 3.4 | 3.4 | 11/18/15 | No | Santa Clara |
| 16BR001 | Bicycle Racks | Purchase and install five bike racks with capacity to hold up to 14 bicycles | \$3,000 | San Carlos School District | 0.006 | 0.009 | 0.004 | 12/21/15 | No | San Mateo |
| 16BR002 | Bicycle Racks | Purchase and install 14 bike racks at Palo Alto Unified School District | \$1,680 | Palo Alto Unified School District | 0.004 | 0.005 | 0.002 | 12/30/15 | No | Santa Clara |
| 16BR003 | Bicycle Racks | Purchase and install eight bike racks at Los Altos High School | \$3,840 | Mountain View Los Altos Union High School District | 0.008 | 0.011 | 0.005 | 12/31/15 | No | Santa Clara |

33 Projects

\$5,573,589

16.77 16.33 14.94

* Award amount for these nine projects includes a total of \$450,000 in Reformulated Gas (RFG) Settlement funds.

AGENDA 4 - ATTACHMENT 5

Summary of FYE 2016 TFCA funds distributed by county and project category, as of 1/7/16

Figure 1: TFCA Projects Awarded in FYE2016
Distributed by Project Category

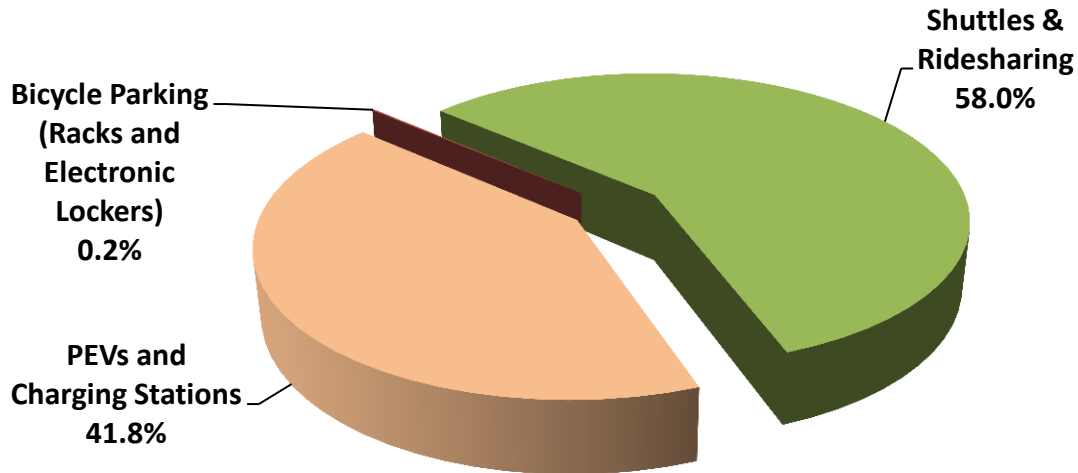
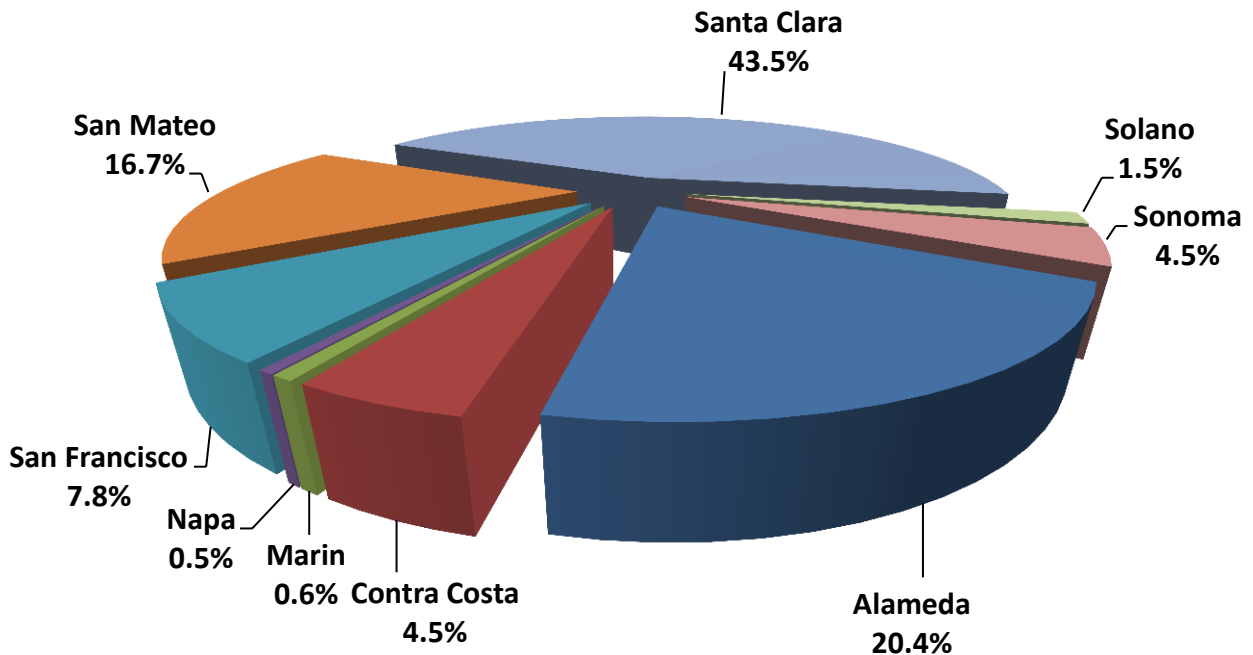


Figure 2: TFCA Projects Awarded in FYE2016
Distributed by County



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 13, 2016

Re: Electric Vehicle Charging Station Demonstration Program

RECOMMENDATIONS

Recommend Board of Directors:

1. Approve the award of Transportation Fund for Clean Air (TFCA) funding to the Electric Vehicle Charging Station Demonstration Program (Program) projects listed in Attachment A and contingency projects listed in Attachment B; and
2. Authorize the Executive Officer/APCO to execute all contracts to expend TFCA funding for the recommended Program projects listed in Attachment A and contingency projects listed in Attachment B.

BACKGROUND

The Reformulated Gasoline (RFG) Open Grants Program is the result of the settlement of 14 class action lawsuits against Union Oil Company of California and Unocal Corporation (Unocal). Before trial, the Plaintiff and Unocal agreed to settle the class actions and agreed to distribute approximately \$7 million through an open competitive grants program directed to nonprofit organizations for projects to achieve vehicle emissions or fuel efficiency benefits for California consumers. The majority of the RFG grants program funding was awarded in 2010, including a grant to the Bay Area Clean Air Foundation (BACAF) for a project to deploy ten converted plug-in electric vehicles in partnership with City CarShare.

In order to support Bay Area public agencies' efforts to green their fleets and to deploy charging infrastructure in their communities, the Bay Area Clean Air Foundation (BACAF), in partnership with the Bay Area Air Quality Management District (Air District), submitted an application to the RFG's Open Grants Program on February 5, 2015, requesting \$500,000 in remaining RFG funds for an electric vehicle charging station incentive program.

On May 12, 2015, the U.S. District Court approved a grant under the RFG Open Grants Program whereby the BACAF, who, contracting with the Air District, will: (a) provide up to \$450,000 in Program funds that would be matched with the Air District's Transportation Fund for Clean Air (TFCA) funding for the installation of publicly available electric vehicle charging stations; (b)

following installation, collect data to measure environmental, economic and operating benefits; (c) publish a White Paper to include a summary, key features, benefits of, and lessons learned from this grant; and (d) share Program results with local governments, air districts, and other entities with an interest in the deployment of electric vehicle infrastructure. Up to \$50,000 of the RFG funds will be used to pay for administration and for the development of the White Paper.

DISCUSSION

The agreement with the RFG administrators allows Program funds to be used to cover a portion of the total eligible costs for the installation of new, publicly-available EV charging stations along major transportation corridors, at workplaces, and at key destinations. The RFG funds can be matched with funds from the Air District's TFCA Plug-in Electric Vehicle Program, which can provide funding for the purchase and installation of electric vehicle infrastructure through its EV charging station deployment incentive program (*Charge!*). The RFG-funded Program prioritizes projects that are "shovel-ready," help to expand the region's charging network, and are located in Air District-designated Community Air Risk Evaluation (CARE) Areas. At least 25% of RFG funding, or \$112,500, is reserved for projects in CARE Areas. Only public entities are eligible to apply and funds are awarded through a competitive grant application process.

In addition, the Air District released the Program guidance and opened a call for projects on August 18, 2015. The call for projects was scheduled to close on October 8, 2015; however, the program was not oversubscribed by that date. On October 14, after consultation with the administrator of the RFG funds, staff extended the solicitation deadline to December 18, 2015.

During the solicitation period, a total of four application workshops were held online via webinar on August 26, September 3, November 5, and December 9. As of the deadline of December 18, the Air District received 17 applications, which requested a total of \$2.6 million in grant funds, of which approximately \$1.2 million were RFG funds.

Over the past several weeks, staff evaluated these applications and worked with applicants to gather additional documentation and information in order to determine eligibility for RFG funding. Staff also confirmed that all eligible projects conform to the provisions of HSC 44241 and the Board-adopted cost-effectiveness limits for the *Charge!* Program for the TFCA funded portion. Each eligible project was scored based on its cost-effectiveness, readiness, percentage of chargers open to the public, and whether the site expands the region's coverage of publicly available chargers. Eligible projects were then ranked based on their scores. Three lower scoring projects were ranked higher to meet the requirement that 25% of RFG funding is reserved for projects in CARE Areas.

Based on the ranking results, staff recommends awarding a total of \$692,233 of TFCA funds to the nine highest ranked projects, which include four projects in CARE Areas. Also because of the scoring and ranking, two of the nine projects listed in Attachment A are recommended for a partial award. In order to meet the RFG's 25% funding requirement for CARE Areas (\$112,500), full funding is recommended for the first three highest ranked projects and partial funding is recommended for the 4th highest ranked project. In addition, the ninth highest project is also recommended for partial funding.

These nine projects propose to install 92 charging stations at 23 locations throughout the Bay Area and are estimated to, over a three year period, reduce criteria pollutant emissions by 1.3 tons, reduce more than 2,500 tons of greenhouse gas emissions, and reduce gasoline usage by approximately 300,000 gallons. Additional details on these nine projects can be found in Attachment A.

Attachment B contains five projects that were found to be eligible for funding, but did not rank high enough to be considered for award at this time. In the event that any of the projects from Attachment A do not proceed or are completed under-budget, the remaining funding would be allocated first to the two projects that received partial awards, then to the next highest-ranking projects listed in Attachment B. Additionally, staff recommends limiting awards to projects on Attachment B such that their cost-effectiveness matches the least cost-effective project on Attachment A.

Attachment C lists three projects that are not recommended for funding because the application for the project was incomplete as of the December 18 deadline, or because the applicant elected to withdraw their application after it was submitted.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. Through the EV Charging Demo Program, the Air District distributes “pass-through” funds to public agencies on a reimbursement basis. This program’s administrative costs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Ken Mak & Linda Hui
Reviewed by: Karen Schkolnick

Attachment A: EV Charging Demo Program – Projects Recommended for Funding
Attachment B: EV Charging Demo Program – Contingency List
Attachment C: EV Charging Demo Program – Projects Not Recommended for Funding

Agenda 5 - Attachment A
EV Charging Demo Program – Projects Recommended for Funding

| RECOMMENDED FOR FUNDING | | | | | | | | | | | | | | | | |
|-------------------------|------|----------------|-----------|--|-----------------|-------------------------|-----------------------|----------------------------|----------------------------|---------------------|---------------------|-------------------|-------------------|---------|--------|----------------|
| Project Number | Rank | Score (points) | CARE Area | Sponsor | # of Facilities | Total Charging Stations | CO2 Reductions (tons) | Criteria Reductions (tons) | Gasoline Reduced (gallons) | Total Project Cost | Recommended Award | TFCA Portion | RFG Portion | RFG C/E | County | Percent Public |
| 16RFG01 | 1 | 91 | YES | Chabot Las Positas Comm College District | 2 | 12 | 259 | 0.14 | 30,297 | \$ 72,347 | \$ 65,112 | \$ 54,260 | \$ 10,852 | \$ 0.36 | ALA | 100% |
| 16RFG09 | 2 | 83 | YES | City of Oakland | 5 | 6 | 101 | 0.05 | 11,835 | \$ 85,295 | \$ 41,000 | \$ 28,125 | \$ 12,875 | \$ 1.09 | ALA | 55% |
| 16RFG19 | 3 | 81 | YES | County of Alameda | 3 | 8 | 241 | 0.13 | 28,193 | \$ 175,170 | \$ 149,610 | \$ 80,348 | \$ 69,262 | \$ 2.46 | ALA | 67% |
| 16RFG17* | 4 | 79 | YES | City of Richmond | 1 | 2 | 101 | 0.05 | 11,782 | \$ 107,466 | \$ 47,511 | \$ 28,000 | \$ 19,511 | \$ 4.92 | CC | 100% |
| 16RFG08 | 5 | 90 | NO | City of Millbrae | 5 | 8 | 172 | 0.09 | 20,198 | \$ 142,349 | \$ 78,000 | \$ 48,000 | \$ 30,000 | \$ 1.49 | SM | 100% |
| 16RFG02 | 6 | 89 | NO | City of Fremont | 1 | 9 | 194 | 0.10 | 22,722 | \$ 107,003 | \$ 81,486 | \$ 54,000 | \$ 27,486 | \$ 1.21 | ALA | 100% |
| 16RFG15 | 7 | 87 | NO | City of Palo Alto | 4 | 16 | 296 | 0.14 | 32,190 | \$ 156,600 | \$ 121,945 | \$ 76,500 | \$ 45,445 | \$ 1.41 | SC | 75% |
| 16RFG18 | 8 | 87 | NO | San Francisco Bay Area Rapid Transit District (BART) | 1 | 23 | 442 | 0.23 | 51,757 | \$ 469,093 | \$ 250,000 | \$ 123,000 | \$ 127,000 | \$ 2.45 | ALA | 100% |
| 16RFG11* | 9 | 85 | NO | The NASA Ames Exchange | 1 | 8 | 718 | 0.38 | 84,157 | \$ 477,786 | \$ 307,569 | \$ 200,000 | \$ 107,569 | \$ 2.73 | SC | 100% |
| TOTAL: | | | | | 23 | 92 | 2,523 | 1.32 | 293,131 | \$ 1,793,109 | \$ 1,142,233 | \$ 692,233 | \$ 450,000 | | | |

*These projects are recommended for a partial award. 16RFG17 is eligible for a total award up to \$86,000. 16RFG11 is eligible for a total award up to \$430,007

**Agenda 5 - Attachment B
EV Charging Demo Program – Contingency List**

| CONTINGENCY LIST | | | | | | | | | | | | | | | | |
|------------------|------|----------------|------------|-----------------------------------|-----------------|-------------------------|-----------------------|----------------------------|----------------------------|--------------------|-------------------|-------------------|-------------------|-------------|--------|----------------|
| Project Number | Rank | Score (points) | CARE Area? | Sponsor | # of Facilities | Total Charging Stations | CO2 Reductions (tons) | Criteria Reductions (tons) | Gasoline Reduced (gallons) | Total Project Cost | Eligible Award | TFCA Portion | RFG Portion | Max RFG C/E | County | Percent Public |
| 16RFG13 | 10 | 79 | NO | City of Saratoga | 1 | 1 | 90 | 0.05 | 10,520 | \$ 90,892 | \$ 75,000 | \$ 25,000 | \$ 50,000 | \$ 4.75 | SC | 100% |
| 16RFG12 | 11 | 79 | NO | Sonoma County Office of Education | 1 | 2 | 101 | 0.05 | 11,782 | \$ 124,049 | \$ 86,000 | \$ 28,000 | \$ 58,000 | \$ 4.92 | SON | 100% |
| 16RFG03 | 12 | 76 | NO | Contra Costa County | 3 | 7 | 76 | 0.04 | 8,858 | \$ 81,147 | \$ 66,000 | \$ 20,953 | \$ 43,581 | \$ 4.92 | CC | 100% |
| 16RFG06 | 14 | 69 | YES | City of Santa Clara | 1 | 6 | 54 | 0.03 | 6,347 | \$ 88,599 | \$ 79,739 | \$ 30,168 | \$ 31,227 | \$ 4.92 | SC | 100% |
| TOTAL: | | | | | 6 | 16 | 320 | 0.17 | 37,507 | \$ 384,687 | \$ 306,739 | \$ 104,121 | \$ 182,809 | | | |

Agenda 5 - Attachment C
EV Charging Demo Program – Projects Not Recommended for Funding

| NOT RECOMMENDED | | | | | |
|-----------------|----------------|----------------|---|--|---|
| Rank | Score (points) | Project Number | Sponsor | Reason for Rejection | Description |
| N/A | N/A | 16RFG05 | County of Napa | Incomplete Application | No hardcopy was submitted by the deadline |
| N/A | N/A | 16RFG14 | San Mateo County Community College District | Withdrawn | The applicant decided to withdraw their application after submittal |
| N/A | N/A | 16RFG10 | City of Concord | Does not meet minimum Program requirements | The project is eligible for an award amount that is below the minimum threshold |
| N/A | N/A | 16RFG16 | The eastern Contra Costa Transit Authority | Incomplete Application | No hardcopy was submitted by the deadline |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 14, 2016

Re: Commercial Lawn and Garden Equipment Replacement Program

RECOMMENDATIONS

Recommend the Board of Directors:

1. Allocate remaining funds totaling approximately \$517,270 and interest accrued from the ConocoPhillips-funded Carbon Offset Fund to implement a commercial lawn and garden equipment replacement program; and
2. Authorize the Executive Officer/APCO to enter into funding agreements and contracts up for eligible commercial lawn and garden equipment replacement projects.

BACKGROUND

On September 10, 2007, the Attorney General (AG) of California entered into a Settlement Agreement with ConocoPhillips Company (Conoco) to resolve a dispute regarding the environmental impact of greenhouse gas (GHG) emissions (primarily carbon dioxide) from the Clean Fuels Expansion Project at the refinery in Rodeo, California. The Settlement Agreement required Conoco to make payment by June 1, 2009, to a Carbon Offset Fund established by the Bay Area Air Quality Management District (Air District).

On November 24, 2008, the AG and the Air District entered into a Memorandum of Understanding (MOU) authorizing the Air District to administer a GHG emissions reduction grant program using Carbon Offset Funds. In accordance with the MOU, the Air District received \$4,443,025 from Conoco around June 1, 2009. The MOU requires that Carbon Offset Fund-projects achieve verifiable, quantifiable reductions in GHG emissions and that the Air District give priority to projects in areas nearest the Conoco refinery. The Air District's Board of Directors (Board) approved awards to public agencies located in Rodeo, Hercules, Crockett, and Pinole in 2010 and 2013. As of December 2015, all of the Air District Board-approved projects have been implemented leaving a balance in the Carbon Offset Fund of approximately \$517,270, of which approximately \$4,500 may be used for program administrative costs.

On January 21, 2015, the Air District Board of Directors approved the acceptance of \$470,000 from the National Fish and Wildlife Foundation (NF&WF) to implement a Commercial Lawn and Garden Equipment Replacement Program that was offered to public agencies in Alameda

and Contra Costa Counties. Funding for this commercial lawn and garden equipment replacement program was made available as a result of a plea bargain by Shoreline Terminals LLC with the U.S. Attorney's Office. To date, the Air District has entered into 19 contracts with public agencies to expend all but about \$2,000 of the available funds for this program.

DISCUSSION

There are an estimated 300,000 pieces of commercial lawn and garden equipment in the Bay Area, which in total daily produce 0.39 tons of reactive organic gases (ROG), 0.84 tons of oxides of nitrogen (NOx), 0.18 tons of particulate matter (PM), and 135.78 tons of carbon dioxide (CO₂). The Air District's Commercial Lawn and Garden Equipment Replacement Program funded by the NF&WF settlement is a proven method of effectively, and quickly, reducing these emissions by replacing existing internal combustion lawn and garden equipment with cordless, zero-emission equipment. Zero/low-emission lawn and garden equipment are not required by regulation, so all emissions reduced by equipment "change outs" are surplus.

Air District staff is proposing to reallocate the remaining funds and any interest accrued from the Carbon Offset Fund to a new Commercial Lawn and Garden Equipment Replacement Program (Program) that will provide financial incentives to public agencies interested in replacing commercial internal combustion lawn and garden equipment with cordless, battery-electric, zero-emission equipment. Among the equipment targeted are lawn mowers, leaf blowers, sweepers, chainsaws, line trimmers, and hedge trimmers. Funds will also be made available for the purchase of two batteries for each piece of electric equipment and one battery charger. Administrative costs for this program are estimated to be \$50,000. The Carbon Offset Fund will provide up to \$4,500 of the administrative costs with the balance coming from the General Fund.

If approved by the Board, the Program will be launched in early Spring 2016 and be completed by December 2016. In accordance with the Carbon Offset Fund requirements, Program funds will be first offered to the four communities that are closest to Conoco Philips (Rodeo, Hercules, Crockett, and Pinole) and then be expanded to include all public agencies in Alameda and Contra Costa Counties. If any funds remain available after the Program has been open for 90 days, the Program will be expanded and offered to all public agencies in the Air District's jurisdiction.

The new Program is expected to replace about 135 pieces of equipment and reduce annual emissions of ROG by 0.06 tons, NOx by 0.14 tons, PM by 0.03 tons, and CO₂ by 22.16 tons. Based on the criteria pollutants reduced by this program, the estimated lifetime-cost effectiveness is \$122,000/ton of combined ROG, NOx and weighted PM reduced.

BUDGET CONSIDERATION / FINANCIAL IMPACT

The General Fund will cover \$45,500 in administrative costs to operate this program.

Respectfully submitted,

Jack P. Broadbent
Executive Director/APCO

Prepared by: Joseph Steinberger
Reviewed by: Karen Schkolnick

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 9, 2016

Re: Report of the Stationary Source Committee Meeting of February 1, 2016

RECOMMENDED ACTION

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

BACKGROUND

The Committee met on Monday, February 1, 2016, and received the following reports:

- A) Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants Amendments; and
- B) Assembly Bill (AB) 2588 Air Toxics “Hot Spots” Program Update.

Chairperson John Gioia will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None; receive and file.
- B) None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Tom Flannigan
Reviewed by: Maricela Martinez

Attachment 16A: 02/01/16 - Stationary Source Committee Meeting Agenda #4
Attachment 16B: 02/01/16 - Stationary Source Committee Meeting Agenda #5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

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

Date: January 20, 2016

Re: Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants Amendments

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Air District implements several programs that are designed to identify and reduce public exposure to toxic air contaminants (TACs). The Air District's Permitting Program relies on standardized procedures to assess potential health impacts from new and modified sources. The state Office of Environmental Health Hazard Assessment (OEHHA) develops and periodically updates the Health Risk Assessment (HRA) guidelines, while California Air Resources Board (CARB) and California Air Pollution Control Officers Association (CAPCOA) provide risk management (RM) guidance. In 2015, OEHHA adopted major revisions to the HRA guidelines and CARB/CAPCOA updated the RM guidelines. These revised guidelines reflect improved methods for calculating public health risk and account for children's heightened sensitivity to toxic air contaminants.

DISCUSSION

The Air District's risk management policies and procedures for the Air Toxics Permitting Program are implemented through Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants. The Air District is proposing to incorporate the updated HRA and RM guidelines into Regulation 2, Rule 5. Overall, the proposed amendments will increase the stringency of this rule. For most carcinogens, the calculated cancer risk for residents will increase by about 40% compared to the Air District's current procedures. For carcinogens with multiple exposure pathways, the calculated cancer risk may increase by 2-5 times. As part of this report, staff will update the Committee on the elements of the rule proposal.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jaime Williams
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Gioia and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 27, 2016

Re: Assembly Bill (AB) 2588 Air Toxics "Hot Spots" Program Update

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Bay Area Air Quality Management District (Air District) began implementing the AB 2588 Air Toxics "Hot Spots" Information and Assessment ("Hot Spots") Program in 1987. Under this program, facilities must report their toxic air contaminant emissions to the Air District as outlined in the program. Facilities with potentially significant health risk, as determined by the Air District, must perform a detailed health risk assessment (HRA); notify the public if the cancer risk exceeds ten in one million (10/M) or non-cancer hazard index greater than one; and conduct an airborne toxic risk reduction audit and develop a plan to implement airborne toxic risk reduction measures that will reduce the risk their facility represents to the public if that risk exceeds one hundred in one million (100/M) or the non-cancer hazard index is greater than ten.

DISCUSSION

In 1991, the first year of the risk assessment phase of the program, 35 facilities were identified with health risks that exceeded 10/M, triggering public notification requirements. The number of facilities requiring public notification has steadily decreased over time as industries reduced toxic emissions and refined estimates of risk. Currently, only one Bay Area facility is subject to the public notification requirement. There are currently no facilities in the Bay Area that have risks identified at 100/M or greater.

Staff believes it is important that the risk from facilities that emit toxic compounds be assessed in HRAs that reflect the latest science and include compounds that have been included in the "Hot Spots" program since the HRAs were last conducted. In order to be more protective of public health, Air District staff will be proposing to reduce the level at which a facility must reduce the risk their facility represents from its current level of 100/M to 25/M and non-cancer hazard index from 10 to 2.5.

In March 2015, the Office of Environmental Health Hazard Assessment (OEHHA) updated the health effects values, including newly identified toxic compounds, and health risk assessment guidance manual to reflect advances in science. These refinements and updates, along with changes to the Hotspots Analysis and Reporting Program (HARP) suite of software products produced by the California Air Resources Board (CARB) and Risk Management Guidance produced by CARB and the California Air Pollution Control Officers Association (CAPCOA), will result in HRAs that are more protective of public health.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Staff expects changes to implementation of the “Hot Spots” Program will require additional staff resources. Specific resource demands will be presented with a specific proposal.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Victor Douglas
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

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

Date: February 9, 2016

Re: Report of the Council Meeting on December 3, 2015

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The new Council met on December 3, 2015 and completed the following items:

- A) Council Introductions;
- B) Election of Officers;
- C) Council Charter;
- D) Air District Overview; and
- E) Presentation and Discussion on First Key Question.

Director Rod Sinks will provide an oral report of the Council meeting to the Board of Directors.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Tom Flannigan
Reviewed by: Maricela Martinez

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

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

Date: February 9, 2016

Re: Report of the Council Meeting on February 3, 2016

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Council then received the following reports:

- A) Assemble Bill (AB) 32: California Global Warming Solutions Act of 2006 and the Cap-and-Trade Program, provided by Richard Corey, Executive Officer of the California Air Resources Board;
- B) Review of Refinery Regulation; and
- C) Council Deliberation.

Director Rod Sinks will provide an oral report of the Council meeting to the Board of Directors.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Tom Flannigan
Reviewed by: Maricela Martinez

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

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

Date: February 17, 2016

Re: Report of the Ad Hoc Building Oversight Committee Meeting of February 17, 2016

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Committee will meet on Wednesday, February 17, 2016, and receive the following report:

- A) Move-In Schedule for 375 Beale Street.

Chairperson Eric Mar will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Tom Flannigan
Reviewed by: Maricela Martinez

Attachment 19A: 02/17/16 – Ad Hoc Building Committee Meeting Agenda #4

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Eric Mar and Members
of the Ad Hoc Building Oversight Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 9, 2016

Re: Bay Area Metro Center (375 Beale Street) Project Status Report - February, 2016

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Construction of the Bay Area Metro Center began in January, 2013 and continues today. In order to establish certainty around a move in date, the Air District, the Metropolitan Transportation Commission (MTC), the Bay Area Headquarters Authority (BAHA), and the Association of Bay Area Governments (ABAG) staff worked together to establish a schedule that highlighted key milestones by which to track the construction project. Based on that schedule, BAHA expected to receive final occupancy certificates from the Fire Marshall on or about January 29, 2016. Consequently, in January 2016, MTC and ABAG announced a move-in date of March 4, 2016 for those two agencies. Subsequently, the Air District announced a move-in date of March 31, 2016.

DISCUSSION

On January 19, 2016, the Air District was notified by BAHA that there was a complete power outage at 375 Beale Street and that the building was operating on backup power. Air District staff assisted BAHA to determine what caused this outage and has learned that restoration of regular power to the building will be delayed by a number of weeks. Additionally, the State Fire Marshall has requested unrelated changes to the wiring for the building life safety systems that BAHA has estimated will take an additional 8 weeks.

Due to this outage and the required rewiring, a Certificate of Occupancy cannot be obtained from the Fire Marshall for at least 8 weeks. As a result, MTC and ABAG announced on Monday, February 8, 2016, that they would delay their move-in date. Staff is working with BAHA to establish a new move-in schedule and will update the Committee on the project status as part of this report.

BUDGET CONSIDERATIONS

None. Staff will update the Committee on possible issues as the move schedule is solidified.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Rex Sanders
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Eric Mar and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 4, 2016

Re: The Wood Stove and Fireplace Replacement Incentive Program

RECOMMENDED ACTION

Recommend the Board of Directors:

- 1) Authorize the Executive Officer/APCO to execute an agreement with a contractor to develop and implement a wood stove and fireplace replacement incentive program not to exceed 13 percent of available funds.

BACKGROUND

On October 21, 2015, the Board of Directors adopted amendments to Regulation 6-3, Wood-burning Devices to protect Bay Area residents from the public health impacts of wood smoke pollution. The amended regulation bans wood burning during *Winter Spare the Air Alerts*; limits excess visible smoke; prohibits burning garbage; restricts the sale and installation of non-EPA certified wood burning devices; requires labeling on firewood and solid fuels sold within the Air District's jurisdiction; adopts new EPA emission standards for wood heaters; incorporates new heater technologies into the regulation; and transitions the Bay Area to cleaner and more efficient heating devices. In the winter, more than 30% of PM_{2.5} air pollution is attributed to wood burning from the estimated 1.4 million fireplaces and other wood-burning devices in the Bay Area.

On September 2, 2015 the Board of Directors approved amending the Fiscal Year Ending (FYE) 2016 Budget in the amount of \$3 million from Designated and Undesignated Reserves to fund an incentive program to replace wood stoves and fireplaces. To implement this incentive program, the Air District wishes to enter into an agreement with a contractor in an amount not to exceed 13 percent (\$390,000) of that amount.

DISCUSSION

To further enhance the effectiveness of the Wood Smoke Program, staff has developed a Wood Stove and Fireplace Replacement Incentive Program to aid homeowners and landlords to change to cleaner heating devices. As part of this report, staff will provide details on this incentive program and its implementation.

A procurement process consisting of the issuance of a request for proposals and the evaluation of submitted offers was recently completed. Staff will provide its recommendation for the selection of the contractor for the implementation of the incentive program.

This work would result in a contract amount that exceeds \$70,000 and therefore requires Board of Directors approval.

BUDGET CONSIDERATION/FINANCIAL IMPACT

This action will result in \$3 million in FYE 2016 funds being spent to implement this program.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Wayne Kino
Reviewed by: Jeff McKay

Attachment: Heating Device Replacement Incentive Program Summary

Heating Device Replacement Incentive Program Summary

Incentive Options

| Device Type | Estimated Cost | Incentive | Estimated Number of Households Served |
|---|----------------|-----------|---------------------------------------|
| Heat Pump | \$4,000-12,000 | \$3,500 | 317 |
| Decommission Fireplace | \$1,500-5,000 | \$750 | 422 |
| Natural Gas/Propane Fueled | \$3,500-5,000 | \$1,000 | 158 |
| EPA certified wood burning | \$2,500-5,500 | 0 | 0 |
| Sub Total | - | - | 897 |
| Highly Impacted Residence (HIR) * | | | |
| Low-Income Residence | - | \$8,500 | 62 |
| Currently Exempt Household | - | \$ 1,500 | 106 |
| High Wood Smoke Area | - | \$1,500 | 246 |
| Sub Total | - | - | 414 |
| Total | - | - | 1,311 |
| * Note: A single residence may qualify for multiple HIR incentives; e.g., if a low-income household is located in a highly impacted wood smoke area. These incentives are in addition to the "Device Type" award. The Maximum amount allowed per household is \$12,000 for heat pump installation (limits will apply to other device types). | | | |

Funding Allocation

| Program Component | Total Dollar Amount | Percent of total |
|--------------------------------|---------------------|------------------|
| Total Program Funding | \$ 3,000,000.00 | 100% |
| Estimated Administrative Costs | \$ 360,000.00 | 12% |
| Funding after overhead costs | \$ 2,640,000.00 | 88% |
| Device Type | | |
| Heat Pump | \$ 1,108,800.00 | 37% |
| Natural Gas/Propane Fueled | \$ 158,400.00 | 5% |
| EPA certified wood burning | \$ 0 | 0% |
| Decommission Fireplace | \$ 316,800.00 | 11% |
| Sub-total | \$ 1,584,000.00 | 53% |
| HIR | | |
| Low-Income Residence | \$ 528,000.00 | 18% |
| Currently Exempt Household | \$ 158,400.00 | 5% |
| High Wood Smoke Area | \$ 369,600.00 | 12% |
| Sub-total | \$ 1,056,000.00 | 35% |