

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

Board of Directors Regular Meeting
Wednesday, February 17, 2016

APPROVED 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:** Chairperson Eric Mar called the meeting to order at 9:55 a.m.

Roll Call:

Present: Chairperson Eric Mar; Vice-Chairperson Liz Kniss; Secretary David Hudson; and Directors John Avalos, Teresa Barrett, Tom Bates, David J. Canepa, Cindy Chavez, Osby Davis, John Gioia, Carole Groom, 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 Margaret Fujioka and Edwin Lee.

Pledge of Allegiance: Chairperson Mar led the Pledge of Allegiance.

Moment of Silence: In honor of former director, Carol Klatt, who recently died, the Board held a moment of silence and celebrated her leadership and impact.

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

Don Cuffel, Valero, addressed the Board of Directors (Board) with questions about the adoption of a fee schedule and requesting greater clarity on new fees in order to achieve greater compliance.

NOTED PRESENT: Director Miley noted present at 10:15 am.

3. **COMMENDATIONS / PROCLAMATIONS / AWARDS**

The Board recognized Air District employees who completed 25 years, 30 years, and 35 years of service at the Air District.

CONSENT CALENDAR (ITEMS 4 – 13)

4. **Minutes of the Board of Directors Special Meeting/Retreat of January 20, 2016**
5. **Board Communications Received from January 20, 2016 through February 16, 2016**

6. **Air District Personnel on Out-of-State Business Travel**
7. **Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of January 2016;**
8. **Quarterly Report of California Air Resources Board Representative;**
9. **Quarterly Report of the Executive Office and Division Activities;**
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**
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;**
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;**
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**

Board Comments: None.

Public Comments: No requests received.

Board Action:

Director Wagenknecht made a motion, seconded by Director Kniss, to approve Consent Calendar Items 4 through 13, inclusive; and the motion carried by the following vote of the Board:

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

COMMITTEE REPORTS/COUNCIL REPORT

14. Report of the Budget and Finance Committee (BFC) Meeting of January 27, 2016

BFC Chairperson Hudson read:

The Committee met on Wednesday, January 27, 2016, and approved the minutes of December 7, 2015.

The Committee received the staff presentation Air District Financial Audit Report FYE 2015, including audit deliverables and communications with those charged with governance. No audit findings were noted as part of this report.

The Committee then received and discussed the staff presentation Second Quarter Financial Report FYE 2016, including an overview of general fund revenues and expenses; revenue and expense year-over-year comparisons; investments; general fund balance; purchasing reporting requirements; and cumulative vendor payments in excess of \$70,000 for Board of Directors review.

The Committee then received and discussed the staff presentation Overview of Current Fiscal Year Ending 2016, including fiscal year end 2016 mid-year status and fiscal year end 2017 budget topics.

The next meeting of the Committee is on Wednesday, March 23, 2016, at 9:30 a.m.

15. Report of the Mobile Source Committee (MSC) Meeting of January 28, 2016

MSC Chairperson Haggerty read:

The Committee met on Thursday, January 28, 2016, and approved the minutes of December 2, 2015.

The Committee reviewed and discussed the staff presentation, Projects and Contracts with Proposed Grant Awards over \$100,000, including a background and information on the proposed projects. The Committee recommends the Board:

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

The Committee then reviewed and discussed the staff presentation Electric Vehicle Charging Demonstration Program, including program background; the Reformulated Gasoline Settlement Fund open grants program; and the EV charging station demo program including its evaluation criteria. The Committee recommends the Board:

1. Approve the award of Transportation Fund for Clean Air funding to the Electric Vehicle Charging Station Demonstration Program projects; and
2. Authorize the Executive Officer/APCO to execute all contracts to expend Transportation Fund for Clean Air funding for the recommended Program projects.

The Committee finally reviewed and discussed the staff presentation Commercial Lawn and Garden Equipment Replacement Program, including program background on the Carbon Offset Fund and the National Fish and Wildlife-funded Commercial Lawn and Garden Replacement Program; the proposed program schedule and its objectives. The Committee recommends the Board:

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 for eligible commercial lawn and garden equipment replacement projects.

The next meeting of the Committee is on Thursday, February 25, 2016, at 9:30 a.m.

Board Action:

Director Haggarty made a motion to approve the recommendations of the MSC; and the motion was voted on by the Board as follows:

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

16. Report of the Stationary Source Committee (SSC) Meeting of February 1, 2016

MSC Chairperson Gioia read:

The Committee met on February 1, 2016, and approved the minutes of September 21, 2015.

The Committee received and discussed the staff presentation, Regulation 2, Rule 5: New Source Review of Toxic Air Contaminants Amendments, including background, Stationary Source Programs, Statewide guidance, new source review for toxic air contaminants, health risk assessment guideline changes, proposed rule changes, impacts and revisions, public outreach and next steps.

The Committee then received the staff presentation, Assembly Bill 2588 Air Toxics “Hot Spots” Program Update, including an overview of the Air Toxics “Hot Spots” Act; Stationary Source Air Toxics Programs; the AB 2588 process; Health Risk Assessments; risk drivers and sources in the region; declining risks in the Bay Area; revising the risk management threshold; highest risk facilities; and the schedule for program changes.

The next meeting of the Committee is on Thursday, February 25, 2016, at 11:00 a.m.

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

Advisory Council Board Liaison Sinks read:

The Council had its first meeting on Wednesday, December 3, 2015.

The Council conducted member introductions, the election of officers, and adopted a Council charter. The Council then received the staff presentation Air District Overview, including categories of air pollutants; District organization and structure; Bay Area emission trends;

national and state air quality standards; the Bay Area's attainment status; risk from toxic air contaminants in the region; impacted communities; regional modeling of toxic air contaminants; and climate change pollutants in the Bay Area.

The Council finally received presentations on the First Key Question and Overview of Petroleum Refining including a refinery overview; descriptions of crude units; light gases; light and heavy naphtha; kerosene; diesel; gas oil; residue; U.S. crude oil production; California crude oil supply sources; Bay Area refinery locations; crude oil processing capacity; major Bay Area refinery products; refinery emissions sources; current refinery projects; refinery information resources; trends in crude oil quality; crude oil supply sources; West Coast refinery crude oil compared to the rest of the nation; and California refinery output by product types.

18. Report of the Advisory Council Meeting of February 3, 2016

Advisory Council Board Liaison Sinks read:

The Council met on Wednesday, February 3, 2016.

The Council received and discussed a presentation from Richard Corey, Executive Officer of the California Air Resources Board (CARB), titled Assembly Bill 32, California Global Warming Solutions Act of 2006 and the Cap-and-Trade Program, including CARB's priorities and objectives for 2016; key challenges; 2030 and 2050 targets; integrated planning; key efforts; the interaction between California's Cap-and-Trade Program and local greenhouse gas (GHG) measures; an explanation of the Cap-and-Trade Program and its goals; local GHG limits; refinery GHG emissions; and opportunities for local action.

The Council then received the staff presentation Review of Refinery Regulation, including the District's role in climate change reduction; refinery emissions trends; regulatory requirements at refineries; criteria pollutants at refineries; and the Air District's air toxics program.

The Council members discussed the presentations and the key question and provided input to staff on potential speakers for the next meeting of the Council.

The next meeting of the Council is on Monday, April 25, 2016, at 10 a.m.

19. Report of the Ad Hoc Building Oversight Committee Meeting of February 17, 2016

Ad Hoc Building Oversight Committee Chair Mar read:

The Committee met on Wednesday, February 17, 2016, and approved the minutes of December 14, 2015.

The Committee received and discussed the staff presentation Bay Area Metro Center (375 Beale Street) Project Status Report – February 2016, including move planning, project monitoring, a construction update from Andrew Fremier, the Deputy Executive Director of the Metropolitan Transportation Commission, the plans to delay the Air District's move, and next steps.

PRESENTATION

20. The Wood Stove and Fireplace Replacement Incentive Program

Jack Broadbent, Executive Officer/Air Pollution Control Officer (APCO), introduced Wayne Kino, Director of Compliance and Enforcement, who provided the staff presentation *Wood Smoke Reduction Strategy*, including overview of the incentive program; incentive program funding; heating devices; funding categories; program administration; and recommendations.

Board Comments:

The Board and staff discussed requirements for the proposed State funded incentive program; using Cap and Trade funds to support incentives; qualifications for incentive programs; options for low-income residents who rent; limits on EPA certified stoves; allowing funding for EPA certified stoves; public service announcements to reach the population without technology; demonstrating stove use for heat rather than ambiance; decommissioning fireplaces; gathering quantifiable data on stove use; and allowing all residents to access incentive funds.

Public Comments:

Patti Weisselberg, Families for Clean Air, addressed the Board in support of the Wood Stove and Fireplace Replacement Incentive Program, urging the Board to put no incentive funds into wood burning devices.

Kaitly Rosengren, Hearth, Patio, and BBQ Association, addressed the Board against the Wood Stove and Fireplace Replacement Incentive Program, stating that clean, efficient wood burning devices should be included in the incentive program.

Stephanie Oxley, Families for Clean Air, addressed the Board in support of the Wood Stove and Fireplace Replacement Incentive Program, stating that heat pumps are highly efficient and does not generate pollution.

Tony Fisher, Coalition for Clean Air, addressed the Board in support of the Wood Stove and Fireplace Replacement Incentive Program, but asked how air pollution could be further reduced.

Shannon Reyna, Travis Industries, Inc., addressed the Board against the proposed Wood Stove and Fireplace Replacement Incentive Program, asking that clean, wood-burning, and gas-burning stoves be included in the incentive programs.

Tracey Gant, Families for Clean Air, addressed the Board in support of the Wood Stove and Fireplace Replacement Incentive Program, stating that wood-burning stoves continue to pollute and should be therefore not applicable with the incentive program.

Jed Holtzman, 350 Bay Area, addressed the Board in support of the Wood Stove and Fireplace Replacement Incentive Program, thanking staff for adjustments made to the incentive funding as requested by public. He also stated that heat pumps running on electricity provided by Community Choice Energy programs will mean no emissions. Glad to see that the incentive program only funds clean devices.

Jenny Bard, American Lung Association, California, addressed the Board in support of the Wood Stove and Fireplace Replacement Incentive Program, stating that clean electric heating via heat pumps is very efficient and cost effective, stating successes in Indiana.

Ken Mandelbaum, addressed the Board in support of the Wood Stove and Fireplace Replacement Incentive Program, stating that the incentive program does not take anything away from residents and that public funds should only fund the cleanest heating devices. He emphasized that funding should not include wood burning devices such as EPA certified stoves.

Board Comments (continued):

The Board and staff discussed the benefits of using electric heating with Community Choice Energy; including EPA certified stoves in the incentives; EPA stoves as the baseline; the chances of people choosing wood burning options if made available in the incentive program; keeping wood burning devices out of the incentive program; using the cleanest technologies available; changing and adjusting the incentive program as needed; the Clean Air Plan and strategies to further reduce other particulate matter pollution; and funding technology that allows people to heat homes even on a Winter Spare the Air day.

Board Action:

Director Zane made a motion, seconded by Director Groom, to approve the Wood Stove and Fireplace Replacement Incentive Program.

Board Comments (continued):

The Board and staff discussed setting a baseline; gathering data on improvements in air quality; tracking results from the incentive program; and monitoring progress and proving that incentives are generating an impact in the region.

Board Action (continued):

The motion to approve the Wood Stove and Fireplace Replacement Incentive Program carried by the following vote of the Board:

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

CLOSED SESSION

At 12:24 p.m., the Board went into closed session.

21. 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 cases:

- 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

At 12:37 p.m., the Board re-opened session with no reportable action.

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

23. BOARD MEMBERS' COMMENTS: None.

OTHER BUSINESS

24. Report of the Executive Officer/APCO:

Mr. Broadbent addressed the Board discussing the next Board of Directors meeting including a discussion on the current Winter Spare the Air season.

25. Chairperson's Report:

Chair Mar congratulated Director Chavez on being reappointed the Board, and reminded Board members Air and Waste Water Management meeting in New Orleans.

26. Time and Place of Next Meeting

The regular Board meeting scheduled on Wednesday, March 2, 2016 is canceled.

The next Board meeting is scheduled on Wednesday, March 16, 2016 at Bay Area Air Quality Management District Headquarters, 939 Ellis Street, San Francisco, CA 94109 at 9:45 a.m.

Mr. Broadbent addressed the Board reminding them that upcoming Board meetings and committee meetings in March and April will be held at the current location of 939 Ellis Street.

27. Adjournment: The Board meeting adjourned at 12:41 p.m.

TS/ Tom Flannigan

Tom Flannigan
Clerk of the Boards