



BAY AREA  
AIR QUALITY  
MANAGEMENT  
DISTRICT

BOARD OF DIRECTORS  
BUDGET AND FINANCE COMMITTEE MEETING

COMMITTEE MEMBERS

CAROLE GROOM – CHAIR  
DAVID CANEPA  
JOHN GIOIA  
NATE MILEY  
MARK ROSS

KATIE RICE – VICE CHAIR  
CINDY CHAVEZ  
DAVE HUDSON  
KAREN MITCHOFF

WEDNESDAY  
MARCH 22, 2017  
9:30 A.M.

1<sup>ST</sup> FLOOR YERBA BUENA ROOM  
375 BEALE STREET  
SAN FRANCISCO, CA 94105

AGENDA

1. **CALL TO ORDER - ROLL CALL – PLEDGE OF ALLEGIANCE**

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

2. **PUBLIC COMMENT PERIOD**

*(Public Comment on Non-Agenda Items Pursuant to Government Code § 54954.3) Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 375 Beale Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Committee's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.*

**Staff/Phone (415) 749-**

3. **APPROVAL OF THE MINUTES OF FEBRUARY 22, 2017 Clerk of the Boards/5073**

*The Committee will consider approving the draft minutes of the Budget and Finance Committee Meeting of February 22, 2017.*

4. **DISCUSSION OF PROPOSED BUDGET FOR FISCAL YEAR ENDING (FYE) 2018**

J. McKay/4629

[jmckay@baaqmd.gov](mailto:jmckay@baaqmd.gov)

*The Executive Officer/APCO requests that the Budget and Finance Committee review the Proposed Budget for FYE 2018, and make any recommendations for further discussions to be held during the April, 2017 Budget and Finance Committee meeting.*

5. **PROPOSED AMENDMENTS TO REGULATION 3: FEES**

D. Breen/5041

[jmckay@baaqmd.gov](mailto:jmckay@baaqmd.gov)

*The Committee will receive a summary of staff's proposed amendments to Regulation 3, Fees for Fiscal Year End (FYE) 2018. The proposed fee amendments are designed to recover the costs of regulatory program activities in accordance with the Air District's Cost Recovery Policy.*

6. **COMMITTEE MEMBER COMMENTS / OTHER BUSINESS**

*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)*

7. **TIME AND PLACE OF NEXT MEETING**

*Wednesday, April 26, 2017, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, California 94105 at 9:30 a.m.*

8. **ADJOURNMENT**

*The Committee meeting shall be adjourned by the Committee Chair.*

**CONTACT:**

**MANAGER, EXECUTIVE OPERATIONS**  
**375 BEALE STREET, SAN FRANCISCO, CA 94105**  
[mmartinez@baaqmd.gov](mailto:mmartinez@baaqmd.gov)

**(415) 749-5016**  
**FAX: (415) 928-8560**  
**BAAQMD homepage:**  
[www.baaqmd.gov](http://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 Budget and Finance Committee” and received at least 24 hours prior, excluding weekends and holidays, in order to be presented at that Committee meeting. Any correspondence received after that time will be presented to the Committee at the following meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- 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 375 Beale Street, Suite 600, San Francisco, CA 94105, at the time such writing is made available to all, or a majority of all, members of that body.

**Accessibility and Non-Discrimination Policy**

The Bay Area Air Quality Management District (Air District) does not discriminate on the basis of race, national origin, ethnic group identification, ancestry, religion, age, sex, sexual orientation, gender identity, gender expression, color, genetic information, medical condition, or mental or physical disability, or any other attribute or belief protected by law.

It is the Air District’s policy to provide fair and equal access to the benefits of a program or activity administered by Air District. The Air District will not tolerate discrimination against any person(s) seeking to participate in, or receive the benefits of, any program or activity offered or conducted by the Air District. Members of the public who believe they or others were unlawfully denied full and equal access to an Air District program or activity may file a discrimination complaint under this policy. This non-discrimination policy also applies to other people or entities affiliated with Air District, including contractors or grantees that the Air District utilizes to provide benefits and services to members of the public.

Auxiliary aids and services including, for example, qualified interpreters and/or listening devices, to individuals who are deaf or hard of hearing, and to other individuals as necessary to ensure effective communication or an equal opportunity to participate fully in the benefits, activities, programs and services will be provided by the Air District in a timely manner and in such a way as to protect the privacy and independence of the individual. Please contact the Non-Discrimination Coordinator identified below at least three days in advance of a meeting so that arrangements can be made accordingly.

If you believe discrimination has occurred with respect to an Air District program or activity, you may contact the Non-Discrimination Coordinator identified below or visit our website at [www.baaqmd.gov/accessibility](http://www.baaqmd.gov/accessibility) to learn how and where to file a complaint of discrimination.

Questions regarding this Policy should be directed to the Air District’s Non-Discrimination Coordinator, Rex Sanders, at (415) 749-4951 or by email at [rsanders@baaqmd.gov](mailto:rsanders@baaqmd.gov).

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
**375 BEALE STREET, SAN FRANCISCO, CALIFORNIA 94105**  
**FOR QUESTIONS PLEASE CALL (415) 749-5016 or (415) 749-4941**

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

**MARCH 2017**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	15	9:45 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Executive Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month) - CANCELLED</i>	Monday	20	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets on the 3<sup>rd</sup> Thursday of Every Other Month) - CANCELLED AND RESCHEDULED TO WEDNESDAY, MARCH 22, 2017 AT 10:30 A.M.</i>	Monday	20	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Stationary Source Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month)</i>	Monday	20	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets on the 4<sup>th</sup> Wednesday of each Month)</i>	Wednesday	22	9:30 a.m.	1st Floor, Yerba Buena Room #109
<b>Board of Directors Climate Protection Committee</b> <i>(Meets on the 3<sup>rd</sup> Thursday of Every Other Month)</i>	Wednesday	22	10:30 a.m.	1st Floor, Yerba Buena Room #109
<b>Board of Directors Mobile Source Committee</b> <i>(Meets on the 4<sup>th</sup> Thursday of each Month)</i>	Thursday	23	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Personnel Committee</b> <i>(Meets At the Call of the Chair)</i>	Friday	24	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Legislative Committee</b> <i>(At the Call of the Chair)</i>	Thursday	30	9:30 a.m.	1 <sup>st</sup> Floor Board Room

**APRIL 2017**

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Advisory Council Mtg.</b> <i>(Meets on the 1<sup>st</sup> Monday of Every Other Month)</i>	Monday	3	10:00 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	5	9:45 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Executive Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month)</i>	Monday	17	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Stationary Source Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month)</i>	Monday	17	10:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	19	9:45 a.m.	1 <sup>st</sup> Floor Board Room

## APRIL 2017

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets on the 4<sup>th</sup> Wednesday of each Month)</i>	Wednesday	26	9:30 a.m.	1st Floor, Yerba Buena Room #109
<b>Board of Directors Mobile Source Committee</b> <i>(Meets on the 4<sup>th</sup> Thursday of each Month)</i>	Thursday	27	9:30 a.m.	1 <sup>st</sup> Floor Board Room

## MAY 2017

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	3	9:45 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Executive Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month)</i>	Monday	15	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Stationary Source Committee</b> <i>(Meets on the 3<sup>rd</sup> Monday of each Month)</i>	Monday	15	10:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Regular Meeting</b> <i>(Meets on the 1<sup>st</sup> &amp; 3<sup>rd</sup> Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Climate Protection Committee</b> <i>(Meets on the 3<sup>rd</sup> Thursday of every other Month)</i>	Thursday	18	9:30 a.m.	1 <sup>st</sup> Floor Board Room
<b>Board of Directors Budget &amp; Finance Committee</b> <i>(Meets on the 4<sup>th</sup> Wednesday of each Month)</i>	Wednesday	24	9:30 a.m.	1st Floor, Yerba Buena Room #109
<b>Board of Directors Mobile Source Committee</b> <i>(Meets on the 4<sup>th</sup> Thursday of each Month)</i>	Thursday	25	9:30 a.m.	1 <sup>st</sup> Floor Board Room

HL – 3/7/17 (11:30 a.m.)

G/Board/Executive Office/Moncal

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

Memorandum

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

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 6, 2017

Re: Approval of the Minutes of February 22, 2017

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RECOMMENDED ACTION

Approve the attached draft minutes of the Budget and Finance Committee (Committee) meeting of February 22, 2017.

DISCUSSION

Attached for your review and approval are the draft minutes of the Committee meeting of February 22, 2017.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Marcy Hiratzka  
Reviewed by: Maricela Martinez

Attachment 3A: Draft Minutes of the Committee Meeting of February 22, 2017

## AGENDA: 3A – ATTACHMENT

Draft Minutes – Budget and Finance Committee Meeting of February 22, 2017

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

### DRAFT MINUTES

Summary of Board of Directors  
Budget and Finance Committee Meeting  
Wednesday, February 22, 2017

#### 1. CALL TO ORDER – ROLL CALL

Budget and Finance Committee (Committee) Chairperson, Carole Groom, called the meeting to order at 9:32 a.m.

Present: Committee Chairperson Carole Groom, Vice Chair Katie Rice; and Directors David J. Canepa, Cindy Chavez, John Gioia, David Hudson, Nate Miley, Karen Mitchoff, and Mark Ross.

Absent: None.

Also Present: None.

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

No requests received.

#### 3. APPROVAL OF THE MINUTES OF JANUARY 25, 2017

##### Public Comments:

No requests received.

##### Committee Comments:

None.

##### Committee Action:

Director Hudson made a motion, seconded by Director Mitchoff, to **approve** the Minutes of January 25, 2017; and the motion **carried** by the following vote of the Committee:

AYES: Canepa, Gioia, Groom, Hudson, Mitchoff, Rice, and Ross.  
NOES: None.  
ABSTAIN: None.  
ABSENT: Chavez and Miley.

**4. DISCUSSION OF PROJECTS AND FUNDING PRIORITIES RELEVANT TO THE FISCAL YEAR ENDING (FYE) 2018 BUDGET**

Dr. Jeff McKay, Deputy Air Pollution Control Officer, gave the staff presentation *Discussion of Projects and Funding Priorities Relevant to the FYE 2018 Budget*, including: current reserves; use of reserves during downturn; use of reserves FYE 2018; Clean Air Plan implementation; Technology Implementation Office; lab and community monitoring equipment; wood smoke grants; permit processing and Health Risk Assessment; and current reserves. At the conclusion of the presentation, Mr. Broadbent said that staff sought the Committee’s direction regarding the proposed use of Reserves.

Public Comments:

No requests received.

NOTED PRESENT: Director Miley was noted present at 9:49 a.m. and Director Chavez was noted present at 9:54 a.m.

Committee Comments:

The Committee and staff discussed fluctuations in CalPERS rates over time; the District’s plan to continue to pre-fund other postemployment benefits (OPEB) with the General Fund; the fact that the reserves currently exceed the Board’s guidance; the risk in investing reserves; how the District maintained itself through the recession; the clarification that the reserves funding allocation is not encumbered, but can be changed by the Board at any time and that reserves may be expended over a period of years; the future of hydrogen and fuel cell technology in the Bay Area; loan program options and how District reserves would be spent on the Technology Implementation Office (TIO); the difference between the TIO and the Mobile Source Committee, as both groups concern innovative partnerships between industries; reviewing Stanford University’s investment policies and framework; reaching out to the City of San Jose to learn more about its successful technology incubator program; the increase of the Board of Directors’ guidance over the years; staff’s desire to have a Board member active in the development of the TIO; the fact that the Clean Air Plan is a high priority for the District and will consume much of staff’s future work; the projected funding allocation for the Clean Air Plan; the need for staff to emphasize to the public that the Plan focuses on greenhouse gas, criteria pollutant, *and* toxic air contaminant emission reductions; how municipalities can adopt the strategies within the Clean Air Plan; how a carbon tax might be implemented in the Bay Area; the importance of establishing a long-term Wood Smoke grants program; the feasibility of the District recruiting a full-time Health Officer (perhaps a medical professional) as a staff member; the collaboration of California Air Districts to address the changes in environmental federal programs; staff’s desire to further diversify the District; and the feasibility of having a permanent District office located in the East Bay.

Committee Action:

None; receive and file.



**5. COMMITTEE MEMBER COMMENTS / OTHER BUSINESS**

None.

**6. TIME AND PLACE OF NEXT MEETING**

Wednesday, March 22, 2017, Bay Area Air Quality Management District Office, 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

**7. ADJOURNMENT**

The meeting adjourned at 10:28 a.m.

Marcy Hiratzka  
Clerk of the Boards

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**

Memorandum

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

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 6, 2017

Re: Discussion of Proposed Budget for Fiscal Year Ending (FYE) 2018

**RECOMMENDED ACTION**

The Executive Officer/APCO requests that the Budget and Finance Committee review the Proposed Budget for FYE 2018, and make any recommendations for further discussions to be held during the April 26, 2017 Budget and Finance Committee meeting.

**BACKGROUND**

At the March 15, 2017, Regular Board of Directors meeting, the FYE 2018 Proposed Budget document was referred to the Budget and Finance Committee for review at the Committee's March 22, 2017 meeting.

**DISCUSSION**

Air District staff will present the Proposed Budget for FYE 2018. The Proposed Budget is balanced, with the use of reserves to pay for one-time costs.

Air District staff will publish, prior to April 12, 2017, a notice to the general public that the first of two public hearings on the budget will be conducted on May 17, 2017 and that the second hearing will be conducted on June 21, 2017. Staff requests that the Budget and Finance Committee complete its review and take action on the Proposed Budget at the April 26, 2017 Budget and Finance Committee meeting. This will allow staff the necessary time required to amend, if necessary, the budget for the first public hearing to be held on May 17, 2017.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The proposed consolidated budget for FYE 2018 is a balanced budget.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Stephanie Osaze  
Reviewed by: Rex Sanders

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT**  
Memorandum

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

From: Jack P. Broadbent  
Executive Officer/APCO

Date: March 7, 2017

Re: Proposed Amendments to Regulation 3: Fees

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RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Staff develops amendments to the Air District's fee regulation as part of the budget preparation process. On March 7, 2012, the Board of Directors adopted a Cost Recovery Policy that established a goal of increasing fee revenue sufficient to achieve 85 percent recovery of regulatory program costs by Fiscal Year End 2016.

DISCUSSION

Consistent with the Cost Recovery Policy, draft amendments to specific fee schedules were made in consideration of cost recovery analyses conducted at the fee schedule-level, with larger increases being proposed for the schedules that have larger cost recovery gaps.

Existing fee schedules would be amended as follows:

- 2.7 percent increase for fee schedules that are recovering 95 to 100 percent of costs.
- 7 percent increase for fee schedules that are recovering 85 to 95 percent of costs.
- 8 percent increase for fee schedules that are recovering 75 to 84 percent of costs.
- 9 percent increase for fee schedules that are recovering less than 75 percent of costs.

A number of fees that are administrative in nature; permit application filing fees, alternative compliance plan fees, permit to operate renewal processing fees, transfer fees, emissions banking filing and withdrawal fees, school public notice fees, toxic inventory maximum fees, and exemption fees would be increased by 2.7 percent. The annual Consumer Price Index for Bay Area Urban Wage Earners and Clerical Workers (CPI-W) increased 2.7% from 2015 to 2016.

The following additional amendments are proposed:

- New fees to help recover the costs for facility-wide Health Risk Assessments (HRAs) and Risk Reduction Plans required pursuant to proposed Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities.
  - These fees would only become effective upon Board adoption of proposed Regulation 11, Rule 18.
  - These fees would be charged only upon submittal of facility-wide HRAs or Risk Reduction Plans required pursuant to proposed Regulation 11, Rule 18.
  - The facility-wide HRA fees will be calculated on a per source basis pursuant to Fee Schedules B, C, D, E, F, H, I or K.
  - Fees for the Risk Reduction Plan review and approval will range from \$1,500 to \$32,000 depending on the number of sources at the facility subject to risk reduction pursuant to proposed Regulation 11, Rule 18.
- A new fee equal to the risk screening fee to help recover the costs for each HRA scenario above three HRA scenarios in any permit application pursuant to Regulation 2, Rule 5.
- Fee Schedule changes:
  - Revise Fee Schedule A: Hearing Board Fees (Table I) to include diesel exhaust particulate matter in the schedule of toxic air contaminants subject to excess emissions fees.
  - Revise Fee Schedule H: Semiconductor and Related Operations, to directly calculate the fee based on the gross throughput of organic solvent processed.
  - Update the S<sub>L</sub> factor in Fee Schedule N: Toxic Inventory Fees, to recover current costs and higher California Air Resources Board AB2588 annual fees for FYE 2017.
- Change all Regulation 3 references of “health risk screening analysis” to “health risk assessment”.
- Delete fees for Duplicate Permits and Duplicate Registrations in Section 3-309.
- Correct a few minor typographical errors.

Staff will provide the committee with additional details regarding the draft fee amendments, overall cost recovery and the proposed 6.4% average fee increase for the upcoming fiscal year. A summary of public comments received to date, including those received at a public workshop held on February 22, 2017 will be provided.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The draft fee amendments would increase fee revenue in FYE 2018 by an estimated \$1.85 million from revenue that would otherwise result without a fee increase.

Respectfully submitted,

Jack P. Broadbent  
Executive Officer/APCO

Prepared by: Barry Young  
Reviewed by: Jaime Williams