



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS REGULAR MEETING

December 20, 2017

A meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:45 a.m. in the 1st Floor Board Room at the Air District Headquarters, 375 Beale Street, San Francisco, California 94105.

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/about-the-air-district/board-of-directors/resolutionsagendasminutes> at the time of the meeting. Closed captioning may contain errors and omissions, and are not certified for their content or form.

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 Speakers wishing to address the Board on non-agenda matters will be heard at the end of the agenda, and each will be allowed up to 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 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.

Speakers may speak for up to three minutes on each item on the Agenda. However, 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. 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
DECEMBER 20, 2017
9:45 A.M.

BOARD ROOM
1ST FLOOR

CALL TO ORDER

Chairperson, Liz Kniss

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.

COMMENDATIONS/PROCLAMATIONS/AWARDS

2. *The Board of Directors will present the “Lifetime Achievement Award” to Deputy Executive Officer, Jean Roggenkamp, for her service, leadership, and dedication to protecting air quality in the Bay Area.*

CONSENT CALENDAR (ITEMS 3-10)

Staff/Phone (415) 749-

3. Minutes of the Regular Board of Directors Meeting of December 6, 2017
Clerk of the Boards/5073

The Board of Directors will consider approving the draft minutes of the Regular Board of Directors Meeting of December 6, 2017.

4. Board Communications Received from December 6, 2017 through December 19, 2017
J. Broadbent/5052
jbroadbent@baaqmd.gov

A copy of communications directed to the Board of Directors received by the Air District from December 6, 2017 through December 19, 2017, if any, will be at each Board Member’s place.

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

In accordance with Section 5.4 (b) of 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.

6. Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of November 2017
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 Violations issued, and all settlements for amounts in excess of \$10,000 during the month of November 2017.

7. Adopt a Resolution to Accept \$3 Million in Funding for a Zero Emissions Hydrogen Ferry Demonstration Project
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider adopting a resolution to accept the \$3 million for a Zero Emissions Hydrogen Ferry Demonstration Project from California Air Resources Board's Low Carbon Transportation Greenhouse Gas Emission Reduction Fund.

8. Selection of New Production System Emission Inventory Contractor
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to execute a contract, not to exceed the amount of \$975,520, for the development of an Emission Inventory System for Complex Facilities Permitted by the Air District.

9. Proposed Regulatory Agenda for 2018
J. Broadbent/5052
jbroadbent@baaqmd.gov

State law requires each Air District to publish a list of potential regulatory measures for the upcoming year. No regulatory measure can be brought before the Board that is not on the list, with specified exceptions. Consequently, the list contains all regulatory measures that may come before the Board of Directors in 2018.

10. Authorization to Execute a Second Contract Amendment with Denovo Ventures LLC, for Upgrade of the Air District's Financial System (JDE)
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to execute a second contract amendment with, Denovo Ventures LLC, in an amount not to exceed \$150,000, for upgrade of the Air District's Financial System (JDE)

COMMITTEE REPORTS

11. Report of the **Mobile Source Committee** Meeting of December 7, 2017

CHAIR: K. Mitchoff

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 and Transportation Fund for Clean Air Projects with proposed grant awards over \$100,000 as shown in Attachment 1; and*
- 2) *Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects*

B) Fiscal Year Ending (FYE) 2016 Transportation Fund for Clean Air (TFCA) Audit Report Results and FYE 2017 Report on TFCA Regional Fund Expenditures and Effectiveness

- 1) *None; receive and file.*

C) Request to Accept New Grant Program Revenue Resulting from Assembly Bill 134

- 1) *Amend the Fiscal Year Ending 2018 budget for the Carl Moyer Program, authorize the Bay Area Air Quality Management District to accept, obligate, and expend \$50 million in funding from the California Air Resources Board resulting from Assembly Bill 134, and adopt a resolution authorizing this award; and*
- 2) *Authorize the Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding.*

12. Report of the **Budget and Finance** Meeting of December 7, 2017

CHAIR: C. Groom

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Fourth Quarter Preliminary Financial report – Fiscal Year Ending (FYE) 2017

- 1) *None; receive and file*

B) First Quarter Financial Report – Fiscal Year Ending (FYE) 2018

- 1) *None; receive and file*

C) Overview of Upcoming Budget Considerations

- 1) *None; receive and file*

D) Request to Amend the Fiscal Year Ending 2018 Budget to Increase Staffing and Accept New One-Time Revenue Resulting from Assembly Bill 617

- 1) *Amend the Fiscal Year Ending 2018 budget to authorize the creation of twenty-two (22) additional full time positions; and*
- 2) *Accept approximately \$5 million funding resulting from Assembly Bill 617*

13. Report of the **Advisory Council** Meeting of December 11, 2017
BOARD LIASON: R. Sinks

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Update on Adopted Regulation 11: Hazardous Pollutants, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities

- 1) *None; receive and file*

B) Update from the Office of Environmental Health Hazard Assessment (OEHHA) on Studies of Short-Term PM2.5 Exposure

- 1) *None; receive and file*

14. Report of the **Executive Committee** Meeting of December 14, 2017
CHAIR: L. Kniss

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Update on Technology Implementation Office (TIO) Activities

- 1) *None; receive and file*

B) Update on Complex Facility Permitting and Compliance Strategy

- 1) *None; receive and file*

C) Request to Amend the Fiscal Year Ending 2018 Budget to Increase Staffing

- 1) *Amend the Fiscal Year Ending 2018 budget to authorize the creation of twenty-two (22) additional full time positions*

15. Report of the **Personnel Committee** Meeting of December 18, 2017

CHAIR: J. Spering

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will receive the following report:

A) **Conduct Interviews and Consider Recommending Board of Directors Approval of Candidates for Appointment to the Air District's Hearing Board**

1) *Appoint candidate to the Air District's Hearing Board*

16. Report of the **Stationary Source** Meeting of December 18, 2017

CHAIR: J. Gioia

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee will receive the following reports:

A) **Rule Development Addressing Particulate Matter**

1) *None; receive and file*

B) **Regulation 11, Rule 18 Implementation Update**

1) *None; receive and file*

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

Speakers will be allowed up to three minutes each to address the Board on non-agenda matters.

BOARD MEMBERS' COMMENTS

18. *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

19. Report of the Executive Officer/APCO

20. Chairperson's Report

21. Time and Place of Next Meeting:

Wednesday, January 17, 2018, at Dougherty Station Community Center, 17011 Bollinger Canyon Road, San Ramon, CA 94582 at 9:45 a.m.

22. Adjournment

The Board meeting shall be adjourned by the Board Chair.

CONTACT:

MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
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.
- 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 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.

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

DECEMBER 2017

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Personnel Committee <i>(At the Call of the Chair)</i>	Monday	18	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	18	10:30 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	20	9:45 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i> - CANCELLED AND RESCHEDULED TO THURSDAY, DECEMBER 7, 2017 AT 10:30 A.M.	Wednesday	27	9:30 a.m.	1st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> - CANCELLED AND RESCHEDULED TO THURSDAY, DECEMBER 7, 2017 AT 9:30 A.M.	Thursday	28	9:30 a.m.	1 st Floor Board Room

JANUARY 2018

<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	3	9:45 a.m.	1 st Floor Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED	Monday	15	9:30 a.m.	1 st Floor 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.	1 st Floor Board Room
Board of Directors Regular Mtg. / Retreat <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	17	9:45 a.m.	Dougherty Station Community Center 17011 Bollinger Canyon Rd, San Ramon, CA 94582
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of every other Month)</i>	Thursday	18	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	24	9:30 a.m.	1st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i> AG – 12/15/17 – 2:50 pm.	Thursday	25	9:30 a.m.	1 st Floor Board Room

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 11, 2017

Re: Minutes of the Regular Board of Directors Meeting of December 6, 2017

RECOMMENDED ACTION

Approve the attached draft minutes of the Board of Directors Regular Meeting of December 6, 2017.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Regular Meeting of December 6, 2017.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Maricela Martinez

Attachment 3A: Draft Minutes of the Board of Directors Regular Meeting of December 6, 2017

AGENDA 3A– ATTACHMENT

Draft Minutes - Board of Directors Regular Meeting of December 6, 2017

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

Board of Directors Regular Meeting
Wednesday, December 6, 2017

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>

CALL TO ORDER:

1. **Opening Comments:** Chairperson Liz Kniss called the meeting to order at 9:48 a.m.

Roll Call:

Present: Chairperson Liz Kniss; Vice Chairperson Dave Hudson; Secretary Katie Rice; and Directors Margaret Abe-Koga, Teresa Barrett, David J. Canepa, Cindy Chavez, Pauline Russo Cutter, John Gioia, Carole Groom, Scott Haggerty, Rebecca Kaplan, Doug Kim, Nate Miley, Karen Mitchoff, Mark Ross, Pete Sanchez, Jeff Sheehy, Rod Sinks, Jim Spring, Brad Wagenknecht,

Absent: Directors Tyrone Jue, Hillary Ronen, and Shirlee Zane.

Jack Broadbent, Executive Officer/Air Pollution Control Officer, announced the departure of Jaime Williams, Director of Engineering and Information Technology Officer. Mr. Broadbent described Mr. Williams's duties over the course of nine years, and Mr. Williams thanked the Board for its collaboration with staff. The Board members acknowledged Mr. Williams' contributions and thanked him for his service.

COMMENDATIONS/PROCLAMATIONS/AWARDS

2. Chair Kniss announced that the acknowledgement of outgoing Advisory Council Members, Tam Doduc and Dr. Robert Harley, would be tabled until December 20, 2017.

CONSENT CALENDAR ITEMS (3 - 5)

3. Minutes of the Regular Board of Directors Meeting of November 15, 2017
4. Board Communications Received from November 15, 2017 through December 5, 2017

5. Consider Authorization for a Contract Extension to Technical and Business Systems and Execution of a Purchase Order in Excess of \$100,000 Pursuant to Administrative Code Division II Fiscal Policies and Procedures, Section 4.3 Contract Limitations, for Continued Operation of BioWatch Monitoring Network

Public Comments:

No requests received.

Board Comments:

None.

Board Action:

Director Wagenknecht made a motion, seconded by Vice Chair Hudson, to **approve** Consent Calendar Items 3 to 5 inclusive; and the motion **carried** by the following vote of the Board:

AYES: Abe-Koga, Barrett, Canepa, Chavez, Cutter, Gioia, Groom, Haggerty, Hudson, Kaplan, Kim, Kniss, Mitchoff, Rice, Ross, Sheehy, Sinks, Spering, and Wagenknecht.
NOES: None.
ABSTAIN: Sanchez.
ABSENT: Jue, Miley, Ronen, and Zane.

COMMITTEE REPORTS

6. Report of the Climate Protection Committee Meeting of November 16, 2017

Climate Protection Committee Chair Barrett read:

The Climate Protection Committee met on Thursday, November 16, 2017, and approved the minutes of September 21, 2017.

The Committee received and discussed the staff presentation AB 398 and the Air District 2017 Clean Air Plan.

Finally, the Committee received and discussed the staff presentation California Air Resources Board Draft 2017 Climate Change Scoping Plan Update.

The next meeting of the Committee will be held on Thursday, January 18, 2018, at 9:30 a.m., at 375 Beale Street, San Francisco, CA 94105. This concludes the Chair report of the Climate Protection Committee.

Public Comments:

Public comments were given by Greg Karras, Communities for a Better Environment (CBE); Linda Hutchins-Knowles, Mothers Out Front; Richard Gray, 350 Bay Area; Albert Kueffner, Alameda

Interfaith Climate Action Network; Joanne Fanucchi, Pittsburg resident; Adriana Diaz-Flores, CBE; and Laura Gracia, CBE.

Board Comments:

The Board and staff discussed the request for a staff presentation on how the District can support community-based mitigation and projects that communities can implement to reduce their vulnerability to air pollution (such as urban greening and improved filtration systems.)

Board Action:

None; receive and file.

PUBLIC HEARING

7. Public Hearing to Consider Adoption of Proposed Technical and Administrative Amendments to the Air District's New Source Review and Title V Permitting Regulations (Regulations 2, Rules 1,2,4, and 6) and associated California Environmental Quality Act (CEQA) Negative Declaration

Mr. Broadbent introduced Alexander Crockett, Assistant Counsel, who gave the staff presentation *Technical and Administrative Amendments to the Air District's New Source Review and Title V Permitting Regulations*, including: overview; background; District Permitting Programs - New Source Review: Regulation 2, Rule 2 and Title V major facility review; need to amend regulations; proposed amendments – major facility applicability, air quality impact analyses, offsets and emission reduction credits, terminology revisions, staff-identified revisions, Supreme Court Utility Air Regulatory Group versus Environmental Protection Agency case; additional revisions under development; public engagement; California Environmental Quality Act (CEQA) analysis; and staff recommendation.

Upon the conclusion of Mr. Crockett's presentation, Mr. Broadbent introduced possible resolution language providing direction to staff for the Board's consideration.

NOTED PRESENT: Director Miley was noted present at 10:28 a.m., and Director Sheehy was noted present at 10:31 a.m.

Public Comments:

Public comments were given by Jed Holtzman, 350 Bay Area; Melissa Yu, Sierra Club; Minda Berbeco, Sierra Club; Greg Karras, CBE; Ratha Lai, Asian Pacific Environmental Network; Steve Nadel, Sunflower Alliance; Andres Soto, CBE; Paul Kangas, Solar Workers Union; Mary Klein, Palo Alto resident; Jan Warren, Interfaith Climate Action Network of Contra Costa; Jeanne Ewy, Sierra Club; Marilyn Williams, Sierra Club; Linda Hutchins-Knowles, Mothers Out Front; Richard Gray, 350 Bay Area; Susan Vaughan, Sierra Club; Claire Broome, Berkeley resident; Cynthia Mahoney, Citizens Climate Lobby; Stephen Rosenblum, Palo Alto resident; Alyssa Kang, California Nurses Association; Charles Davidson, Sunflower Alliance; Bob Brown, Western States Petroleum Association; Nancy Rieser, Crockett-Rodeo United to Defend the Environment; and Katherine DaSilva Jain, Elders Climate Action.

Board Comments:

The Board and staff discussed various aspects of the proposed resolution language; concerns that language that is not included in the meeting packet ahead of time should, and that it should not be considered until stakeholders have had time to review and comment on it, and the suggestion that a policy be created to prohibit this from happening in the future; whether the proposed resolution language should be incorporated into the Public Hearing and Board's action at the December 6, 2017 meeting, or considered separately at a later date; the suggestion that District regulation be henceforth framed to encourage companies to shift to more modern technologies; and the suggestion that both parties involved in to the permitting process (District and applicant) be required to post the dates of when new technology is implemented for accountability purposes.

Board Action:

Director Gioia made a motion, seconded by Director Mitchoff, to adopt the proposed technical and administrative amendments to the Air District's New Source Review and Title V Permitting Regulation 2, Rule 1,2,4, and 6 and associated California Environmental Quality Act Negative Declaration; and the motion **carried** by the following vote of the Board:

AYES: Abe-Koga, Barrett, Canepa, Chavez, Cutter, Gioia, Groom, Haggerty, Hudson, Kaplan, Kim, Kniss, Miley, Mitchoff, Rice, Ross, Sanchez, Sheehy, Sinks, Spering, and Wagenknecht.
NOES: None.
ABSTAIN: None.
ABSENT: Jue, Ronen, and Zane.

Following this action, further deliberation occurred between the Board and staff regarding new rulemaking. The consensus of Board members present was that, the following language was to be recorded in the minutes as direction to staff:

Direct staff to consider developing rules to incorporate greenhouse gas (GHG) regulation into permit application procedures for new and modified sources, consistent with the requirements of Assembly Bill (AB) 398.

Direct staff to include this new rulemaking in the 2018 regulatory calendar and develop the rules as quickly as possible, consistent with the requirements of AB 617, and to report regularly to the Stationary Source Committee on the status of rule development.

PUBLIC COMMENTS ON NON-AGENDA MATTERS

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

Public comments were given by Greg Karras and Andres Soto, CBE, and by Susan Vaughan, Sierra Club.

BOARD MEMBERS' COMMENTS

9. **Board Members' Comments**

None.

OTHER BUSINESS

10. **Report of the Executive Officer/Air Pollution Control Officer**

This item was tabled until December 20, 2017. Mr. Broadbent's presentation on ozone seasons has been posted on the District website.

11. **Chairperson's Report**

Chair Kniss had nothing to report.

12. **Time and Place of Next Meeting**

Wednesday, December 20, 2017, at 375 Beale Street, San Francisco, CA 94105 at 9:45 a.m.

13. **Adjournment**

The meeting adjourned at 12:28 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 11, 2017

Re: Board Communications Received from December 6, 2017 through December 19,
2017

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Copies of communications directed to the Board of Directors received by the Air District from December 6, 2017, through December 19, 2017, if any, will be at each Board Member's place at the December 20, Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha de Guzman

Reviewed by: Maricela Martinez

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 4, 2017

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 District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified of District personnel who have traveled on out-of-state business.

The report covers the out-of-sate business travel for the month of November 2017. 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 November 2017:

- Henry Hilken, Director of Planning & Research, attended the COP23 UN Climate Change Conference in Bonn, Germany, November 11th – 18th, 2017.
- Jeffrey McKay, Deputy Air Pollution Control Officer, attended the California Desert Air Working Group 2017 Conference in Reno, Nevada, November 15th – 16th, 2017.

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 Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 7, 2017

Re: Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of
November 2017

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 Violations 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 6A: Notices of Violations for the Month of November 2017

AGENDA: 6A - ATTACHMENT

NOTICES OF VIOLATION ISSUED

The following Notice(s) of Violations were issued in November 2017:

Alameda						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
A B & I Foundry	A0062	Oakland	A56397A	11/20/17	2-6-307	Baghouse #4 not operational during am
Advantage Metal Products	E3728	Livermore	A57382A	11/27/17	8-19-312.7	Use of noncomplying coating lab sample 17034
Millwork Solutions Inc	E3309	Livermore	A57383A	11/28/17	2-1-307	Failure to maintain adequate records.
P.W. Stephens Environmental Inc.	V8868	Hayward	A57633A	11/27/17	3-317	Fees not paid prior to job
P.W. Stephens Environmental Inc.	V8868	Hayward	A57633B	11/27/17	11-2-405	Fees not paid prior to job
Restoration Management Company	R2288	Hayward	A57630A	11/8/17	11-2-401.3	No notification
Rolls-Royce Corporation	A1201	Oakland	A56396A	11/17/17	2-1-302	Permit to operate expired 11/1/2017

Contra Costa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Acme Fill Corporation	A1464	Martinez	A57316A	11/9/17	8-34-301.2	leaking components >1000ppm
California Department of Water Resources	A8930	Byron	A56917A	11/6/17	2-1-302	Expired Permit to Operate

California Department of Water Resources	A8930	Byron	A56918A	11/6/17	2-1-307	Exceeding p/c 22850, Subpart 1 (exceeding 50 hour usage limit)
California Department of Water Resources	A8930	Byron	A56918B	11/6/17	9-8-501	Operating an emergency standby engine as power source & not performing initial demonstration of compliance via source test.
California Department of Water Resources	A8930	Byron	A56918C	11/6/17	9-8-503	Operating an emergency standby engine as power source & not performing quarterly demonstration of compliance (quarterly testing)
California Department of Water Resources	A8930	Byron	A56919A	11/6/17	9-8-502.1	Not maintaining usage records for Source 9
Carone & Co., Inc.	Q8231	Concord	A57437A	11/6/17	11-2-401.3	Work started before start date.
Chevron Products Company	A0010	Richmond	A57534A	11/29/17	2-6-307	FCC ESP TR Set Current < limit, RCA 07C42; Dev 4797
Chevron Products Company	A0010	Richmond	A57535A	11/29/17	2-6-307	FCC ESP Temp < limit; RCA 07C20; Dev 4796
Chevron Products Company	A0010	Richmond	A57536A	11/29/17	12-11-506.1	LSFO Flare sample pump inop > 24 hrs w/o notification Dev 4798 RCA 07C33
Chevron Products Company	A0010	Richmond	A57537A	11/29/17	1-522.6	F-210 operated with elevated CO emissions and failed to notify on time RCA 07B94, Dev 4773
Chevron Products Company	A0010	Richmond	A57537B	11/29/17	9-10-305	F-210 operated with elevated CO emissions and failed to notify on time RCA 07B94, Dev 4773
Chevron Products Company	A0010	Richmond	A57538A	11/29/17	1-522.6	Failed to notify within 96 hrs of indicated excess, Dev 4773, RCA 07B95
County Quarry Products, Inc	A3153	Martinez	A56441A	11/7/17	6-1-301	Visible emissions > Ringelmann #1/5-min

Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A56376A	11/7/17	2-6-307	NOx box 06U57, Permit condition 21235 part 6a and 6b
Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A56425A	11/7/17	2-6-307	NOx box 06X82, Permit condition 21235 part 6a
Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A56426A	11/7/17	2-6-307	NOx box 06Y20, Permit condition 21235 part 6a
Plains Products Terminals LLC	A0745	Richmond	A56037A	11/17/17	8-33-309.5	vapor recovery hoses at line # 1&2 leaking > 3000ppm
Plains Products Terminals LLC	A0745	Richmond	A56037B	11/17/17	8-33-305	vapor recovery hoses at line # 1&2 leaking > 3000ppm
Shell Martinez Refinery	A0011	Martinez	A57585A	11/15/17	9-1-307	E7D76 40CFR60.105(e)(4) SO2 > 250 ppm
Shell Martinez Refinery	A0011	Martinez	A57585B	11/15/17	10	E7D76 40CFR60.105(e)(4) SO2 > 250 ppm
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56257A	11/6/17	2-1-301	No A/C or P/O for ng supplemental to S-944/945
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56257B	11/6/17	2-1-302	No A/C or P/O for ng supplemental to S-944/945

Santa Clara						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
City of Santa Clara	A0621	Santa Clara	A57215A	11/27/17	2-6-307	Cond. 14194 water to fuel out of range
City of Santa Clara	A0621	Santa Clara	A57216A	11/27/17	2-6-307	Cond. 14194 water to fuel out of range

Solano						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Valero Refining Company - California	B2626	Benicia	A56437A	11/28/17	8-5-320.3	Vacuum breaker gap > 1/8-inch
Valero Refining Company - California	B2626	Benicia	A56442A	11/27/17	8-5-306.2	S/V-2078B leaking > 500 ppm (not gas-tight)

SETTLEMENTS FOR \$10,000 OR MORE REACHED

There was 1 settlement(s) for \$10,000 or more completed in October 2017.

- 1) On October 30, 2017, the District reached settlement with Landmark Realty for \$12,000, regarding the allegations contained in the following 1 Notice of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A56886A	3/29/17	3/23/17	11-2-303	Improper work & waste practices
A56886B	3/29/17	3/23/17	11-2-304	Improper work & waste practices

There was 1 settlement(s) for \$10,000 or more completed in November 2017.

- 1) On November 3, 2017, the District reached settlement with Criterion Catalysts & Technologies, LP for \$75,000, regarding the allegations contained in the following 7 Notice of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A53174A	9/4/14	10/1/13	2-6-307	Breakdown RCA's 06M18 & 06M19 denied
A53175A	9/4/14	11/27/13	2-6-307	Permit condtion #9318 part 9

A54054A	10/14/14	4/14/14	2-6-307	Failure to maintain 1400 deg temp limit
A54057A	10/28/14	9/22/14	2-6-307	Failure to maintain 1400 deg temp limit
A54062A	2/9/15	12/20/14	2-6-307	Temperature dropped below permit limit 1400 F
A54073A	12/29/15	11/7/15	2-6-307	TEMP DROP BELOW 1400 DEGREES FAHRENHEIT
A55818A	3/29/17	2/17/17	2-6-307	Violation Title V P/O cond #9315, part #9; S #'s 504-507, 509 7 510

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 11, 2017

Re: Adopt a Resolution to Accept \$3 Million in Funding for a Zero Emissions Hydrogen
Ferry Demonstration Project

RECOMMENDED ACTIONS

Recommend Board of Directors:

1. To accept, obligate, and adopt a resolution to accept \$3 million for a Zero Emissions Hydrogen Ferry Demonstration Project from the California Air Resources Board's Low Carbon Transportation Greenhouse Gas Emission Reduction Fund; and
2. Authorize the Executive Officer/APCO to enter into all agreements necessary to accept and expend this funding.

BACKGROUND

In 2012, the Legislature passed and Governor Brown signed into law three bills – AB 1532 (Pérez), SB 535 (De León), and SB 1018 (Budget and Fiscal Review Committee) – that established the Low Carbon Transportation Greenhouse Gas Emission Reduction Fund (GGRF). This fund receives Cap-and-Trade auction proceeds and provides the framework for how the auction proceeds will be administered in furtherance of the purposes of AB 32, including supporting long-term, transformative efforts to improve public health and develop a clean energy economy. The suite of implementing legislation offers direction for investing a portion of the auction proceeds to benefit disadvantaged communities identified by the CalEnviroScreen model developed by the California Environmental Protection Agency and the Office of Environmental Health Hazard Assessment. Specifically, SB 535 directs at least 25% of GGRF funding to projects that benefit disadvantaged communities and at least 10% to projects located in disadvantaged communities.

The Fiscal Year Ending (FYE) 2016-17 Low Carbon Transportation Greenhouse Gas Emission Reduction Fund (GGRF) Funding Plan was approved by the California Air Resources Board (CARB) in June 2016. The CARB initially approved a \$59 million allocation for advanced technology demonstration projects during the preliminary approval of the FYE 2016-17 GGRF Funding Plan, however, the state legislature appropriated less funding than anticipated. Therefore, the CARB reconvened in October 2016 to revise the funding allocation for heavy-duty projects and approved \$34 million for demonstration projects, including \$17 million for on-road, and \$17

million for off-road. Awards though the GGRF require applicants to adopt a resolution in support of their application.

DISCUSSION

On June 9, 2017, ARB issued a solicitation announcement for funding through the Off-Road Advanced Technology Demonstration Project under the Air Quality Improvement Program and GGRF Investments. This competitive solicitation is anticipated to award up to \$17 million statewide for the highest ranking off-road advanced technology demonstration projects.

In September 2017, the Bay Area Air Quality Management District (Air District) submitted an application for a Zero-Emission Hydrogen Ferry Project on behalf of the project team, which includes Golden Gate Zero Emission Marine, Bay Ship and Yacht, BAE, Hydrogenics, Air Liquide Advanced Technologies U.S. LLC, Red and White Fleet, Port of San Francisco, and Sandia National Laboratories. The goal of this project is to demonstrate a pathway to the commercialization of zero-emission hydrogen fuel cell marine technology to demonstrate new opportunities for further eliminating emissions from the marine sector, including passenger and freight transportation. The zero-emission hydrogen ferry will be used for service at the Port of Oakland, Port of San Francisco, the Port of Redwood City, and the city of Martinez.

Unlike many other modes of transportation, marine vessels typically keep engines running while at the dock to run auxiliary systems and in some cases to maintain contact with the dock while loading and unloading. During these periods, the air pollution can be especially excessive because of the low load demand which results in poor fuel efficiency and high criteria pollutant emissions that is characteristic at part loads for diesel engines. The zero-emission hydrogen ferry will achieve

the same operational characteristics of these vessels but without any pollution at the dock, providing a direct benefit to nearby residents.

The proposed range of operating locations and service types allows the project team to further define the future business case for zero-emission water transportation. The commercial ferry service requirements would also parallel potential service conditions of marine freight vessels to ensure demonstration technical results as well as commercialization assessments can be applied to goods movement applications as well.

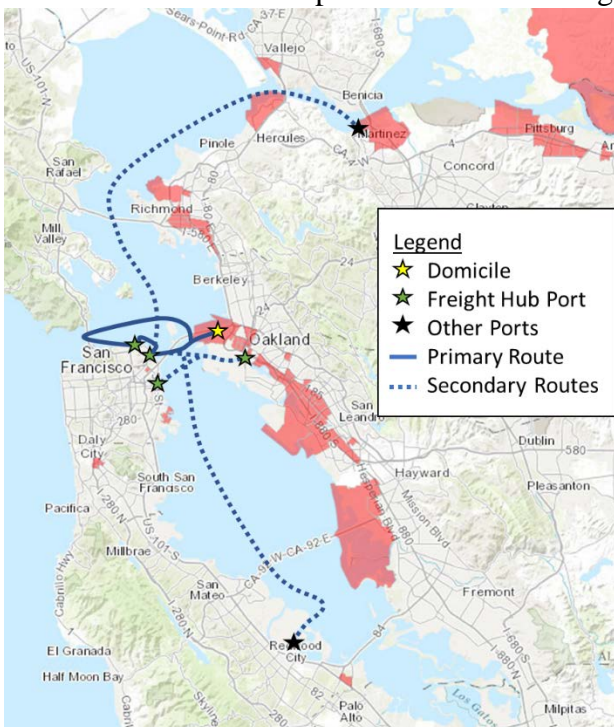


Figure 1: Map of Domicile and Routes planned for the Zero-emission Ferry Project

The total project cost is estimated at \$5,365,000, with the project partners committing to provide \$2,465,000, or 46% of the overall budget in matching funds. If awarded, the grant would provide up to \$100,000 in administrative costs for the Air District, who would serve as the project lead on contract with the CARB, and would have responsibility for the data analysis and related reporting throughout the project life. The Air District would also be responsible for monitoring that the purchase, installation, and maintenance of data-logging or other data collection equipment is completed, as required.

A required element of CARB solicitations is the submittal of a Board resolution authorizing the Air District's participation and implementation of the project and completion of California Environmental Quality Act (CEQA) requirements. The Air District has determined that this project is categorically exempt under Article 19. Categorical Exemptions, Section 15301. Existing Facilities, Class 1, and therefore requests the Board of Directors adopt the attached resolution in support of the Air District's application under the GGRF. Additionally, staff recommends the Board of Directors authorize the Executive Officer/APCO to enter into agreements with CARB to accept GGRF funding, and enter into agreements with project partners to implement these projects.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. This application does not require any Air District matching funds and administrative costs for the program would be provided by the funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen Schkolnick
Reviewed by: Damian Breen

Attachment 1: Resolution to accept \$3 million for a Zero Emissions Hydrogen Ferry Demonstration Project under the ARB's GGRF Program

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2017-_____

A Resolution of the Board of Directors of the Bay Area Air Quality Management District to accept California Air Resources Board Fiscal Year 2016-17 Low Carbon Transportation and Fuels Investments and Air Quality Improvement Program Grant Funds for an Off-Road Advanced Technology Demonstration Projects

WHEREAS, AB 118, the California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007 (Statutes of 2007, Chapter 750) created the Air Quality Improvement Program (AQIP), an incentive program administered by the California Air Resources Board (ARB);

WHEREAS, AB 1532 (Statutes of 2012, Chapter 807), SB 535 (Statutes of 2012, Chapter 830), and SB 1018 (Statutes of 2012, Chapter 39) established the Greenhouse Gas Emission Reduction Fund (GGRF) to receive Cap-and-Trade auction proceeds and provided a framework for administering auction proceeds in furtherance of the purposes of AB 32;

WHEREAS, in June 2016, the ARB approved the Fiscal Year 2016-17 Funding Plan, which described how ARB would spend \$500 million in proposed Low Carbon Transportation and Fuels funding from GGRF and \$23.6 million from AQIP;

WHEREAS, in August 2016, the Legislature approved Assembly Bill 1613 (Committee on Budget, Chapter 370), which appropriated \$363 million to ARB for Low Carbon Transportation projects;

WHEREAS, in October 2016, ARB approved modifications to the FY 2016-17 Funding Plan to reflect the reduced appropriation and instructed all demonstration funds to primarily focus on projects that support ARB's sustainable freight action plan and benefit disadvantaged communities;

WHEREAS, the Funding Plan calls for projects that both provide immediate emission reductions from the vehicles and/or equipment directly funded and, more importantly, sets the stage for greater, indirect reductions in the future by accelerating large-scale market penetration and technology transfer to other sectors;

WHEREAS, in September 2017, the Air District applied to ARB's Low Carbon Transportation GGRF for \$3 million to implement a zero-emission hydrogen fueled ferry providing passenger service, serving the Port of San Francisco, Port of Oakland, Port of Redwood City, and the City of Martinez that will demonstrate the potential commercialization of a technology that will reduce greenhouse gas emissions with concurrent reductions in criteria and toxic pollutant emissions while benefitting disadvantaged communities in California;

WHEREAS, to be eligible for funding, ARB requires GGRF applicants to complete California Environmental Quality Act (CEQA) requirements;

WHEREAS, the Air District has determined that this project is categorically exempt under Article 19, Categorical Exemptions, Section 15301. Existing Facilities, Class 1, which consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination; and

WHEREAS, ARB requires Low Carbon Transportation GGRF applicants to submit a Resolution to accept funding from ARB and implement projects in accordance with the requirements established by ARB;

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District's issuance of a Notice of Exemption under CEQA, accepts ARB GGRF funds, and commits the District to comply with the ARB Low Carbon Transportation GGRF project requirements if awarded funding.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is hereby authorized and empowered to execute on behalf of the District grant agreements with ARB and all other necessary documents to implement and carry out the purposes of this resolution.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2017, by the following vote of the Board:

AYES:

NOES:

ABSENT:

Liz Kniss
Chairperson of the Board of Directors

ATTEST:

Katie Rice
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 12, 2017

Re: Selection of New Production System Emission Inventory Contractor

RECOMMENDED ACTION

Recommend the Board of Directors:

- Authorize the Executive Officer/APCO to execute a contract for the development of the Emission Inventory System with IdeaBlade not to exceed \$975,520.

BACKGROUND

The My Air Online Program is composed of the design, implementation and maintenance of online permitting and compliance systems, New Production System (NPS), and the public websites. The platform currently supports permit applications, permit renewals and inspection of small businesses, which represent approximately 70% total facilities regulated by the Air District.

The remaining 30% of the facilities regulated by the Air District represent the more complex operations, including refineries, chemical plants, power plants and metal melting operations. Starting in 2018, staff will begin enhancing the NPS platform and implementing a new web-based emissions inventory reporting tool to support permitting and compliance activities for these complex operations.

DISCUSSION

The new emissions inventory validation tool will initially focus on inventory reporting activities for Regulation 12, Rule 15: Petroleum Refining Emissions Tracking and Assembly Bill 617: Nonvehicular Air Pollution: Criteria Air Pollutants and Toxic Air Contaminants. In addition, the enhanced data provided through this new product will provide an improved toxic air contaminant inventory to support implementation of Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities. Once this tool is completed it will form the basis for the completion of the Complex Facility tool suite including permit renewals, emissions banking, new permits and individual complex facility modules (refineries, power plants etc.).

In anticipation of this software development effort, the Air District released a Request for Quotation (RFQ) on November 14, 2017. The goal of the RFQ was to solicit quotations from firms with the requisite skills to create an Emission Inventory tool. In collaboration with the Business Services Office, an RFQ was issued to five firms and posted the District website.

Questions regarding the RFQ were due on November 21th, 2017. Answers to 87 questions were posted online on November 28th, 2017. The final RFQ responses were due on December 12th, 2017. The Air District received proposals from four firms by the deadline.

Staff provided an information presentation to the Executive Committee on December 14th, 2017 providing an overview of the approach and progress towards supporting complex facilities through the My Air Online program.

Evaluation of Proposals

A panel, comprised of the New Production System staff evaluated and scored the four proposals received based on the five evaluation categories outlined below.

Category	Description	Weight
Expertise	Technical expertise, size and structure of the firm and personnel assigned to RFQ tasks; firm’s ability to perform and complete the work in a professional and timely manner.*	20%
Approach	Responsiveness of the quote, based upon a clear understanding of the work to be performed.	20%
Cost	Cost or cost effectiveness and resource allocation strategy.	20%
References	References of the firm for similar development projects.	20%
Availability	Availability of key project resources.	20%
	Total	100%

* “Size and structure of firm” refers to the ability of a firm’s size to meet the needs of the District. It does not give absolute preference to larger or smaller firms.

The panel members’ scores for each category were combined and the four firms were ranked according the sum of those scores. Table 1 below lists the RFQ total scores ranked by firm and shows each firm’s total score by category.

Table 1. Scoring of Proposals

Firm (by rank order)	Total (200 max)	Expertise (20 max)	Approach (20 max)	Cost (20 max)	References (20 max)	Availability (20 max)
IdeaBlade	171	36	36	25	37	37
MindSource	160	36	35	25	31	33
Matrix	147	26	32	29	25	35
Magenic	137	27	25	27	30	28

Based on the scores in Table 1, staff recommends that IdeaBlade be selected as the professional services firm to support software development for web-based emissions inventory reporting and requests authorization for the Executive Officer/APCO to negotiate terms and to execute a contract not to exceed \$975,520.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for the vendor contract recommendations is included in the FYE 2017 budget will be funded from the My Air Online (#125) program.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Blair L. Adams
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 11, 2017

Re: Proposed Regulatory Agenda for 2018

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Each year, the Air District is required by Health and Safety Code section 40923 to publish a list of regulatory measures scheduled or tentatively scheduled for consideration during the next calendar year. If a measure is not on this list, it may not be brought before the Board of Directors unless it is necessary to:

1. Satisfy federal requirements
2. Abate a substantial endangerment to public health or welfare
3. Comply with state toxic air contaminant requirements
4. Comply with California Air Resources Board (CARB) requirement that the Air District adopt contingency measures due to inadequate progress towards attainment
5. Preserve an existing rule's "original intent" or
6. Allow for alternative compliance under an existing rule

The attached list includes all measure that may come before the Board in calendar year 2018. Some of the measures may fall within exceptions listed above but are nevertheless included for completeness. It is very unlikely that all the measures on the list will be enacted during the calendar year. Rules are listed in numerical order as they appear in the Air District Rules and Regulations.

All new rules and rule amendments must be adopted at a public hearing conducted by the Board of Directors of the Air District. Public comment is accepted at these hearings. Public notice of hearings is provided as required by law. In addition, the Air District staff conducts public workshops and provides opportunities for oral and written comments before scheduling a rule for public hearing for the Board's consideration. Information on workshops, hearings, and other rule development issues may be obtained from the Air District website.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Victor Douglas

Reviewed by: Greg Nudd

Attachment 9A: Bay Area Air Quality Management District 2018 Regulatory Measures List

AGENDA 9A - ATTACHMENT

Regulation, Rule	Title	Objectives ¹
Reg. 1	General Provisions and Definitions	Clarify and enhance District policies, definitions
Reg. 2, Rule 1	General Requirements (Permits)	GHG threshold, community health protection
Reg. 2, Rule 2	New Source Review	GHG threshold, community health protection
Reg. 2, Rule 4	Emissions Banking	Community health protection
Reg. 2, Rule 5	New Source Review for Toxic Air Contaminants	Clarifications
Reg. 2, Rule 9	Interchangeable Emission Reduction Credits	Community health protection
Reg. 2, Rule TBD	Biogas Flares	Reduce emissions
Reg. 3	Fees	Cost recovery
Reg. 4	Air Pollution Episode Plan	Reduce emissions
Reg. 5	Open Burning	Reduce emissions
Reg. 6	General Provisions	Standardize administrative requirements
Reg. 6, Rule 1	Particulate Matter, General Limitations	Reduce emissions
Reg. 6, Rule 2	Commercial Cooking Devices	Reduce emissions
Reg. 6, Rule 3	Wood Burning Devices	Clarifications, reduce emissions
Reg. 6, Rule 5	Fluid Catalytic Cracking Units	Reduce emissions, changes to address legal concerns
Reg. 6, Rule 6	Prohibition of Trackout	Reduce emissions
Reg. 6, Rule TBD	Glass Melting and Forming Operations	Reduce emissions
Reg. 6, Rule TBD	Coal and Petroleum Coke Handling Operations	Reduce emissions
Reg. 6, Rule TBD	Reduction of Risk from Particulate Matter	Reduce emissions and risk
Reg. 7	Odorous Substances	Clarifications, reduce emissions
Reg. 8, Rule 1 and others	General Provisions	Applicability, VOC definition, remove methane exemption if applicable
Reg. 8, Rule 2	Miscellaneous Operations	Clarifications
Reg. 8, Rule 3	Architectural Coatings	Clarifications, flexibility
Reg. 8, Rule 4	General Solvent and Surface Coating Operations	Clarifications, reduce emissions
Reg. 8, Rule 5	Storage of Organic Liquids	Reduce emissions
Reg. 8, Rule 6	Organic Liquid Bulk Terminals and Bulk Plants	Clarifications, reduce emissions
Reg. 8, Rule 7	Gasoline Dispensing Facilities	Reduce emissions
Reg. 8, Rule 8	Wastewater Collection and Separation Systems	Clarifications, definitions, emission reductions
Reg. 8, Rule 9	Vacuum Producing Systems	Clarifications, definitions
Reg. 8, Rule 10	Process Vessel Depressurization	Clarifications, definitions, reduce emissions
Reg. 8, Rule 11	Metal Container, Closure and Coil Coating	Clarifications, definitions, reduce emissions

Regulation, Rule	Title	Objectives ¹
Reg. 8, Rule 12	Paper, Fabric and Film Coating	Clarifications, definitions, reduce emissions
Reg. 8, Rule 13	Light and Medium Duty Motor Vehicle Assembly Plants	Clarifications, definitions, reduce emissions
Reg. 8, Rule 14	Surface Preparation and Coating of Large Appliances and Metal Furniture	Clarifications, definitions, reduce emissions
Reg. 8, Rule 15	Emulsified and Liquid Asphalts	Reduce emissions
Reg. 8, Rule 16	Solvent Cleaning Operations	Clarifications, reduce emissions
Reg. 8, Rule 18	Equipment Leaks	Clarifications, definitions, applicability, reduce emissions, changes to address legal concerns
Reg. 8, Rule 19	Surface Preparation and Coating of Miscellaneous Metal Parts and Products	Clarifications, definitions, reduce emissions
Reg. 8, Rule 20	Graphic Arts Operations	Clarifications, reduce emissions, EPA policy
Reg. 8, Rule 21	Rubber Tire Manufacturing Operations	Clarifications, definitions
Reg. 8, Rule 22	Valves and Flanges at Chemical Plants	Clarifications, definitions
Reg. 8, Rule 23	Coating of Flat Wood Paneling and Wood Flat Stock;	Clarifications, definitions, reduce emissions
Reg. 8, Rule 24	Pharmaceutical and Cosmetic Manufacturing Operations;	Clarifications, definitions, reduce emissions
Reg. 8, Rule 26	Magnet Wire Coating Operations	Clarifications, definitions, reduce emissions
Reg. 8, Rule 28	Episodic Releases from Pressure Relief Devices at Petroleum Refineries and Chemical Plants	Clarifications, flexibility, definitions, reduce emissions
Reg. 8, Rule 29	Aerospace Assembly and Component Coating Operations	Clarifications, definitions, reduce emissions
Reg. 8, Rule 30	Semiconductor Manufacturing Operations	Reduce emissions
Reg. 8, Rule 31	Surface Coating of Plastic Parts and Products	Clarifications, definitions, reduce emissions
Reg. 8, Rule 32	Wood Products Coatings	Clarifications, flexibility, reduce emissions
Reg. 8, Rule 33	Gasoline Bulk Terminals and Gasoline Delivery Vehicles	Clarifications
Reg. 8, Rule 34	Solid Waste Disposal Sites	Reduce emissions
Reg. 8, Rule 35	Coating, Ink and Adhesive Manufacturing	Clarifications, definitions, reduce emissions
Reg. 8, Rule 36	Resin Manufacturing	Clarifications, definitions, reduce emissions
Reg. 8, Rule 37	Natural Gas and Crude Oil Production Facilities	Reduce emissions, consistency with ARB standards, definitions
Reg. 8, Rule 38	Flexible and Rigid Disc Manufacturing	Clarifications, VOC definition, reduce emissions
Reg. 8, Rule 39	Gasoline Bulk Plants and Gasoline Delivery Vehicles	Clarifications

Regulation, Rule	Title	Objectives ¹
Reg. 8, Rule 40	Aeration of Contaminated Soil and Removal of Underground Storage Tanks	Clarifications, definitions
Reg. 8, Rule 41	Vegetable Oil Manufacturing Operations	Clarifications, definitions
Reg. 8, Rule 43	Surface Preparation and Coating of Marine Vessels	Clarifications, definitions, reduce emissions
Reg. 8, Rule 44	Marine Vessel Loading	Clarifications, reduce emissions
Reg. 8, Rule 45	Motor Vehicle and Mobile Equipment Coating Operations	Clarifications, flexibility
Reg. 8, Rule 46	Marine Tank Vessel to Marine Tank Vessel Loading	Clarifications
Reg. 8, Rule 47	Air Stripping and Soil Vapor Extraction Operations	Clarifications, organic compound definition
Reg. 8, Rule 49	Aerosol Paint Products	Clarifications, consistency with ARB standards, reduce emissions
Reg. 8, Rule 50	Polyester Resin Operations	Clarifications
Reg. 8, Rule 51	Adhesive and Sealant Products	Clarifications, reduce emissions
Reg. 8, Rule 52	Polystyrene, Polypropylene and Polyethylene Foam Product Mfg Ops.	Clarifications
Reg. 8, Rule 53	Vacuum Truck Operations	Clarifications
Reg. 8, Rule TBD	Green Waste Operations	Reduce emissions
Reg. 8, Rule TBD	Livestock Waste/Confined Animal Facilities	Reduce emissions
Reg. 8, Rule TBD	Digital Printing	Reduce emissions
Reg. 8, Rule TBD	Natural Gas Transmission and Distribution	Reduce emissions
Reg. 8, Rule TBD	Wastewater from Coke Cutting	Reduce emissions
Reg. 8, Rule TBD	Wineries	Reduce emissions
Reg. 8, Rule TBD	Vanishing Oils and Rust Inhibitors	Reduce emissions
Reg. 8, Rule TBD	LPG, Propane, Butane, and other Pressurized Gases	Reduce emissions
Reg. 9, Rule 1	Sulfur Dioxide	Monitoring, recording requirements, reduce emissions
Reg. 9, Rule 2	Hydrogen Sulfide	Monitoring, recording requirements, reduce emissions
Reg. 9, Rule 4	NOx from Fan Type Residential Central Furnaces	Reduce emissions
Reg. 9, Rule 6	NOx from Natural Gas-Fired Water Heaters	Clarifications, reduce emissions
Reg. 9, Rule 7	NOx and CO from Boilers, Steam Generators and Process Heaters	Clarifications, reduce emissions
Reg. 9, Rule 8	Stationary IC Engines	Clarifications, reduce emissions
Reg. 9, Rule 9	Stationary Gas Turbines	Reduce emissions
Reg. 9, Rule 10	Refinery boilers, steam generators and process heaters	Reduce emissions
Reg. 9, Rule 12	NOx, SO ₂ and Particulate from Glass Melting Furnaces	Reduce emissions

Regulation, Rule	Title	Objectives ¹
Reg. 9, Rule 13	NOx, Particulate Matter and Toxic Air Contaminants from Cement Kilns	Clarifications, reduce emissions
Reg. 9, Rule 14	SOx from Petroleum Coke Calcining	Reduce emissions
Reg. 9, Rule TBD	NOx from Kilns, Ovens and Furnaces	Reduce emissions
Reg. 9, Rule TBD	NOx from Large Residential and Commercial Space Heating	Reduce emissions
Reg. 9, Rule TBD	Sulfur content for gaseous fuels	Reduce emissions
Reg. 9, Rule TBD	Sulfur content for liquid fuels	Reduce emissions
Reg. 10	Standards of Performance for New Stationary Sources	Federal standards update
Reg. 11	Hazardous Air Pollutants	Reference federal standards
Reg. 11, Rule 1	Lead	Clarifications, reference federal standards
Reg. 11, Rule 2	Asbestos Demolition, Lead Paint Removal, Renovation and Manufacturing	Clarifications
Reg. 11, Rule 10	Hexavalent Chromium from All Cooling Towers and Total Hydrocarbon Emissions from Petroleum Refinery Cooling Towers	Clarifications, changes to address legal concerns
Reg. 11, Rule 14	Asbestos-Containing Serpentine	Clarifications
Reg. 11, Rule 18	Reduction of Risks from Air Toxics at Existing Facilities	Clarifications
Reg. 11, Rule TBD	Backup Generators	Reduce emissions and risk
Reg. 12, Rule 11	Flare Monitoring at Petroleum Refineries	Clarifications, reduce emissions
Reg. 12, Rule 12	Flares at Petroleum Refineries	Reduce emissions
Reg. 12, Rule 15	Refinery Emissions Tracking	Monitor emissions, assess health impacts
Reg. 12, Rule 16	Petroleum Refining Facility-Wide Emissions Limits	Ensure that some refinery emissions do not increase
Reg. 13, Rule 1	Refinery Carbon Intensity Limits	Climate protection, limit associated pollutants
Reg. 13, Rule 2	Methane Leaks and Releases	Climate protection
Reg. 13, Rule TBD	Oil and Gas	Climate protection
Reg. 13, Rule TBD	Methane Reductions at Refineries	Climate protection
Reg. 13, Rule TBD	Composting Operations	Climate protection
Reg. 13, Rule TBD	Landfill Operations	Climate protection
Reg. 13, Rule TBD	Short-Lived Climate Pollutants	Climate protection
Reg. 13, Rule TBD	Heat Mitigating Technologies Deployment	Climate protection
Reg. 13, Rule TBD	Energy Use in Residential, Commercial and Industrial Sectors	Climate protection
Reg. 13, Rule TBD	Greenhouse Gas Emissions from Sewage Treatment Facilities	Climate protection
Reg. 13, Rule TBD	Livestock Waste	Climate protection
Reg. 14, Rule 1	Commuter Benefits Program	Legislative update
Reg. and Rule TBD	Indirect Source Review	Reduce emissions
Reg. and Rule TBD	Episodic Controls	Reduce emissions
Reg. and Rule TBD	Sulfur Hexafluoride	Reduce emissions
Reg. and Rule TBD	Refrigeration Management	Reduce emissions
Reg. and Rule TBD	Magnet Source Rule	Reduce emissions

Regulation, Rule	Title	Objectives ¹
Reg. and Rule TBD	Emergency Stand-by Stationary IC Engines	Reduce emissions
Reg. and Rule TBD	Refinery Fuel Gas	Reduce emissions
Reg. and Rule TBD	Limiting Health Impacts from Particulate Matter Pollution	Reduce emissions and health impacts
Reg. and Rule TBD	Sulfuric Acid Plants	Reduce emissions
Reg. and Rule TBD	Sulfur Plants	Reduce emissions
Reg. and Rule TBD	Refinery Delayed Cokers	Reduce emissions
Reg. and Rule TBD	Methane and Air Toxics from Oil & Gas Capped Wells	Reduce emissions
Reg. and Rule TBD	Ammonia from Stationary Sources	Reduce emissions
Reg. and Rule TBD	Sample and Analyze Episodic Event Plumes	Monitor emissions, assess health impacts
Reg. and Rule TBD	Impacts of Crude Changes Upstream of Crude Units	Improve enforceability
Reg. and Rule TBD	Start-up, Shutdown & Malfunction Emissions	Reduce emissions
Reg. and Rule TBD	Refinery Emissions Best Practices Backstop Rule	Reduce emissions
Reg. and Rule TBD	Periodic Assessment of Significant Emission Sources	Reduce emissions
Reg. and Rule TBD	AB 617 BARCT Plan	Community health protection
Reg. and Rule TBD	AB 617 Community Emissions Reduction Plans	Community health protection
MOP, Volume I	Enforcement Procedures	Clarification, improve data submittals
MOP, Volume II	Engineering Permitting Procedures	Consistency with EPA requirements, clarifications
MOP, Volume III	Laboratory Methods	New and improved analytical procedures
MOP, Volume IV	Source Test Methods	New and improved analytical procedures
MOP, Volume V	Continuous Emission Monitoring	New and improved analytical and monitoring procedures
MOP, Volume VI	Ground Level Monitoring	Consistency with EPA requirements
New MOP, Volume X	Procedures for Evaluating and Lists of Non-Precursor Organic Compounds, Group I and Group II	Evaluation and listing of NPOCs

¹ Objectives are listed for information only and are subject to change. Rule development efforts for a rule are not limited to listed objectives.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 13, 2017

Re: Authorization to Execute a Second Contract Amendment with Denovo Ventures LLC, for Upgrade of the Air District's Financial System (JDE)

RECOMMENDED ACTION

The Board of Directors will consider authorizing the Executive Officer/APCO to execute a second contract amendment with, Denovo Ventures LLC, in the amount of \$150,000 for upgrade of the Air District's Financial System (JDE).

BACKGROUND

The Air District implemented the JDE financial system, an Oracle Product, in 2004 and still operates on the 13-year-old platform. As the Air District's JDE software has not been upgraded, it receives limited support from Oracle; which does not include new updates, security alerts, data fixes, and critical patch updates. Through a competitive RFP process, staff recommended and the Board of Directors approved a contract with Denovo Ventures to upgrade the financial system for \$1,458,036. This project required the technical assistance of a JDE expert to assist the Air District in this effort, including integration with the Air District's two billing systems: IRIS and New Permitting System (NPS).

DISCUSSION

The JDE upgrade is underway and is expected to be completed by February 2018. The upgrade to the District's financial software will take advantage of new functionalities and enhancements offered by the current software version. The upgrade will also allow greater overall performance and productivity.

Additional funds are being requested to cover an extension of the project schedule due to the Air District's availability during the annual audit period and to provide a contingency to cover additional testing of both the JDE and NPS systems, as well as, additional development of new functionality for post go-live operation.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for the contract amendment in the amount of \$150,000 is included in the Fiscal Year Ending (FYE) 2018 budget and will be funded from the Finance Office budget (Program 701).

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 Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 7, 2017

Re: Report of the Mobile Source Committee Meeting of December 7, 2017

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 and Transportation Fund for Clean Air projects with proposed grant awards over \$100,000 as shown in Attachment 1; and
 - 2) Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects
- B) Fiscal Year Ending (FYE) 2016 Transportation Fund for Clean Air (TFCA) Audit Report Results and FYE 2017 Report on TFCA Regional Fund Expenditures and Effectiveness
 - 1) None; receive and file
- C) Request to Accept New Grant Program Revenue Resulting from Assembly Bill 134
 - 1) Amend the Fiscal Year Ending 2018 budget for the Carl Moyer Program, authorize the Bay Area Air Quality Management District to accept, obligate, and expend \$50 million in funding from the California Air Resources Board resulting from Assembly Bill 134, and adopt a resolution authorizing this award; and
 - 2) Authorize the Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding
- D) Update on Efforts to Further Reduce Emissions at the Port of Oakland and Former Oakland Army Base
 - 1) None; receive and file

BACKGROUND

The Committee met on Thursday, December 7, 2017, and received the following reports:

- A) Projects and Contracts with Proposed Grant Awards over \$100,000;
- B) Fiscal Year Ending (FYE) 2016 Transportation Fund for Clean Air (TFCA) Audit Report Results and FYE 2017 Report on TFCA Regional Fund Expenditures and Effectiveness;
- C) Request to Accept New Grant Program Revenue Resulting from Assembly Bill 134; and
- D) Update on Efforts to Further Reduce Emissions at the Port of Oakland and Former Oakland Army Base

Chairperson Karen Mitchoff will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None. Through the CMP and MSIF, the Air District distributes “pass-through” funds to the public agencies and private entities on a reimbursement basis. Administrative costs for these programs are provided by each funding source;
- B) None. As required by California Health and Safety Code Section 44242(a), the costs of TFCA audits are taken from the TFCA motor vehicle registration fee surcharges. Resources for Audit #18 were identified in the Air District’s FYE 2017 budget;
- C) The Carl Moyer budget in the FYE 2018 budget will increase by \$50 million. Administrative costs for these programs are provided by each funding source; and
- D) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha Galimba
Reviewed by: Maricela Martinez

Attachment 11A: 12/07/17 - Mobile Source Committee Meeting Agenda #4

Attachment 11B: 12/07/17 - Mobile Source Committee Meeting Agenda #5

Attachment 11C: 12/07/17 - Mobile Source Committee Meeting Agenda #6

Attachment 11D: 12/07/17 - Mobile Source Committee Meeting Agenda #7

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 20, 2017

Re: Projects and Contracts with Proposed Grant Awards over \$100,000

RECOMMENDED ACTION

Recommend Board of Directors:

1. Approve Carl Moyer Program and Transportation Fund for Clean Air projects with proposed grant awards over \$100,000 as shown in Attachment 1; and
2. Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants 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 (CARB), 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 Health and Safety Code Section 44225), authorized local air districts to increase their motor vehicle registration surcharge up to an additional \$2 per vehicle. The revenues from the additional \$2 surcharge are deposited in the Air District's Mobile Source Incentive Fund (MSIF). AB 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible under the CMP.

On March 1, 2017, the Board of Directors (Board) authorized Air District participation in Year 19 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 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 Health and Safety Code (HSC) Sections 44241 and 44242. 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. Each year, the Air District's Board of Directors (Board) allocates funding and adopts policies and evaluation criteria that govern the expenditure of TFCA funding.

On April 19, 2017, the Board allocated \$29.24 million in TFCA funding for eligible projects in Fiscal Year Ending (FYE) 2018, authorized cost-effectiveness limits for Air District-sponsored FYE 2018 programs, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for TFCA-revenue funded projects with individual grant award amounts up to \$100,000. On August 2, 2017, the Board adopted policies and evaluation criteria for the FYE 2018 TFCA Regional Fund program.

CMP and TFCA 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 19 funding cycle on October 12, 2017. The Air District had more than \$16 million available for CMP school bus projects from a combination of MSIF and CMP funds for the Year 19 cycle. Project applications are accepted and evaluated on a first-come, first-served basis.

As of November 17, 2017, the Air District had received 59 project applications for the CMP Year 19 cycle. Of the applications that have been evaluated between October 12, 2017, and November 17, 2017 seven eligible project have proposed individual grant awards over \$100,000. These projects will replace 1 off-road loader, 1 locomotive, 4 school buses, 7 marine engines, and reduce over 97 tons of NOx, ROG and PM per year. Staff recommends the allocation of \$7,149,814.22 for 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 Year 19 projects that have been received by the Air District as of November 17, 2017, and summarizes the allocation of funding by equipment category, and county. Approximately 95% 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 and MSIF funding since 2009 (more than \$143 million awarded to 810 projects).

Transportation Fund for Clean Air Program:

The Air District started accepting project applications for the TFCA on July 1, 2017. The Air District had approximately \$29.24 million for eligible projects. As of November 17, 2017, the Air District has received 58 project applications for TFCA funding. Of the applications that were evaluated between October 4, 2017 and November 17, 2017, one eligible project has proposed an individual grant award over \$100,000. This project will install 244 electric vehicle charging stations at 9 high schools in Santa Clara county, which will reduce more than 0.92 tons of NOx, ROG, and PM per year. Staff determined that this project conforms to the provisions of HSC 44241 and the applicable Board-adopted policies and recommends the allocation of \$732,000 in TFCA funds to this project. Attachment 1, Table 2, provides additional information on this project.

Attachment 4 lists the 39 eligible TFCA projects that were evaluated between July 1, 2017 and November 17, 2017. In total, these projects represent more than \$7.38 million in funding awards, and will reduce approximately 31.11 tons of NOx, ROG, and PM tons per year and approximately 18,401 tons of tailpipe greenhouse gas emissions per year. Approximately 26% of the funding will directly reduce emissions in highly impacted Bay Area communities.

Attachment 5 summarizes the allocation of TFCA funding for the 39 eligible projects that have been evaluated since July 1, 2017 by project category (Figure 1), and county (Figure 2).

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 Officer/APCO

Prepared by: Anthony Fournier, Mark Tang, and Ken Mak
Reviewed by: Karen Schkolnick and Chengfeng Wang

- Attachment 1: Projects with grant awards greater than \$100,000
- Attachment 2: Summary of all Year 19 CMP and MSIF approved and eligible projects
- Attachment 3: Summary of program distribution by county and equipment category for CMP and MSIF funding since 2009.
- Attachment 4: Summary of all TFCA approved and eligible projects (evaluated 7/1/17-11/17/17)
- Attachment 5: Summary of distribution of TFCA funds by county and project category (evaluated 7/1/17-11/17/17)

AGENDA 4 - ATTACHMENT 1

Table 1 - Summary of Carl Moyer Program and Mobile Source Incentive Fund projects with grant awards greater than \$100k (Evaluated between 10/12/17 and 11/17/17)

Project #	Applicant name	Equipment category	Project description	Proposed contract award	Total project cost	Emission Reductions (Tons per year)			County
						NOx	ROG	PM	
19MOY16	Achadinha Cheese, Inc.	Ag/ off-road	Replacement of one diesel loader	\$ 144,055.00	\$ 180,069.38	1.189	0.114	0.062	Sonoma
19MOY38	Oakland Global Rail Enterprises	Locomotive	Replacement of one diesel switcher locomotive	\$ 1,080,500.00	\$ 2,195,000.00	1.801	0.108	0.042	Alameda
19MOY10	El Dorado Deep Sea Adventure	Marine	Replacement of two diesel propulsion engines	\$ 134,800.00	\$ 168,722.16	1.513	-0.022	0.060	Contra Costa
19MOY15	F/V Rose Marie Inc. (Commercial fishing)	Marine	Replacement of one diesel propulsion engine	\$ 114,000.00	\$ 142,517.30	0.254	-0.003	0.014	San Francisco
19MOY1	Amnav Maritime Corporation (Vessel: Sandra Hugh)	Marine	Replacement of two diesel propulsion engines	\$ 2,590,000.00	\$ 3,049,377.18	42.718	1.947	1.456	Alameda
19SBP49	San Jose Unified School District	School bus	Replacement of four diesel school buses	\$ 496,459.22	\$ 734,075.62	0.480	0.047	0.000	Santa Clara
19MOY4	Amnav Maritime Corporation (Vessel: Revolution)	Marine	Replacement of two diesel propulsion engines	\$ 2,590,000.00	\$ 3,049,377.18	42.718	1.947	1.456	Alameda
7 Projects				\$ 7,149,814.22		90.673	4.139	3.090	

AGENDA 4 - ATTACHMENT 1

Table 2 - Summary of Transportation Fund for Clean Air projects
with grant awards greater than \$100k (Evaluated between 10/4/17 and 11/17/17)

Project #	Project Sponsor	Project Category	Project Description	Est. C/E	Proposed Contract Award	Emission Reductions (Tons per year)			County
						NO _x	ROG	PM	
18EV001	Campbell Union High School District	Electric Vehicle Charging Stations	Install 244 Level 2 (high) charging stations at 9 workplace facilities in San Jose, Campbell, and Saratoga	\$229,307	\$732,000	0.396	0.516	0.008	Santa Clara
1 Projects					\$732,000	0.40	0.52	0.01	

AGENDA 4 - ATTACHMENT 2

Summary of all Yr 19 CMP and MSIF approved/ eligible projects (between 10/12/17 and 11/17/17)

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
19MOY13	Ag/ off-road	Equipment replacement	1	\$ 51,224.00	Michael Viratos (Viratos Vineyards)	0.102	0.016	0.011	APCO	Solano
19MOY21	On-road	Equipment replacement	1	\$ 40,000.00	Allied Materials, Inc	0.751	0.109	0.008	APCO	Solano
19MOY16	Ag/ off-road	Equipment replacement	1	\$ 144,055.00	Achadinha Cheese, Inc.	1.189	0.114	0.062	TBD	Sonoma
19MOY38	Locomotive	Equipment replacement	1	\$ 1,080,500.00	Oakland Global Rail Enterprises	1.801	0.108	0.042	TBD	Alameda
19MOY20	Ag/ off-road	Equipment replacement	1	\$ 43,800.00	Bains Farms LLC	0.353	0.054	0.031	APCO	Solano
19MOY25	Ag/ off-road	Equipment replacement	1	\$ 45,200.00	Donald Buhman (Farmer)	0.091	0.015	0.010	APCO	Napa
19MOY24	Off-road	Equipment replacement	1	\$ 66,775.00	Dolan's Lumber of Concord	0.403	0.058	0.033	APCO	Contra Costa
19MOY14	On-road	Equipment replacement	1	\$ 60,000.00	Simon Chuong dba Simon Trucking	1.126	0.170	0.008	APCO	Santa Clara
19MOY2	Marine	Engine replacement	1	\$ 94,000.00	Lovely Martha Sportfishing	0.291	-0.009	0.018	APCO	San Francisco
19MOY10	Marine	Engine replacement	2	\$ 134,800.00	El Dorado Deep Sea Adventure	1.513	-0.022	0.060	TBD	Contra Costa
19MOY15	Marine	Engine replacement	1	\$ 114,000.00	F/V Rose Marie Inc. (Commercial fishing)	0.254	-0.003	0.014	TBD	San Francisco
19MOY1	Marine	Engine replacement	2	\$ 2,590,000.00	Amnav Maritime Corporation (Vessel: Sandra Hugh)	42.718	1.947	1.456	TBD	Alameda
19SBP49	School bus	School bus replacement	4	\$ 496,459.22	San Jose Unified School District	0.480	0.047	0.000	TBD	Santa Clara
19MOY4	Marine	Engine replacement	2	\$ 2,590,000.00	Amnav Maritime Corporation (Vessel: Revolution)	42.718	1.947	1.456	TBD	Alameda
19MOY11	Ag/ off-road	Equipment replacement	1	\$ 41,110.00	Bob Balestra (Vineyard)	0.138	0.021	0.012	APCO	Solano
19MOY6	On-road	Equipment replacement	1	\$ 50,000.00	J&G transportaion	1.058	0.159	0.055	APCO	Alameda
16 Projects			22	\$ 7,641,923.22		94.985	4.732	3.278		

AGENDA 4 - ATTACHMENT 2

Figure 1: CMP and MSIF Funding Distribution by Equipment Category as of 11/17/17

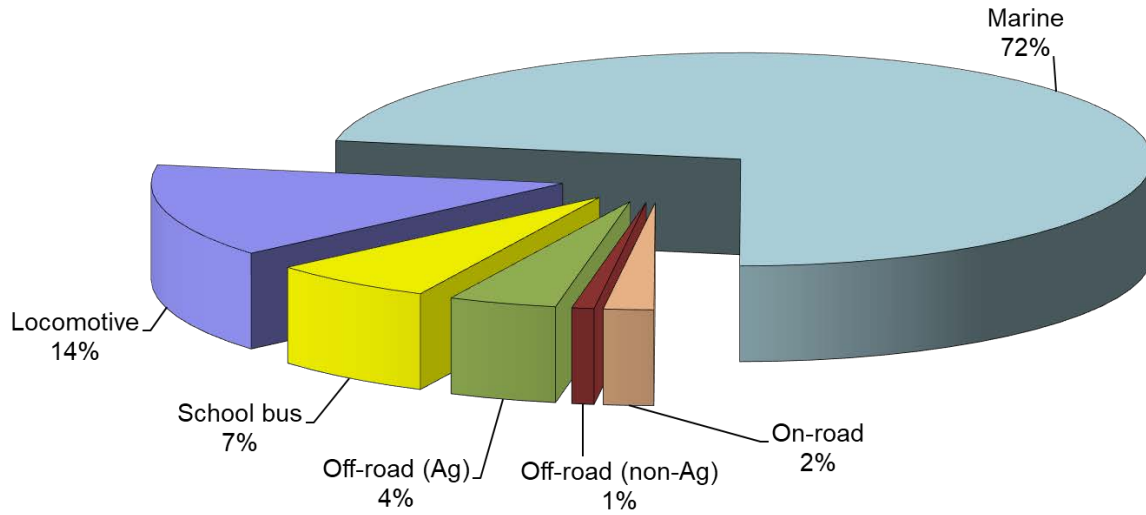
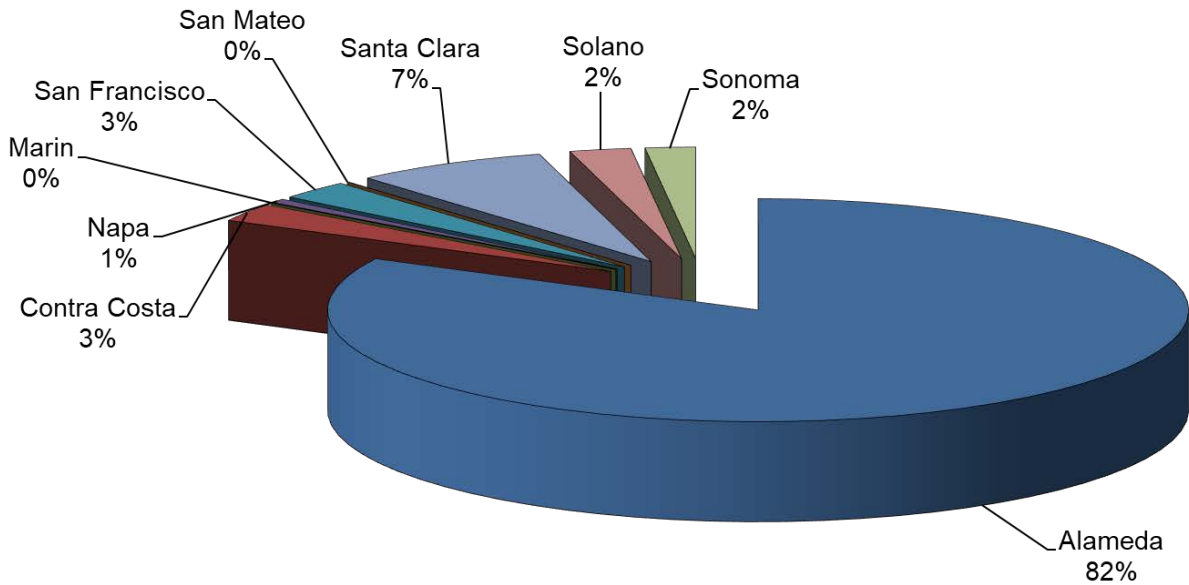


Figure 2: CMP and MSIF Funding Distribution by County as of 11/17/17



AGENDA 4 - ATTACHMENT 3

Figure 3: CMP and MSIF funding since 2009 by equipment category

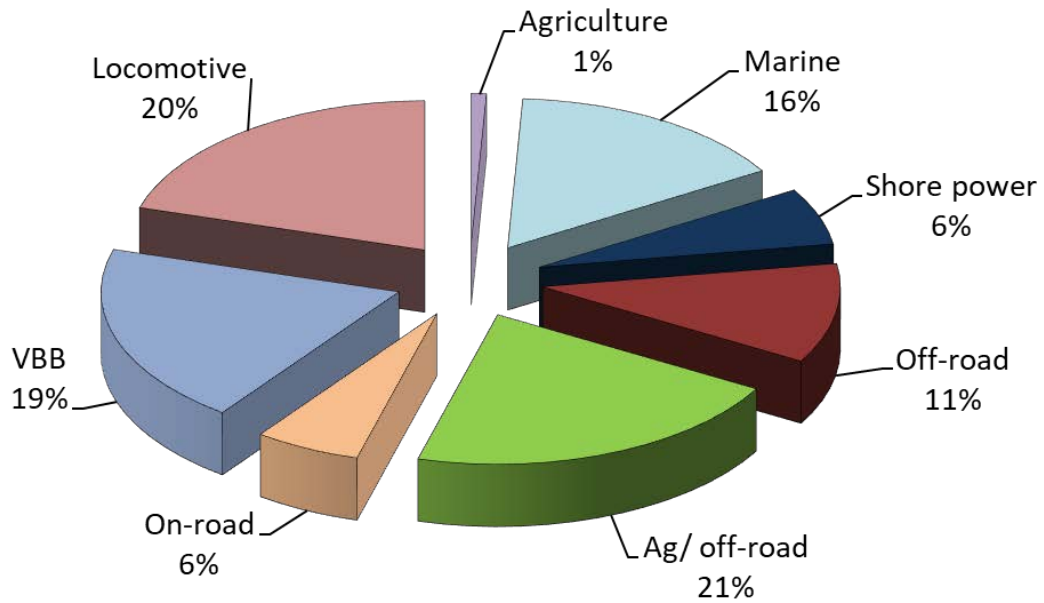
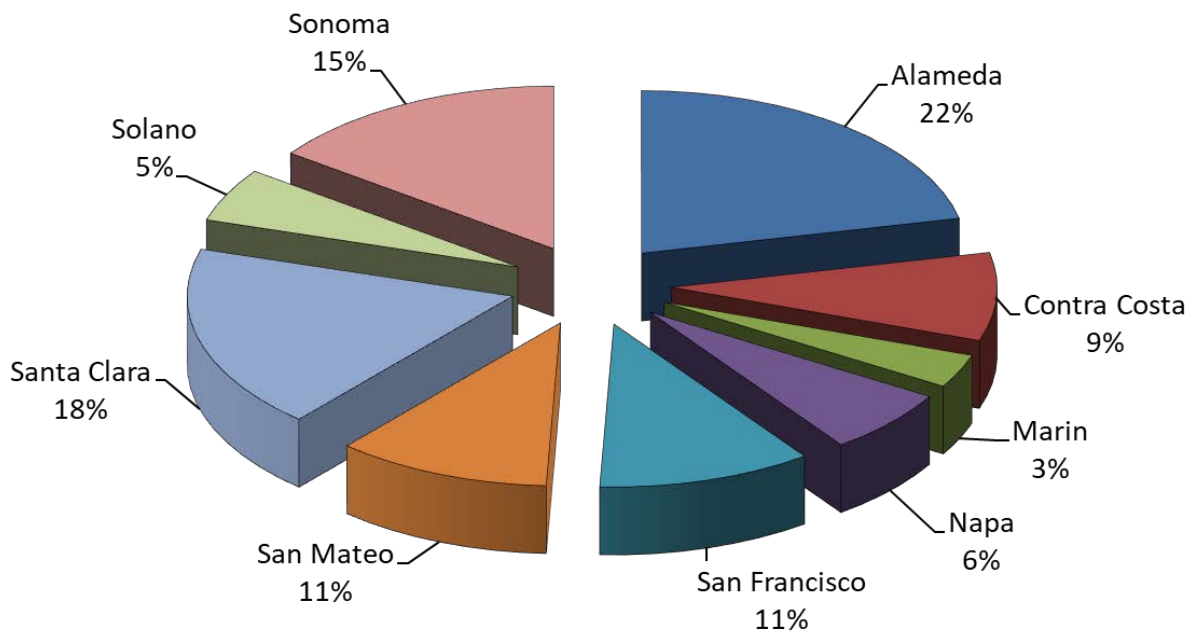


Figure 4: CMP and MSIF funding since 2009 by county



AGENDA 4 - ATTACHMENT 4

Summary of all TFCA approved and eligible projects (evaluated between 7/1/17 and 11/17/17)

Project #	Project Category	Project Description	Award Amount	Applicant Name	Emission Reductions (Tons per year)			Board Approval Date	CARE Area	County
					NO _x	ROG	PM			
Projects Pending Board Approval										
18EV001	Electric Vehicle (EV) Charging Stations	Install 244 Level 2 (high) charging stations in San Jose, Campbell, and Saratoga	\$732,000	Campbell Union High School District	0.396	0.516	0.008	Pending	No	Santa Clara
Projects Approved										
17EV005	EV Charging Stations	Install 5 single-port Level 2 (high) charging stations in Daly City, San Carlos, Menlo Park and Mountain View	\$15,000	Concept Hotels	0.009	0.011	0.000	7/11/17	No	Regional
17EV009	EV Charging Stations	Install 4 dual-port Level 2 (low) charging stations in Menlo Park and Cupertino	\$10,000	J Cyril Johnson Investment Corp	0.005	0.007	0.000	7/27/17	No	Santa Clara
17EV010	EV Charging Stations	Install 4 dual-port Level 2 (low) charging stations in Burlingame	\$10,000	City of Burlingame	0.005	0.007	0.000	9/21/17	No	San Mateo
17EV011	EV Charging Stations	Install 5 dual-port Level 2 (high) charging stations in San Francisco	\$10,936	San Francisco Zoological Society	0.006	0.008	0.000	8/3/17	No	San Francisco
17EV013	EV Charging Stations	Install 4 dual-port Level 2 (high) charging stations in San Jose	\$16,000	San Jose Healthcare System, LP	0.009	0.011	0.000	7/20/17	Yes	Santa Clara
17EV015	EV Charging Stations	Install 14 dual-port Level 2 (high) charging stations in Santa Rosa and Petaluma	\$56,000	Sonoma County Junior College District	0.030	0.040	0.001	7/6/17	No	Sonoma
17EV016	EV Charging Stations	Install 6 dual-port Level 2 (low) charging stations in Hayward	\$15,000	California State University, East Bay Foundation Inc.	0.008	0.011	0.000	7/18/17	No	Alameda
17EV018*	EV Charging Stations	Install 182 single-port Level 2 (high) and 8 DC Fast charging stations in Los Altos, Mountain View, and Los Altos Hills	\$1,400,763	Los Altos School District	0.390	0.508	0.008	10/4/17	No	Santa Clara
17EV019	EV Charging Stations	Install and operate 3 dual-port Level 2 (high) chargers in San Jose	\$12,000	Asian Americans for Community Involvement of Santa Clara County, Inc.	0.007	0.009	0.000	8/28/17	Yes	Santa Clara
17EV020	EV Charging Stations	Install 6 single-port Level 2 (high) charging stations in Los Altos Hills	\$18,000	Fremont Hills Country Club	0.010	0.013	0.000	7/20/17	No	Santa Clara
17EV021	EV Charging Stations	Install 52 single-port Level 2 (high) charging stations in San Jose	\$156,000	North First SJ, LP	0.084	0.110	0.002	10/4/17	No	Santa Clara
17EV022	EV Charging Stations	Install 26 single-port Level 2 (high) and 1 DC Fast charging stations in Los Altos	\$96,000	Mountain View Los Altos High School District	0.056	0.073	0.001	10/4/17	No	Santa Clara
17EV023	EV Charging Stations	Install 3 single-port Level 2 (high) charging stations with solar in Richmond	\$18,000	San Francisco Estuary Institute	0.005	0.006	0.000	8/15/17	Yes	Contra Costa
17EV024	EV Charging Stations	Install 20 single-port Level 2 (high) charging stations with solar in Cotati	\$120,000	Old Redwood Commons Association	0.033	0.042	0.001	10/4/17	No	Sonoma
17EV025	EV Charging Stations	Install 3 dual-port Level 2 (high) charging stations in San Mateo	\$12,000	BCSP Crossroads Property LLC	0.007	0.009	0.000	8/17/17	No	San Mateo
17EV029	EV Charging Stations	Install 4 single-port Level 2 (high) charging stations in Albany	\$12,000	City of Albany	0.007	0.009	0.000	11/13/17	Yes	Contra Costa
17EV031	EV Charging Stations	Install 32 Level 2 (high) single port charging stations in Sunnyvale and Cupertino	\$96,000	Fremont Union High School District	0.052	0.068	0.001	11/14/17	No	Santa Clara
17R18	Bicycle Facilities	Install 0.31 miles of Class II and 10.48 miles Class III bikeways in Daly City	\$133,117	City of Daly City	0.071	0.093	0.138	10/4/17	No	San Mateo
17R19	Bicycle Facilities	Install 0.36 miles of Class IV bikeways in Half Moon Bay	\$25,099	City of Half Moon Bay	0.003	0.004	0.006	9/13/17	No	San Mateo
17R20	Bicycle Facilities	Install 1.87 miles of Class II bikeways in Santa Rosa	\$201,907	City of Santa Rosa	0.027	0.039	0.050	10/4/17	No	Sonoma
17R21	Bicycle Facilities	Install 1.7 miles of Class II and 7.95 miles of Class III bikeways in San Leandro	\$139,128	City of San Leandro	0.030	0.040	0.059	10/4/17	Yes	Alameda
17R22	Bicycle Facilities	Install 3.05 miles of Class III bikeways in Redwood City	\$29,206	City of Redwood City	0.004	0.005	0.007	9/13/17	No	San Mateo
17R23	Bicycle Facilities	Install 0.8 miles of Class I bikeway in Albany	\$246,552	East Bay Regional Park District	0.030	0.040	0.059	10/4/17	Yes	Alameda
17R24	Bicycle Facilities	Install 7.76 miles of Class III and .7 miles of Class IV bikeways in Cupertino	\$138,359	City of Cupertino	0.017	0.024	0.031	10/4/17	No	Santa Clara
17R26	Bicycle Facilities	Install 0.28 miles of Class I bikeway in San Carlos	\$120,721	City of San Carlos	0.011	0.014	0.021	10/4/17	No	San Mateo
17R27	Bicycle Facilities	Install 20 electronic bicycle lockers in Richmond	\$40,000	City of Richmond	0.005	0.007	0.009	9/13/17	Yes	Contra Costa
17R28	Bicycle Facilities	Install 104 electronic bicycle lockers in San Jose	\$208,000	City of San Jose	0.026	0.037	0.048	10/4/17	Yes	Santa Clara
17R29	Bicycle Facilities	Install 40 electronic bicycle lockers in San Francisco	\$100,000	San Francisco Municipal Transportation Agency	0.014	0.019	0.028	9/13/17	Yes	San Francisco
17R30	Bicycle Facilities	Install 16 electronic bicycle lockers in Oakland	\$36,000	City of Oakland	0.005	0.007	0.009	9/13/17	Yes	Alameda
17R31	Bicycle Facilities	Install 74 bicycle racks and 8 electronic bicycle lockers in Fremont	\$21,550	City of Fremont	0.007	0.010	0.011	9/13/17	No	Alameda
17R32	Bicycle Facilities	Install 171 bicycle racks in Palo Alto	\$12,825	Palo Alto Unified School District	0.012	0.016	0.016	9/13/17	No	Santa Clara
18R05	Existing Rideshare	SJSU Ridesharing & Trip Reduction	\$140,000	Associated Students, San Jose State University	0.808	0.920	1.282	11/1/17	Yes	Regional
18R06	Existing Shuttle	ACE Shuttle 53 and 54	\$80,000	San Joaquin Regional Rail Commission	0.331	0.390	0.629	10/3/17	Yes	Alameda

AGENDA 4 - ATTACHMENT 4

Summary of all TFCA approved and eligible projects (evaluated between 7/1/17 and 11/17/17)

Project #	Project Category	Project Description	Award Amount	Applicant Name	Emission Reductions (Tons per year)			Board Approval Date	CARE Area	County
					NO _x	ROG	PM			
18R07	Existing Shuttle	ACE Shuttle Bus Program	\$960,000	Santa Clara Valley Transportation Authority	2.455	2.508	4.222	11/1/17	Yes	Santa Clara
18R09	Existing Shuttle	PresidiGo Downtown Shuttle	\$100,000	Presidio Trust	0.213	0.267	0.364	10/3/17	Yes	San Francisco
18R10	Existing Shuttle	Caltrain Shuttle Program	\$612,100	Peninsula Corridor Joint Powers Board	1.539	1.832	2.641	11/1/17	No	San Mateo / Santa Clara
18R11	Existing Rideshare	511 Regional Vanpool & Carpool Program	\$991,000	Metropolitan Transportation Commission	0.802	1.783	3.507	11/1/17	Yes	Regional
18R12	Existing Shuttle	Emery Go-Round Shuttle	\$238,819	City of Emeryville	0.233	0.270	0.415	11/1/17	Yes	Alameda
39 Projects			\$7,380,082		7.759	9.779	13.574			

*The proposed award for Project #17EV018 includes \$99,900 of funds from the California Energy Commission (CEC), pending CEC's approval. The TFCA award for this project is \$1,300,863.

AGENDA 4 - ATTACHMENT 5

Summary of TFCA funds distributed by county and project category
(between 7/1/17 and 11/17/17)

Figure 1: TFCA Projects Awarded
Distributed by Project Category

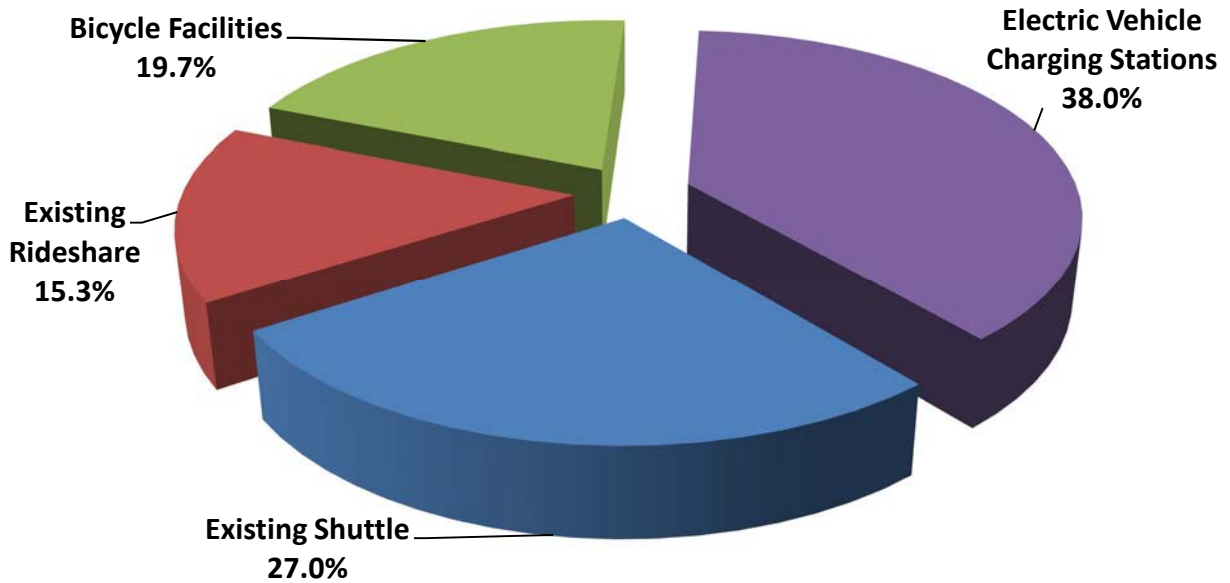
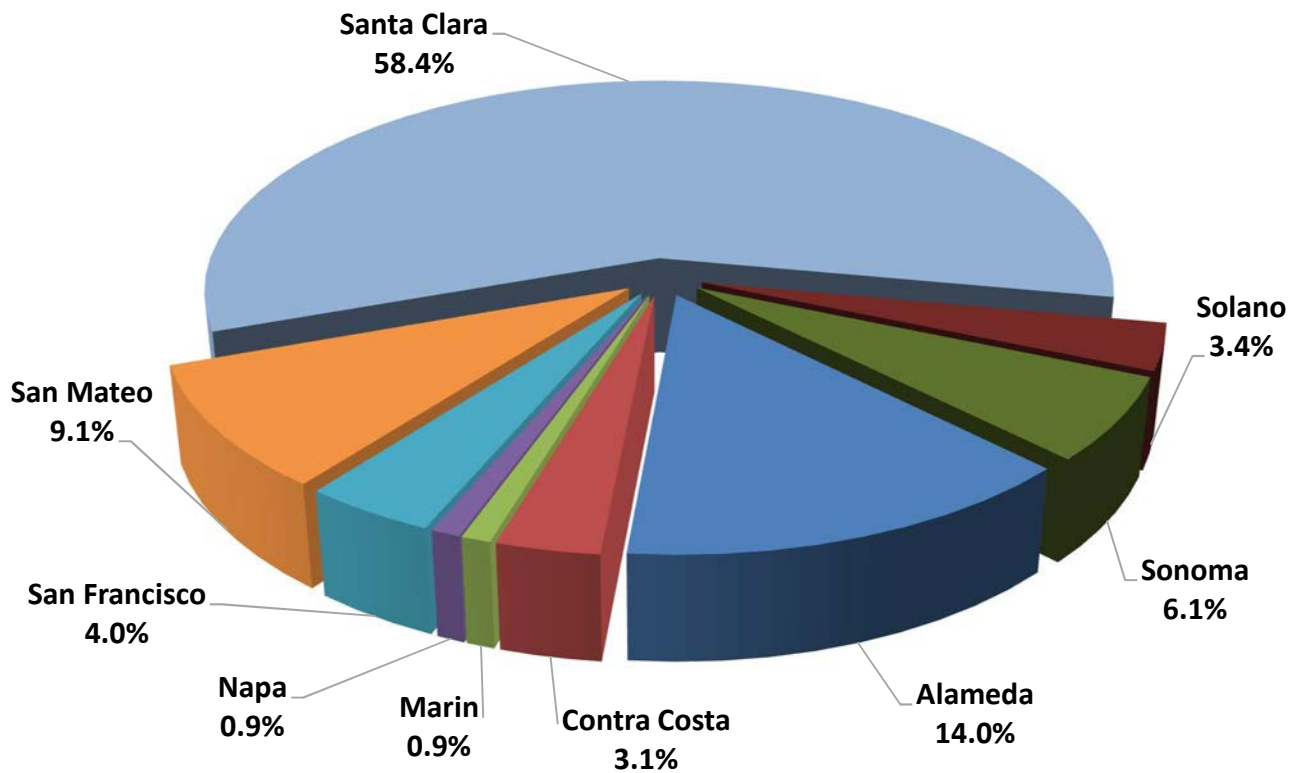


Figure 2: TFCA Projects Awarded
Distributed by County



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 20, 2017

Re: Fiscal Year Ending (FYE) 2016 Transportation Fund for Clean Air (TFCA) Audit
Report Results and FYE 2017 Report on TFCA Regional Fund Expenditures and
Effectiveness

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (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. Since 1992, the Air District has allocated these funds to its Transportation Fund for Clean Air (TFCA) Program to fund eligible projects. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code (HSC) Sections 44241 and 44242.

Sixty percent of TFCA funds are awarded by the Air District to eligible programs and projects implemented directly by the Air District (e.g., Spare the Air, and Plug-in Electric Vehicle Program) and through a grant program known as the Regional Fund. The remaining 40% of TFCA funds are forwarded to a designated agency within each Bay Area county to be distributed via the County Program Manager Fund.

HSC Section 44242 requires that the Air District conduct an audit of every program and project funded with TFCA monies, at least once every two years. The Air District conducts audits of recently closed Regional Fund projects annually and County Program Manager Fund projects biennially.

On February 18, 2015, the Air District's Board of Directors (Board) approved the award of a contract to Gilbert Associates, Inc. (Gilbert) for audit services, including a financial and compliance review of TFCA funded projects and programs. This is the third audit conducted under this contract (Audit # 18), which covers Regional Fund and Air District-sponsored projects that were completed between July 1, 2015, and June 30, 2016.

In addition, HSC Section 44241 requires that the Board hold a public hearing each year to review the Air District's expenditure of TFCA funds to determine their effectiveness in improving air quality.

DISCUSSION

TFCA Audit #18

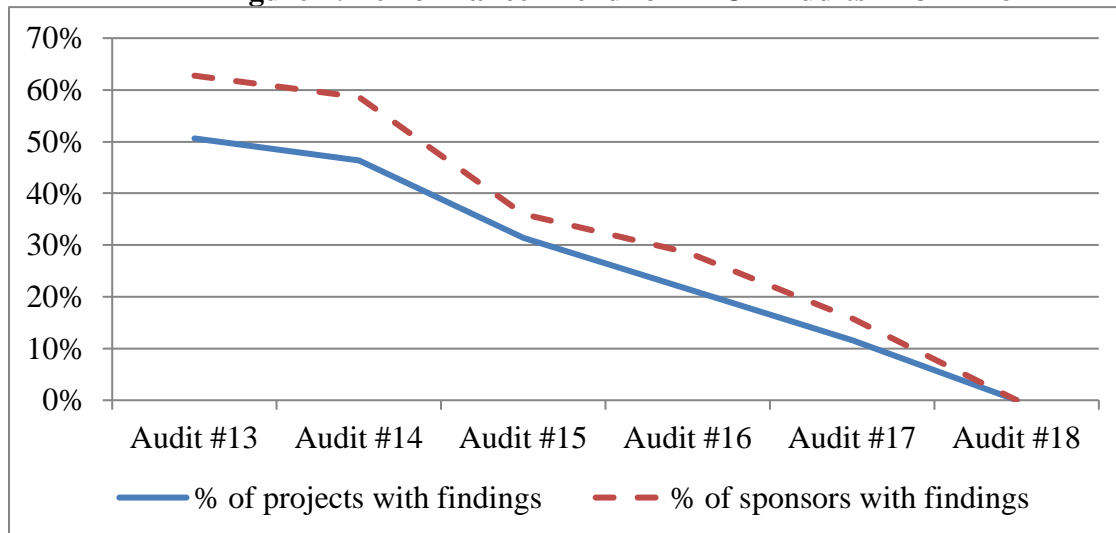
For Audit #18, Gilbert conducted financial and compliance audits of 36 TFCA Regional Fund and Air District-sponsored program projects that were completed between July 1, 2015 and June 30, 2016. For the purpose of this audit, the Air District considers a project to be completed when the Air District accepts and approves the project sponsor's final invoice, which documents the project sponsor's expenditure of all eligible project funds and the completion of all initial project milestones (e.g., having procured and/or placed all project-related vehicles, equipment, and infrastructure into service). Projects may have started several years earlier and may continue to operate after audit.

Gilbert conducted the audit during the months of April 2017 through October 2017 and issued a draft audit report to each of the agencies and companies (Project Sponsors) that were part of Audit #18. Each Project Sponsor was then provided an opportunity to respond in writing to any preliminary findings, all of which have been successfully resolved for Audit #18.

The results of Audit #18 are presented in Audit Summary Report shown in Attachment 1. The report contains a list of projects and programs that were audited as part of Audit #18 (in Appendix B) and a summary of findings from the individual audit reports, which, for this audit, are none.

The lack of findings in Audit #18 reflects an overall improvement in Project Sponsor's adherence to program and contractual requirements. Over the last six years, the Air District has taken many steps to improve and strengthen its administrative processes, and consequently more recent projects have shown an improvement in adherence to program and contractual requirements. Figure 1 below shows the performance trend of the most recent six TFCA audits.

Figure 1: Performance Trend for TFCA Audits # 13 - # 18



A discussion of the audit process, results, and the steps that Air District staff has taken to ensure continued compliance with program requirements will be presented at the Committee meeting.

Report on Regional Fund Expenditures and Effectiveness

The report on expenditures and effectiveness of TFCA Regional Fund and Air District-sponsored programs that concluded in FYE 2017 (fully paid and closed-out) is provided in Attachment 2.

The following are the key report findings:

- TFCA funds were allocated to eligible projects and programs, consistent with the legislation that authorizes the TFCA program.
- The TFCA expenditures for projects and programs that concluded in FYE 2017, totaled \$9.87 million. This includes \$6.43 million in Regional Fund projects, \$2.27 million in Air District-sponsored programs, \$0.40 million in County Program Manager funds, and \$0.78 million in administrative and indirect costs.
- These projects and programs reduced criteria pollutant emissions over their operational periods required by funding agreements by an estimated 165.04 tons, including 53.56 tons of reactive organic gases (ROG), 44.83 tons of nitrogen oxides (NOx), and 66.65 tons of particulate matter (PM10). The reduction of carbon dioxide (CO2), a greenhouse gas, is estimated to be over 94,000 tons over their operational periods.
- These projects and programs achieved a combined weighted average cost-effectiveness of \$48,571 per ton of criteria pollutant emissions reduced.

A discussion of the expenditures, emission reductions, and cost-effectiveness of the TFCA Regional Fund projects and Air District-sponsored programs that closed in FYE 2017 will be presented at the Committee meeting.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. As required by California Health and Safety Code Section 44242(a), the costs of TFCA audits are taken from the TFCA motor vehicle registration fee surcharges. Resources for Audit #18 were identified in the Air District's FYE 2017 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ken Mak and Linda Hui
Reviewed by: Karen Schkolnick and Chengfeng Wang

Attachment 1: FYE 2016 TFCA Audit Summary Report (Audit #18)

Attachment 2: TFCA Report on Expenditures and Effectiveness of Regional Fund and Air District-sponsored programs and projects closing in FYE 2017

12/7/2017 Mobile Source Committee Meeting
Agenda Item #5 – Attachment 1

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**TRANSPORTATION FUND FOR CLEAN AIR
PROGRAM REGIONAL FUND**

AUDIT SUMMARY REPORT

PROJECT PERIOD ENDED JUNE 30, 2016

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

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BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

1. INTRODUCTION

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

The Air 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 Air District is governed by a twenty-two member Board of Directors that includes representatives from all of the above counties.

The Air 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 Air District to ensure that the facility complies with all applicable rules.

The Air 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 Air District. 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 Clean Air Plan in place at time of award. All projects must fall within the categories listed in State Law (Health and Safety Code Section 44241).

The Health and Safety Code requires the Air District to pass-through no less than 40% of the TFCA revenues raised within a particular county, after audit and administrative costs, to that county's designated Program Manager. The remaining 60% is for Regional Fund grants and is being allocated to projects on a competitive basis. Projects are evaluated using the Air District's Board adopted evaluation and scoring criteria.

2. PROGRAM DESCRIPTION

Health and Safety Code Sections 44223 and 44225 authorize a surcharge on the motor vehicle registration fee (surcharge) to be used by the Air District and local governments specifically for programs to reduce air pollution from motor vehicles. The Department of Motor Vehicles collects the surcharge and allocates the amounts to the Air District. The Air District administers these funds through the TFCA Program. Under the TFCA Program, money is allocated to two funds: (1) 60% is placed in the Regional Fund and allocated to entities on a competitive basis by the Air District and (2) 40% is placed in the Program Managers Fund and allocated to designated agencies. Allowable projects under Health and Safety Code Section 44241 include the following:

- Ridesharing programs
- Purchase or lease of clean fuel school and transit buses
- Feeder or shuttle bus service to rail and ferry stations and airports

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

- Arterial traffic management
- Demonstrations in congestion pricing of highways, bridges and public transit
- Rail bus integration and regional transit information systems
- Low emission vehicle projects
- Bicycle facility improvement projects
- Physical improvements that support "Smart Growth" projects

State law requires that any agency receiving TFCA funding be subject to an audit, at least once every two years. Health and Safety Code Section 44242 provides the legal compliance guidelines for the Air District to follow in the event revenues are not spent appropriately or when projects do not result in emission reductions. Health and Safety Code Sections 44241 and 44242 are provided in Appendix A.

The Air District retained the firm of Gilbert Associates, Inc. to conduct financial and compliance audits of completed projects funded through the Regional Fund for the project period ended June 30, 2016. These audits were conducted during the months of April 2017 through October 2017.

A total of 27 individual Sponsors and 36 projects were audited, with \$11,190,349 total funds expended. A listing of the projects audited is provided in Appendix B. Unqualified opinions were issued on all 27 reports.

3. AUDIT PROCESS

The audits were designed to address numerous financial and compliance objectives; however, the principal objectives of the audits were to (1) provide assurance that amounts reported in the Schedules of Expenditures are fairly stated, and (2) determine whether projects financed through the Air District's Regional Fund met funding agreement requirements. The audit procedures were specifically designed for TFCA financial and compliance requirements. The audit approach is described below:

Auditing Standards and Specific Procedures

The financial audits were performed in accordance with generally accepted auditing standards 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 for the period ended June 30, 2016.

Procedures performed included, but were not limited to:

- Gaining an understanding of the project sponsors' internal controls over financial reporting of the TFCA program through observation, inquiry, and supporting documentation.
- Tracing expenditures related to the TFCA program to the Sponsor's accounting records.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

- Validating TFCA expenditures related to vendor disbursements, payroll, and administrative charges to supporting documentation.
- Conducting interviews with project sponsors to inquire about known, alleged or suspected fraud related to the program.

Compliance Auditing Procedures

The audits were performed in accordance with the requirements outlined in the Health and Safety Code, individual funding agreements and *Government Auditing Standards*. The principal focus of the compliance auditing procedures was to ensure TFCA expenditures were paid in accordance with the program's objectives (Health and Safety Code Sections 44241 and 44242). Detailed tests on select transactions were performed to verify compliance with the Health and Safety Code and individual funding agreements, but were not designed to provide assurance on overall project compliance.

Auditing procedures performed included, but were not limited to:

- Testing expenditures for allowable costs in accordance with Section 44241 of the Health and Safety Code.
- Verifying that the Sponsor used the TFCA funds for the reduction of emissions from motor vehicles.
- Determining that the Sponsor adopted appropriate resolutions authorizing the grant application or, where applicable, an authorizing letter of commitment.
- Verifying the expenditure of funds was within two years, unless a longer period was approved in writing by the Air District.
- Determining whether the Sponsor submitted to the Air District all required reports and that the reports contained all information required as specified on Attachment C of the funding agreement.
- Verifying the use of the Air District's approved logo or acknowledgment of the Air District in printed or electronic materials for public distribution.
- Determining if the Sponsor followed the indirect cost determination approach when allocating indirect costs to the project.
- Determining whether administrative costs were adequately supported and did not exceed 5% of the TFCA revenues.
- Determining whether other specific terms of the funding agreement were adhered to, such as additional reporting requirements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

4. SPONSOR FINDINGS

No sponsor findings noted as of and for the project period ending June 30, 2016.

5. OVERSIGHT FINDINGS

No oversight findings noted as of and for the project period ending June 30, 2016.

APPENDIX A

HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

44241

- (a) Fee revenues generated under this chapter in the bay district shall be subvended to the bay district by the Department of Motor Vehicles after deducting its administrative costs pursuant to Section 44229.
- (b) Fee revenues generated under this chapter shall be allocated by the bay district to implement the following mobile source and transportation control projects and programs that are included in the plan adopted pursuant to Sections 40233, 40717, and 40919:
 - (1) The implementation of ridesharing programs.
 - (2) The purchase or lease of clean fuel buses for school districts and transit operators.
 - (3) The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
 - (4) Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and "smart streets."
 - (5) Implementation of rail-bus integration and regional transit information systems.
 - (6) Implementation of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit. No funds expended pursuant to this paragraph for telecommuting projects shall be used for the purchase of personal computing equipment for an individual's home use.
 - (7) Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations.
 - (8) Implementation of a smoking vehicles program.
 - (9) Implementation of an automobile buy-back scrappage program operated by a governmental agency.
 - (10) Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
 - (11) The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plan.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

- (c) (1) Fee revenue generated under this chapter shall be allocated by the bay district for projects and programs specified in subdivision (b) to cities, counties, the Metropolitan Transportation Commission, transit districts, or any other public agency responsible for implementing one or more of the specified projects or programs. Fee revenue generated under this chapter may also be allocated by the bay district for projects and programs specified in paragraph (7) of subdivision (b) to entities that include, but are not limited to, public agencies, consistent with applicable policies adopted by the governing board of the bay district. Those policies shall include, but are not limited to, requirements for cost-sharing for projects subject to the policies. Fee revenues shall not be used for any planning activities that are not directly related to the implementation of a specific project or program.
- (2) The bay district shall adopt cost-effectiveness criteria for fee revenue generated under this chapter that projects and programs are required to meet. The cost-effectiveness criteria shall maximize emissions reductions and public health benefits.
- (d) Not less than 40 percent of fee revenues shall be allocated to the entity or entities designated pursuant to subdivision (e) for projects and programs in each county within the bay district based upon the county's proportionate share of fee-paid vehicle registration.
- (e) In each county, one or more entities may be designated as the overall program manager for the county by resolutions adopted by the county board of supervisors and the city councils of a majority of the cities representing a majority of the population in the incorporated area of the county. The resolution shall specify the terms and conditions for the expenditure of funds. The entities so designated shall be allocated the funds pursuant to subdivision (d) in accordance with the terms and conditions of the resolution.
- (f) Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall hold one or more public meetings for the purpose of adopting criteria for expenditure of the funds, if those criteria have been modified in any way from the previous year. Any county, or entity designated pursuant to subdivision (e), that receives funds pursuant to this section, at least once a year, shall also hold one or more public meetings to review the expenditure of revenues received pursuant to this section by any designated entity. If any county or entity designated pursuant to subdivision (e) that receives funds pursuant to this section has not allocated all of those funds within six months of the date of the formal approval of its expenditure plan by the bay district, the bay district shall allocate the unallocated funds in accordance with subdivision (c).

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

AUDIT SUMMARY REPORT HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242 FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

44242

- (a) Any agency which receives funds pursuant to Section 44241 shall, at least once every two years, undertake an audit of each program or project funded. The audit shall be conducted by an independent auditor selected by the bay district in accordance with Division 2 (commencing with Section 1100) of the Public Contract Code. The district shall deduct any audit costs which will be incurred pursuant to this section prior to distributing fee revenues to cities, counties, or other agencies pursuant to Section 44241.
- (b) Upon completion of an audit conducted pursuant to subdivision (a), the bay district shall do both of the following:
 - (1) Make the audit available to the public and to the affected agency upon request.
 - (2) Review the audit to determine if the fee revenues received by the agency were spent for the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717.
- (c) If, after reviewing the audit, the bay district determines that the revenues from the fees may have been expended in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to that plan, the district shall do all of the following:
 - (1) Notify the agency of its determination.
 - (2) Within 45 days of the notification pursuant to paragraph (1), hold a public hearing at which the agency may present information relating to expenditure of the revenues from the fees.
 - (3) After the public hearing, if the district determines that the agency has expended the revenues from the fees in a manner which is contrary to this chapter or which will not result in the reduction of air pollution from motor vehicles pursuant to the plan prepared pursuant to Sections 40233 and 40717, the district shall withhold these revenues from the agency in an amount equal to the amount which was inappropriately expended. Any revenues withheld pursuant to this paragraph shall be redistributed to the other cities within the county, or to the county, to the extent the district determines that they have complied with the requirements of this chapter.
- (d) Any agency which receives funds pursuant to Section 44241 shall encumber and expend the funds within two years of receiving the funds, unless an application for funds pursuant to this chapter states that the project will take a longer period of time to implement and is approved by the district or the agency designated pursuant to subdivision (e) of Section 44241. In any other case, the district or agency may extend the time beyond two years, if the recipient of the funds applies for that extension and the district or agency, as the case may be, finds that significant progress has been made on the project for which the funds were granted.

APPENDIX B

LISTING OF AUDITED PROJECTS

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

APPENDIX B

FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

Project Number	Project Sponsor	Project Description	Project Expenditures
09BFP18	Alameda County Public Works Agency	Class II Bicycle Lane on Foothill Boulevard	\$ 66,484
15DCFC03	Alameda Municipal Power	Install 2 dual-connector DC fast charging stations in Alameda	84,912
16EV061	Amy's Kitchen	Install 3 dual-port Level 2 charging stations in Petaluma	10,333
16EV038	Artemedica	Install 2 dual-port Level 2 charging stations (with Solar) in Santa Rosa	24,000
15R06	Associated Students, San Jose State University	SJSU Ridesharing and Trip Reduction	140,000
13BR00A	BAAQMD	Bicycle Rack Voucher Program	162,196
14PEV00B	BAAQMD	PEV Rebate Program	57,500
16R00	BAAQMD	Administration	1,327,752
16R01	BAAQMD	Enhanced Mobile Source Inspections	1,846,320
16R02	BAAQMD	Vehicle Buy Back Program	128,590
16R03	BAAQMD	Spare The Air/Intermittent Control Programs	1,587,663
10EV01	Blink Network, LLC	ECotality Home Charger Rebate Program	751,291
12R10	City of Alameda	Shuttle Estuary Crossing	179,113
15R26	City of Concord	Community Electronic Bike Lockers at Concord's Civic Center and Public Library	10,000
07R66	City of Oakland	66th Avenue Streetscape Improvements	378,761
15R11	City of Oakland	Broadway Shuttle	229,173
12R11	City of Richmond	Richmond Circular and Marina Bay Shuttle Routes	284,996
14R11	City of Richmond	Commuter Shuttle	129,168
14R21	City of San Jose	City of San Jose Public Electronic Bicycle Locker Program	50,000
14R23	City of San Leandro	Adding E-Lockers at San Leandro BART Station	70,000
15R16	County of Alameda	Embarcadero Cove Pilot Shuttle	56,092
15DCFC01	Federated Indians of Graton Rancheria	Install 2 dual-connector DC fast and 4 dual-port level 2 charging stations in Rohnert Park	109,475
12R17	Livermore Amador Valley Transit Authority	BRT/Rapid	86,696
05R33	Norman Y. Mineta San Jose International Airport	San Jose International Airport - Twenty (20) Compressed Natural Gas Buses	769,073
16EV043	Peninsula Components Inc.	Install 1 quad-port and 1 dual-port level 2 charging stations in San Carlos	10,364
15R13	Peninsula Corridor Joint Powers Board	Caltrain Shuttle Program	989,378

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR PROGRAM REGIONAL FUND

APPENDIX B FOR THE PROJECT PERIOD ENDED JUNE 30, 2016

Project Number	Project Sponsor	Project Description	Project Expenditures
14R08	Presidio Trust	PresidiGO Downtown Shuttle	100,000
15R17	Presidio Trust	PresidiGO Shuttle	75,000
14R13	San Francisco Municipal Transportation Agency	82X Levi Express Shuttle	122,000
14R22	San Francisco Municipal Transportation Agency	Electronic Bicycle Lockers	40,000
15R07	San Joaquin Regional Rail Commission	ACE Shuttle 53 & Shuttle 54	94,050
14R25	Santa Clara County	2014 Santa Clara County Electronic Bicycle Lockers	39,929
15R12	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program	960,000
16EV006	Sonoma Mountain Village, LLC	Install 7 dual-port level 2 and 2 dual-connector fast charging stations in Rohnert Park	184,000
16EV026	Straus Family Creamery	Install 4 single-port level 2 charging stations in Petaluma and Marshall	11,040
15R19	University of California, Berkeley	UC Berkeley Secure Bike Parking	25,000
		Total Funds Expended	<u>\$ 11,190,349</u>
		Total Sponsors Audited	27
		Total Projects Audited	36



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR (TFCA)

**REPORT ON EXPENDITURES AND EFFECTIVENESS
OF REGIONAL FUND PROJECTS AND AIR DISTRICT-
SPONSORED PROGRAMS
THAT CLOSED IN
FISCAL YEAR ENDING (FYE) 2017**

375 Beale Street, Suite 600, San Francisco, CA 94105
www.baaqmd.gov

December 2017

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THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT

The California Legislature created the Bay Area Air Quality Management District (Air District) in 1955 as the first regional air pollution control agency in the country, recognizing that air emissions overflow political boundaries. The nine counties of the San Francisco Bay Area form a regional air basin, sharing common geographical features and weather patterns, and therefore similar air pollution burdens, which cannot be addressed by counties acting on their own.

The Air District is the public agency entrusted with regulating stationary sources of air pollution in the nine counties that surround San Francisco Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, southwestern Solano, and southern Sonoma counties.

BACKGROUND

On-road motor vehicles, including cars, trucks, and buses, constitute the most significant source of air pollution in the San Francisco Bay Area. Vehicle emissions contribute to unhealthy levels of ozone (summertime "smog"), particulate matter, and greenhouse gases. Because of this, emission reductions from the on-road transportation sector are essential to helping the Bay Area attain State and Federal ambient air quality standards and meet greenhouse gas reduction commitments.

To protect public health, the State Legislature enacted the California Clean Air Act in 1988. As part of the requirements, the Air District prepared and adopted the *2017 Clean Air Plan (CAP)* which includes transportation control measures (TCMs), defined as any strategy "to reduce vehicle trips, vehicle use, vehicle miles traveled, vehicle idling, or traffic congestion for reducing motor vehicle emissions," and mobile source measures (MSMs), which encourage the introduction of newer, cleaner motor vehicle technologies and the retirement of older, more polluting vehicles.

THE TRANSPORTATION FUND FOR CLEAN AIR (TFCA)

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

Sixty percent of TFCA funds are awarded by the Air District's Board of Directors to eligible programs and projects implemented directly by the Air District (e.g., the Commuter Benefits, Vehicle Buy-Back, Spare the Air, and Bicycle Facility Programs) and through a grant program known as the Regional Fund. The remaining forty percent of TFCA funds are forwarded to a designated agency within each Bay Area county to be distributed via the County Program Manager (CPM) Fund.

Each year, the Air District Board of Directors adopts criteria for the evaluation and ranking of project applications for the TFCA Program. Cost-effectiveness, expressed in terms of TFCA dollars per ton of reduced emissions, is the most important criterion for ranking projects.

In addition to reducing air pollution, including toxic particulate matter, TFCA-funded projects have other benefits including the following:

- Conserving energy and helping to reduce emissions of carbon dioxide (CO₂), a greenhouse gas;
- Reducing traffic congestion;
- Improving quality of life for residents and commuters by expanding access to services that provide first and last-mile connections to rail, ferry, and mass transit; and
- Improving physical fitness and public safety by facilitating active modes of transportation such as walking and biking.

State legislation restricts TFCA funding to the following 11 types of projects:

- Implementation of ridesharing programs
- Clean fuel school and transit bus purchases or leases
- Feeder bus or shuttle service to rail and ferry stations and to airports
- Arterial traffic management
- Rail-bus integration and regional transit information systems
- Demonstrations in congestion pricing of highways, bridges and public transit
- Low-emission vehicle projects
- Smoking vehicles program
- Vehicle buy-back scrappage program
- Bicycle facility improvement projects
- Physical improvements that support “smart growth” projects

This report summarizes the expenditures and effectiveness of the TFCA Regional Fund projects and Air District-sponsored programs that concluded during fiscal year ending (FYE) 2017.

Key Highlights

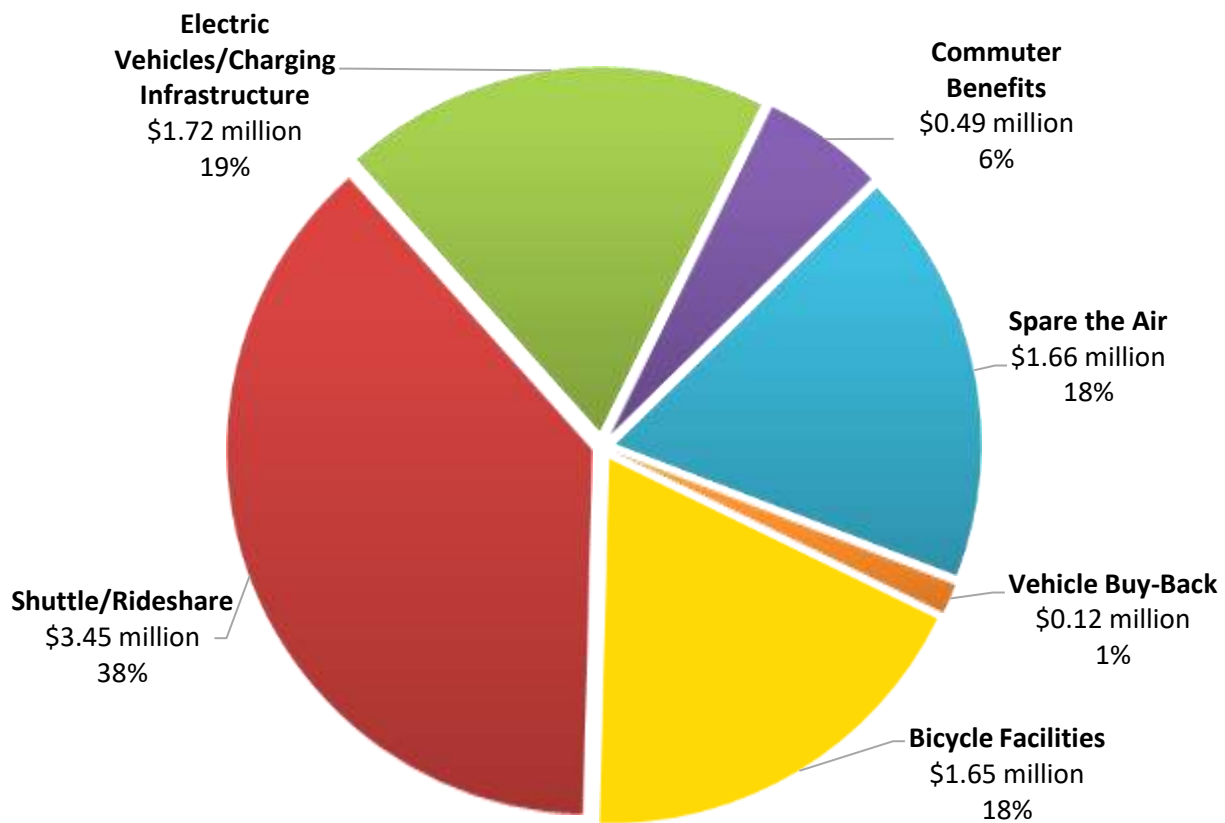
- TFCA funds were allocated to eligible projects and programs, consistent with the legislation that authorizes the TFCA program.
- The TFCA expenditures for projects and programs that concluded in FYE 2017, totaled \$9.87 million. This includes \$6.43 million in Regional Fund projects, \$2.27 million in Air District-sponsored programs, \$0.40 million in County Program Manager funds, and \$0.78 million in administrative and indirect costs.
- These projects and programs reduced criteria pollutant emissions over their operational periods required by funding agreements by an estimated 165.04 tons, including 53.56 tons of reactive organic gases (ROG), 44.83 tons of nitrogen oxides (NO_x), and 66.65 tons of particulate matter (PM₁₀). The reduction of carbon dioxide (CO₂), a greenhouse gas, is estimated to be over 94,000 tons over their operational period.
- These projects and programs achieved a combined weighted average cost-effectiveness of \$48,571 per ton of criteria pollutant emissions reduced.

EXPENDITURES

The expenditure of TFCA Regional Fund projects and Air District-sponsored programs that concluded in FYE 2017 totaled \$9.87 million. This total includes \$2.27 million for the programs administered directly by the Air District and \$6.43 million in Regional Fund and \$0.40 million in County Program Manager Fund grants to other organizations. In addition, the Air District expended \$0.78 million in administrative and audit costs associated with the oversight of these projects and programs.¹ **Appendix A** lists expenditure details.

A summary of the expenditures for the TFCA Regional Fund projects and Air District-sponsored programs that concluded in FYE 2017 is shown in **Figure 1**.

Figure 1. Expenditures for Projects and Programs Closed in FYE 2017



EFFECTIVENESS

The cost-effectiveness of TFCA projects and programs is calculated by dividing the TFCA funds allocated or awarded by the criteria pollutant emissions (ROG, NO_x, and weighted PM₁₀ combined) reduced during the project operational period required by funding agreements. The result is TFCA dollars per ton of emissions reduced.

¹ In FYE 2017, total TFCA revenue, for both the Regional Fund and County Program Manager Fund, was \$25.05 million. Administrative and audit costs across both programs totaled \$1.3 million.

Projects and programs concluded in FYE 2017 are anticipated to reduce criteria pollutant emissions over their operational periods by an estimated total of 165.04 tons. This total is the sum of ozone precursors (53.56 tons of ROG and 44.83 tons of NO_x) and particulate matter (66.65 tons of PM₁₀). The reduction of CO₂ emissions over their project operational periods is estimated to be over 94,000 tons.²

The Regional Fund projects and Air District-sponsored programs that concluded in FYE 2017 achieved a combined weighted average cost-effectiveness of \$48,571 per ton of criteria pollutant emissions reduced. Note that many projects continue to operate and reduce emissions after their operational periods ended and thus the projects could be more effective (i.e. lower cost per ton of emissions reduced) in reducing emissions than what is presented in this report.

A summary of expenditures, emission reductions, and cost-effectiveness values by program category is provided in **Table 1**.

Table 1: Emission Reductions and Cost-Effectiveness (C/E) by Program Category for Projects and Programs That Closed in FYE 2017

Category	# of Projects	TFCA \$ Expended	% of TFCA \$ Expended	Emissions Reduced (tons) ^a	% of Emissions Reduced	C/E - Weighted (\$/ton) ^b
Bicycle Facilities	5	\$1,654,469	18.19%	3.53	2.14%	\$484,812 ^c
Shuttles/Rideshare	9	\$3,453,903	37.98%	40.32	24.43%	\$87,746 ^d
Electric Vehicle/Charging Infrastructure	3	\$1,718,331	18.90%	4.79	2.90%	\$146,423
Commuter Benefits	1	\$488,124	5.37%	2.19	1.33%	\$206,478
Spare the Air Program	1	\$1,658,955	18.24%	114.20	69.20%	\$12,972
Vehicle Buy-Back Program	1	\$119,761 ^e	1.32%	-	-	-
Total for Projects and Programs^f	20	\$9,093,543	100%	165.04	100%	\$48,571
Administration		\$780,229				

(a) Combined emission reductions of ROG, NO_x, and PM₁₀ over project operational period.

(b) Consistent with the current California Air Resources Board methodology to calculate cost-effectiveness for the Carl Moyer Program (CMP), PM emissions were weighted by a factor of 20 to account for their harmful impacts on human health.

(c) Emissions reduced from the bicycle facility projects were determined using the default cost-effectiveness value of \$90,000 per ton of emissions reduced.

(d) Seven of nine projects were cost-effective.

(e) Total FYE 2017 program cost was \$4,738,657.26, which includes funds from CMP, Mobile Source Incentive Fund (MSIF), and TFCA.

(f) Totals may vary due to rounding.

Five of the 20 projects and programs listed in Table 1 achieved lower-than-originally-estimated emissions reductions, including the Commuter Benefits Program, two shuttle projects, one bicycle facility project, and one electric vehicle/charging Infrastructure project. The following sections provide further analysis of those projects and programs.

² Reduction in carbon dioxide from the Vehicle Buy-Back Program is not included in the total amount.

COMMUTER BENEFITS PROGRAM

The Bay Area Commuter Benefits Program ([Air District Regulation 14, Rule 1](#)) requires employers in the Air District's jurisdiction with 50 or more full-time employees to register online and offer commuter benefits to their employees. TFCA funding is used to support Air District staff's enforcement activities associated with this Program including providing compliance assistance and conducting outreach to companies and government agencies. Because TFCA can fund only surplus emissions reductions, i.e., reductions that are beyond what is required by regulations, contracts, and other legally binding obligations, emissions reductions credit for evaluating the cost-effectiveness for the Commuter Benefits Program was limited to employers with less than 50 employees who have voluntarily offered commuter benefits to their employees. This program achieved a final cost-effectiveness of \$206,478 per ton of emissions reduced, which exceeded the \$90,000 cost-effectiveness limit authorized by the Air District Board of Directors.

Staff continues to explore options for refining the methodology that is used to evaluate this project type to ensure that all emission reductions are captured.

SHUTTLE/RIDESHARE AND BICYCLE FACILITIES PROGRAMS

Overall the Shuttle/Rideshare Program, consisting of nine projects that closed in FYE 2017, achieved a total cost-effectiveness of \$87,746 per ton of emissions reduced. Seven of the nine projects in this category met the established cost-effectiveness cap for the program.³ Additionally, the Bicycle Facilities Program, consisting of five projects that closed in FYE 2017, achieved a total cost-effectiveness of \$484,812 per ton of emissions reduced. In total, the projects that did not meet the cost-effectiveness limit included two shuttle projects and one bicycle project.

Over time, the air quality benefits of shuttle/rideshare projects have decreased as the region's light-duty vehicle fleet has become cleaner at a faster rate than many of the medium- and heavy-duty vehicles used in shuttle service. As such, many of these types of projects are becoming less effective at reducing emissions and improving air quality, hence less able to meet the cost-effective eligibility requirements of the TFCA funds.

During the past several years, Air District staff has conducted extensive outreach to solicit input from stakeholders and interested parties to obtain their feedback on options for meeting this challenge. Based on this feedback, staff has proposed annual increases to the cost-effectiveness threshold for shuttle projects, which has gone from \$90,000 (for projects that were awarded funding before FYE 2015) to the FYE 2018 threshold of \$250,000/ton of emissions reduced in Community Air Risk Evaluation (CARE) areas or Priority Development Areas (PDAs) (\$200,000 /ton of emissions reduced outside of CARE areas and PDAs). This change has allowed a greater number of shuttle service projects to remain eligible for funding.

Additionally, staff is currently developing a pilot trip reduction program that will provide funding to support innovative, scalable, and replicable alternative trip-reduction mobility solutions that can cost-effectively reduce commute-hour, single occupancy vehicle trips, and can be expanded throughout the region.

³ Shuttle projects had a cost-effectiveness cap of \$90,000 per ton of emissions reduced for existing projects that began in FYE 2014 and a cap of \$175,000 per ton of emissions reduced in FYE 2015 and in FYE 2016. Existing shuttles in CARE or PDAs that began in FYE 2016 had an increased cost-effectiveness cap of \$200,000 per ton of emissions reduced. Pilot shuttles in CARE or PDAs that began FYE 2015 has an increased cost-effectiveness cap of \$500,000 per ton of emission reduced.

The bicycle facilities project that exceeded the \$90,000 cost-effectiveness limit for a typical bicycle facility project is the Bay Area Bike Share pilot project, which launched in late-August 2013, with approximately 700 bicycles at 70 stations in San Francisco, Palo Alto, Redwood City, Mountain View, and San Jose. It is the first system in North America to launch as a regional public bikesharing system. While only emissions reductions occurred during the pilot phase of the bikesharing system are included in the cost-effectiveness evaluation, the system is now owned by Ford GoBike and is planning to expand to 540 stations and 7,000 bikes, which will continue to further reduce motor vehicle trips and reduce emissions.

ELECTRIC VEHICLE/CHARGING INFRASTRUCTURE PROGRAM

Overall the Electric Vehicle/Charging Infrastructure Program, consisting of three projects that closed in FYE 2017, achieved a total cost-effectiveness of \$146,423 per ton of emissions reduced. One project in this category did not meet the cost-effectiveness cap for the program that was established for FYE 2010. This project was part of the larger federal EV Project, which included the installation of 1,500 charging stations in Bay Area homes. While only emission reduction benefits occurred during the project operational period are included in the cost-effectiveness evaluation, many of these charging stations continue to be used to charge electric vehicles and thus continue to reduce tailpipe emissions. Also, this project has contributed to the accelerated adoption of electric vehicles in the region by making electric vehicles visible to Bay Area drivers.

APPENDIX A: TFCA REGIONAL FUND PROJECTS AND AIR DISTRICT PROGRAMS CONCLUDED IN FYE 2017

Project #	Sponsor	Project Title	C/E - Weighted (\$/tons)	TFCA \$ Expended
09R52	ProPark	(20) Charging Stations	\$81,943	\$21,365.00
10EV01	ECOTality/CarCharging Group	Home Charger Rebate Program	\$147,994 ^a	\$1,691,966.23
14R04	BAAQMD	Bay Area Bike Share	\$957,476 ^a	\$1,545,668.77 ^c
14R13	San Francisco Municipal Transportation Agency	82X Levi Express Shuttle	Not Cost Effective ^b	\$122,000.00
14R21	City of San Jose	Purchase and Install 3 eLocker quads and 4 eLocker wedges (20 total lockers)	\$58,917	\$50,000.00
14R22	San Francisco Municipal Transportation Agency	Purchase and Install 4 eLocker Doubles and 2 eLocker Quads (16 total lockers)	\$54,000	\$40,000.00
15BR005	Palo Alto Unified School District	Purchase and install 79 bike racks (196 capacity)	\$90,000	\$8,800.00
15R05	Metropolitan Transportation Commission	Regional Rideshare Program	\$73,817	\$830,882.75
15R07	San Joaquin Regional Rail Commission	ACE Shuttle 53 & Shuttle 54	\$116,353	\$94,050.08
15R12	Santa Clara Valley Transportation Authority	ACE Shuttle Bus Program	\$77,359	\$959,999.97
15R13	Peninsula Corridor Joint Powers Board	Caltrain Shuttle Program	\$115,797	\$989,378.00
15R16	County of Alameda	Embarcadero Cove Pilot Shuttle	\$20,939,420 ^a	\$56,092.00
15R17	Presidio Trust	PresidiGo Shuttle	\$93,292	\$75,000.00
15R26	City of Concord	Purchase and Install one eLocker Quad (4 total lockers)	\$90,000	\$10,000.00
16PEV007	City of Berkeley	PEV rebate for 2 zero emissions vehicles	\$119,055	\$5,000.00
16R12	Associated Students, San Jose State University	SJSU Ridesharing & Trip Reduction	\$26,865	\$140,000.00
16R18	City of Oakland	Broadway Shuttle	\$199,553	\$186,499.87
17 Projects			Subtotal Projects:	\$6,826,702.67

Project #	Sponsor	Project Title	C/E - Weighted (\$/tons)	TFCA \$ Expended
17R01	BAAQMD	FYE 2017 Commuter Benefits	\$206,478 ^a	\$488,123.90
17R02	BAAQMD	FYE 2017 Admail for Vehicle Buy-Back (TFCA portion)	N/A	\$119,761.26 ^d
17R03	BAAQMD	FYE 2017 Spare the Air	\$12,972	\$1,658,955.42
3 Programs			Subtotal Air District Programs: \$2,266,840.58	
17R00	BAAQMD	FYE 2017 TFCA Regional Fund Administration	N/A	\$780,228.89 ^e
			Subtotal TFCA Regional Fund Administration: \$780,228.89	
			GRAND TOTAL: \$9,873,772.14	

- (a) Projects did not meet the cost-effectiveness limit that was adopted by the Board for the year that the project was approved.
- (b) Net criteria emissions increased by the implementation of the project due to low ridership and other factors.
- (c) Total TFCA cost (which includes funds from the Regional Fund and County Program Manager Fund) is \$1,545,669.
- (d) Total FYE 2017 program cost (which includes funds from CMP, MSIF, and TFCA) is \$4,738,657.26.
- (e) Amount represents sixty percent of the total TFCA administrative and audit costs expended in FYE 2017.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 26, 2017

Re: Request to Accept New Grant Program Revenue Resulting from Assembly Bill 134

RECOMMENDED ACTION

Recommend the Board of Directors:

1. Amend the Fiscal Year Ending 2018 budget for the Carl Moyer Program, authorize the Bay Area Air Quality Management District to accept, obligate, and expend \$50 million in funding from the California Air Resources Board resulting from Assembly Bill 134, and adopt a resolution authorizing this award; and
2. Authorize the Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding

BACKGROUND

The Bay Area Air Quality Management District (Air District) and its foundation, the Bay Area Clean Air Foundation (Foundation) have been very successful over the past number of years in:

- Effectively lobbying the California legislature for increased funding to address air quality health impacts on Bay Area communities;
- Successfully competing for grant funding from Federal, State, and other sources; and
- Implementing Board of Directors (Board) mandated grant programs (such as the Wood Smoke Emissions Reductions Program and Technology Implementation Office).

DISCUSSION

New Legislation

On September 9, 2017, Assembly Bill (AB) 134 was signed into law. This legislation amends the 2017 California State Budget Act to add provisions related to its greenhouse gas expenditure plan that allocates \$50 million to the Air District. This funding is principally to address the reduction of greenhouse gas emissions, as well as diesel particulate matter (DPM) emissions, the primary health risk driver from toxic air contaminants, in Bay Area impacted communities.

This funding is targeted to complement efforts under a separate bill, AB 617, which seeks to reduce air pollution exposure in impacted communities. The bill requires CARB and Air District collaboration to: improve air pollution data collection and reporting; expedite pollution control retrofit of large stationary sources; increase penalties for air pollution violations; require enhanced air pollution monitoring; adopt a statewide emissions reduction strategy targeting pollution-burdened communities; and prepare and implement community emissions reduction programs.

This funding will help achieve the goals of AB 617 and can be expended under the state-adopted guidelines for two existing Air District programs:

- ***Carl Moyer Program:*** The Air District has participated in the Carl Moyer Program (CMP), in cooperation with the 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 DPM 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.
- ***California Goods Movement Bond Program (GMB) - up to \$20 million for on-road trucks only:*** The GMB was established in 2006, when California voters authorized the Legislature to appropriate \$1 billion in bond funding to ARB to quickly reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. Similar to CMP this program provides grants to private entities to reduce emissions of NOx, ROG, and DPM from heavy-duty engines engaged in goods movement by either replacing or retrofitting them. AB 134 funding has been limited by the legislature to use in truck projects only.

Both of these programs are subject to an aggressive implementation schedule. Funds stemming from AB 134 need to be encumbered by June 30, 2019, and fully liquidated by June 30, 2021.

Other New Funding

In addition to the funding listed above, the Air District has over the past three years successfully secured over \$17 million in new program funding from federal, state, and other sources including the Bay Area Clean Air Foundation. This new funding is anticipated to provide approximately \$3.7 million in new administrative revenue. Therefore, additional staffing is being requested to meet these increasing program requirements based on the availability of new program and administrative funding:

Climate Initiatives Program: The Metropolitan Transportation Commission (MTC) Climate Initiatives Program identifies a variety of transportation strategies and programs that reduce per capita greenhouse gas (GHG) emissions to help meet per capita GHG emissions reduction targets established by ARB through SB 375. MTC receives funding from the Federal Highway Administration’s (FHWA) Congestion Mitigation and Air Quality Program (CMAQ). Because the Air District is the lead agency in the region for implementing electric vehicle (EV) programs, MTC has awarded the Air District \$10 million in CMAQ funds through its Climate Initiatives Program to help further advance regional adoption of EVs.

Enhanced Fleet Modernization Plus-up Program (EFMP Plus-up Program): The ARB Enhanced Fleet Modernization Plus-up Program (EFMP Plus-up Program) is a voluntary vehicle retirement and replacement incentive program. The goal of the program is to incentivize lower-income California motorists to scrap their older, high-emitting vehicles and replace them with newer, cleaner and more fuel-efficient vehicles. *The California state legislature appropriated \$60 million to EFMP Plus-Up, of which \$10 million was set aside for the Bay Area, Sacramento, and San Diego air districts to launch programs. Depending on how many of districts proceed the Air District may be awarded up to \$10 million to implement the EFMP Plus-up.*

Bay Area Clean Air Foundation: The Foundation is a nonprofit support organization for the Air District that applies for grant funding from various sources and also accepts funding to reduce and offset air emissions within the boundaries of the Air District. *The Foundation was recently awarded \$1.3 million in Reformulated Gas (RFG) funding to help accelerate the adoption of zero- and near-zero-emission equipment and vehicles operating in and around the Port of Oakland and the surrounding West Oakland community.*

Other Grants: The following is a summary of other recent awards to the Air District:

Funding Agency	Project Title	Total Award in Millions
California Energy Commission	Bay Area Corridor Charging Expansion	\$0.50
National Fish and Wildlife Foundation	Commercial Lawn & Garden Equipment in Alameda & Contra Costa counties	\$0.47
Reformulated Gas Settlement Fund	EV Charging Demo	\$0.50
Air Resources Board	Goodwill Industries Electric Vehicle Project	\$2.74
Caltrans/ MTC	Climate Initiative Program Public Education and Signage	\$0.40
US EPA National Clean Diesel Program	Locomotive Replacement (2 projects)	\$2.06

Balancing Staffing with New Funding and Mandates

Strategic Incentives Division: The Air District's grant funding is mainly administered by the SID, which consists of 17 permanent FTEs. In FYE 2018, the SID will administer approximately \$101 million in new revenues. Staff's duties and responsibilities include: drafting proposed funding policies and guidance; soliciting and evaluating applications for funding from public agencies and private entities; developing funding agreements; tracking project progress by reviewing project sponsor's reports; processing payment requests; assisting audits; applying for additional grant revenue from federal, state, and other sources; participating in collaborative workgroups and technical studies; and conducting public education and outreach. Through the Budget and Finance Committee, staff will propose five new FTEs: 1 Senior Staff Specialist, 2 Staff Specialists, and 2 Assistant Staff Specialists

Technology Implementation Office: As part of the Clean Air Plan's vision for a post-carbon Bay Area by 2050, the Air District established the TIO in 2016 to scale up technologies that reduce greenhouse gas (GHG) emissions, and currently includes 5 FTEs. The TIO plans to incentivize stationary sources of GHG emissions to incorporate low-carbon intensity practices across Bay Area industries. The TIO also supports deployment of zero emissions energy generation, zero emissions vehicles and infrastructure, efficiency technologies, and new smart/connected technologies, leveraging technology and innovation opportunities from the Bay Area whenever feasible. Through the Budget and Finance Committee, staff will propose four new FTEs: 3 Staff Specialists, and 1 Assistant Staff Specialist.

BUDGET CONSIDERATION / FINANCIAL IMPACT

The Carl Moyer budget in the FYE 2018 budget will increase by \$50 million. Administrative costs for these programs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen Schkolnick and Ranyee Chiang
Reviewed by: Damian Breen and Jeff McKay

Attachment A: Board Resolution to accept, obligate, and expend \$50 million in funds from ARB

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2017 -

**Resolution Accepting AB 134 Incentive Funding
From the California Air Resources Board**

WHEREAS, AB 134 Amends the 2017 Budget Act to add provisions related to the 2017 Greenhouse Gas Expenditure Plan, which appropriates \$900 million in Greenhouse Gas Reduction Fund revenue to the California Air Resources Board (ARB) for an array of programs, including \$250 million for Carl Moyer program funding for the South Coast, San Joaquin Valley, and Bay Area Air Quality Management District (District);

WHEREAS, 20 percent, or \$50 million, of the \$250 million in funding shall be distributed to the District to implement projects pursuant to the Carl Moyer Memorial Air Quality Attainment Program;

WHEREAS, the District may allocate up to 40 percent of the funds it receives to incentivize clean trucks in accordance with the ARB's Proposition 1B Guidelines;

WHEREAS, the District may use up to 6.25 percent of the funds it receives to pay the reasonable costs of administering the incentive programs;

WHEREAS, the goal of the funding is to provide near-term targeted deployment within impacted communities and focus on reducing emissions from mobile sources and equipment that spend a substantial amount of time within impacted communities;

WHEREAS, the predominant emission reductions from the funded projects occurring in the most impacted communities will also contribute to progress on meeting regional clean air standards.

WHEREAS, to meet the goals and objectives of the funding, the District would:

1. Distribute the funding to projects as expeditiously as possible to provide an immediate opportunity to reduce emissions in impacted communities and demonstrate the importance of continued funding, and
2. Focus projects in "no regrets" communities, which are known to have some of the greatest exposure burdens and will be supported by the environmental justice community.

WHEREAS, there are specific legislative requirements (e.g., expenditure record, quantification methodology, annual reporting, and disadvantaged/low income community investments) of the cap and trade proceeds that the District will need to adhere to;

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District's acceptance of the AB 134 funds to be awarded to eligible projects in accordance with the legislative and applicable program requirements.

BE IT FURTHER RESOLVED, the District will commit to working with the environmental justice community on recommended spending priorities within its region.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer is hereby authorized and empowered to execute on behalf of the District grant agreements with ARB and all other necessary documents to implement and carry out the purposes of this resolution.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2017, by the following vote of the Board:

AYES:

NOES:

ABSENT:

Liz Kniss
Chairperson of the Board of Directors

ATTEST:

Katie Rice
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Karen Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: November 20, 2017

Re: Update on Efforts to Further Reduce Emissions at the Port of Oakland and Former
Oakland Army Base

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Port of Oakland (Port) is the fifth largest container port in the United States and the second largest in the State of California behind the combined ports of Los Angeles and Long Beach. Established in 1927, the Port is home to 18 ship berths, 36 container cranes, two rail yards, approximately 500 pieces of cargo handling equipment and approximately 2,500 trucks. In 2016, the Port moved 2.37 million 20-foot equivalent units (TEU) in to and out of the Bay Area. This flow of containers is associated with over \$600 billion in goods that are linked to approximately 32% of the jobs in the Bay Area.

The Port and former Oakland Army Base redevelopment project (OAB) border the West Oakland and in 2008, the California Air Resources Board (ARB) in partnership with the Bay Area Air Quality Management District (Air District) conducted a health risk assessment (HRA) to determine what emission sources were contributing to poor air quality in that community. That HRA indicated that the health risk from toxic air pollution (primarily diesel particulate matter, or DPM) in West Oakland was three times higher than any other community in the Bay Area. Based on the results of the HRA, the Air District Board of Director's instructed staff to utilize all available options at its disposal to reduce this health risk. The Air District in partnership with the ARB, United States Environmental Protection Agency, Port, industry, and local community instituted policies and actions which:

- Devised the Marine Air Quality Improvement Plan which targets an 85% reduction in DPM emissions by 2020;
- Instituted and enforced regulations on drayage trucks, harbor craft, off-road equipment, oceangoing vessels and cargo handling equipment;
- Instituted and enforced a noncompliant truck ban under the Port's authority;
- Performed real-time monitoring of emissions in the West Oakland community;
- Invested \$33 million in grant funding to initially retrofit 1,319 trucks and to subsequently replace an additional 627 trucks;

- Invested \$24.5 million to install shore side power at 15 berths at the Port.

These efforts, in combination with implementation of ARB regulations requiring emissions reductions from cargo handling equipment, drayage trucks, refrigerated transportation units, oceangoing vessels, harbor craft and ships at berth, have significantly reduced DPM emissions from marine operations (by possibly as much as 76% according to latest inventory produced by the Port). Additionally, ARB regulations have led to significant emissions reductions from on-road truck traffic using the highways surrounding the West Oakland community.

While this is good news, the science around the health risk posed by DPM has changed significantly since 2008. Recent changes to the guidelines governing the assessment of health risk, developed by the California Office of Environmental Health Hazard Assessment (OEHHA), have increased the health risk from DPM by a factor of approximately 3 to 4 times of those originally used in the 2008 HRA. This means that while DPM emissions have been reduced significantly, remaining emissions have a greater impact on the community's health than what was previously understood.

DISCUSSION

Recognizing that there is an increased health risk from DPM and that the Air District's Community Air Risk Evaluation (CARE) current regional risk projections show that West Oakland remains the most highly impacted community in the Bay Area relative to exposure to toxic air contaminants, Air District staff initiated an inquiry during summer 2016 to assess how emissions might be further reduced from Port maritime operations.

This effort included updating the equipment inventories for the Port, trying to understand what may be developed at OAB, reviewing the planning frameworks at the local, state and federal levels to determine how an equipment replacement project integrates with those plans, examining how the authorities of the various regulatory agencies (Port, City of Oakland, ARB, etc.) might be used to reduce emissions, looking at initiatives at other California ports and conducting a comprehensive evaluation of feasible technologies that can be employed to get further emissions reductions. As part of this effort the Air District met with representatives from the City of Oakland, Port, ARB, Metropolitan Transportation Commission, Alameda County Transportation Commission and the Alameda County Health Department for their input.

While the Air District did this work, the former OAB continued to be redeveloped. This new activity triggers California Environmental Quality Act (CEQA) mitigation requirements for the developer, City of Oakland and Port. It is important that these requirements be effectively implemented to adequately address the possible impacts that additional DPM from this project may have on the West Oakland community.

As part of this report staff will update the Committee on the results of its evaluation of feasible technologies that can be employed to get further emissions reductions, efforts to ensure DPM reductions from the current development at the OAB and next steps to engage the community and industry to finalize an expenditure plan targeted at reducing health risk from mobile sources operating in and around the Port of Oakland and OAB.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Karen Schkolnick
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 7, 2017

Re: Report of the Budget and Finance Committee Meeting of December 7, 2017

RECOMMENDED ACTION

The Budget and Finance Committee (Committee) recommends Board of Directors' approval of the following items:

A) Fourth Quarter Financial Report – Fiscal Year Ending (FYE) 2017

- 1) None; receive and file

B) First Quarter Financial Report – Fiscal Year Ending (FYE) 2018

- 1) None; receive and file

C) Overview of Upcoming Budget Considerations

- 1) None; receive and file

D) Request to Amend the Fiscal Year Ending 2018 Budget to Increase Staffing and Accept New One-Time Revenue Resulting from Assembly Bill 617

- 1) Amend the Fiscal Year Ending 2018 budget to authorize the creation of twenty-two (22) additional full time positions; and
- 2) Accept approximately \$5 million in funding resulting from Assembly Bill 617

BACKGROUND

The Committee met on Thursday, December 7, 2017, and received the following reports:

- A) Fourth Quarter Financial Report – Fiscal Year Ending (FYE) 2017;
- B) First Quarter Financial Report – Fiscal Year Ending (FE) 2018;
- C) Overview of Upcoming Budget Considerations; and
- D) Request to Amend the Fiscal Year Ending 2018 Budget to Increase Staffing and Accept New One-Time Revenue Resulting from Assembly Bill 617

Chairperson Carole Groom will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None;
- B) None;
- C) None; and
- D) Administrative fund from new grant revenue cover costs for the associated new staff. Costs for the remaining new staff will be covered by the vacancy rate associated with recent attrition in the current fiscal year. General Fund revenue will increase by approximately \$5 million to reflect the funds from Assembly Bill 617.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha Galimba
Reviewed by: Maricela Martinez

Attachment 12A: 12/07/17 - Budget and Finance Committee Meeting Agenda #4
Attachment 12B: 12/07/17 - Budget and Finance Committee Meeting Agenda #5
Attachment 12C: 12/07/17 - Budget and Finance Committee Meeting Agenda #6
Attachment 12D: 12/07/17 - Budget and Finance Committee Meeting Agenda #7

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: November 20, 2017

Re: Fourth Quarter Financial Report – Fiscal Year Ending (FYE) 2017

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District’s preliminary (unaudited) financial results for the fourth quarter of the 2016-17 fiscal year. The following information summarizes those results.

GENERAL FUND BUDGET: STATEMENT OF REVENUES – Comparison of Prior Year Quarter Actual and Current Year Budget to Actual

REVENUE TYPE	4TH QTR FY 2016	4TH QTR FY 2017	FY 2017 - % of BUDGETED REVENUE
County Receipts	\$28,218,266	\$30,541,028	114%
Permit Fee Receipts	\$31,935,189	\$33,249,989	99%
Title V Permit Fees	\$5,120,624	\$5,021,094	107%
Asbestos Fees	\$3,869,468	\$4,210,603	162%
Toxic Inventory Fees	\$261,483	\$211,380	88%
Penalties and Settlements	\$6,121,023	\$3,335,649	152%
Interest Revenues	\$437,670	\$587,340	294%
Miscellaneous Revenues	\$91,827	\$66,895	45%
Total Revenue	\$76,055,549	\$77,223,979	110%

GENERAL FUND: STATEMENT OF EXPENDITURES - Comparison of Prior Year Quarter Actual and Current Year Budget to Actual

EXPENDITURE TYPE	4TH QTR FY 2016	4TH QTR FY 2017	FY 2017 - % of BUDGETED EXPENDITURES
Personnel - Salaries*	\$36,112,180	\$37,368,006	100%
Personnel - Fringe Benefits*	\$17,857,342	\$19,615,494	101%
Operational Services /	\$17,283,322	\$19,483,595	90%
Office Acquisition		\$10,700,000	0%
Capital Outlay	\$6,582,205	\$3,923,291	99%
Total Expenditures	\$77,835,048	\$91,090,386	111%
<i>*Consolidated (includes Special Funds)</i>			

CASH INVESTMENTS IN COUNTY TREASURY – Account Balances as of 4th Quarter

CASH/INVESTMENTS	4TH QTR FY 2016	4TH QTR FY 2017
General Fund	\$57,849,712	\$55,167,881
TFCA	\$79,534,148	\$90,039,116
MSIF	\$32,380,630	\$37,544,701
Carl Moyer	\$1,581,890	\$5,758,456
CA Goods Movement	\$8,127,526	\$8,310,419
Bike Share	\$1,739,476	\$1,062,983
Total	\$181,213,382	\$197,883,556

	6/30/2015	6/30/2016	6/30/2017
FUND BALANCES	Audited	Audited	Unaudited
DESIGNATED: *			
Economic Contingency	\$11,114,309	\$16,519,959	\$16,519,959
IT- Desktop Equipment	\$500,000	\$0	\$0
IT- Event Response	\$500,000	\$500,000	\$500,000
Pension & Post Employment Liability	\$1,800,000	\$1,600,000	\$1,600,000
Tech- Meteorological Network Equipment	\$417,100	\$417,100	\$131,100
Tech- Mobile Monitoring Instruments	\$450,000	\$450,000	\$80,000
GHG Abatement Technology Study	\$0	\$1,500,000	\$1,500,000
Worker's Comp Self -Funding	\$1,000,000	\$1,000,000	\$1,000,000
Total Designated Reserves	\$15,781,409	\$21,987,059	\$21,331,059
Undesignated Fund Balance	\$15,122,475	\$13,366,286	\$20,455,755
Use of Fund Balance			(\$852,032)
TOTAL DESIGNATED & UNDESIGNATED	\$30,903,884	\$35,353,345	\$40,934,782
Building Proceeds	\$14,168,200	\$4,668,200	\$4,668,200
TOTAL FUND BALANCE	\$45,072,084	\$40,021,545	\$45,602,982

* Designated Fund Balances are subject to change at Board's discretion.	
UNFUNDED LIABILITIES (Based on 2015 Actuarial Valuation Report)	
CalPERS Pension Retirement	\$59,242,771
Other Post- Employment Benefits	\$32,954,000
TOTAL UNFUNDED LIABILITIES	\$92,196,771

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 \$100,000 for the fiscal year. In addition, this report includes all of the vendors receiving payments in excess of \$100,000 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 \$100,000, but cumulatively exceed \$100,000.

Below is a list of vendors with cumulative payments made through the fourth quarter of 2016-2017 fiscal year that exceeded \$100,000 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 2016-17.

VENDOR NAME	AMOUNT PAID (July 2016 - June 2017)	Explanation
1. Alliant Insurance Services	\$438,274	Various Business Insurance Policies
2. Benefits Coordinators Corp.	\$868,977	Life Insurance Plan & LTD Insurance
3. CA Public Employee Retirement System	\$5,990,659	Health Insurance Plan
4. CA Public Employee Retirement System	\$11,670,690	Retirement Benefits & 457 Supplemental Plan
5. CAPCOA	\$673,717	Pass through EPA grants
6. CDW Government	\$115,212	Computer Equipment, supplies, misc. software
7. Ceridian Corp	\$104,590	Payroll Processing Services
8. Comcast Cable Communications	\$117,658	Ethernet & phone services
9. Cubic Transportations Systems	\$387,053	Clipper Transit Subsidy
10. Direct Mail Center	\$153,965	Public Notice Mailing Services
11. Employee Benefit Specialists	\$265,094	Medical & Dependent Care Flexible Spending Plan
12. Enterprise Fleet Services	\$467,031	Fleet Leasing and Maintenance services

13. Hartford Life Ins Co.	\$593,106	457 Supplemental Insurance
14. Pacific Gas & Electric Co.	\$111,187	Utility services
15. Preferred Benefit Insurance AD	\$790,226	Dental Insurance Plan
16. Renne Sloan Holtzman Sakai	\$232,997	Human Resources Consulting Services
17. Thermo Environmental Instrument	\$193,722	Air monitoring and source test instrumentation
18. Verizon Wireless	\$235,398	Cell phone services

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Rex Sanders/Jeff McKay

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: November 20, 2017

Re: First Quarter Financial Report – Fiscal Year Ending (FYE) 2018

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District’s financial results for the first quarter of the 2017-18 fiscal year. The following information summarizes those results.

GENERAL FUND BUDGET: STATEMENT OF REVENUES – Comparison of Prior Year Quarter Actual and Current Year Budget to Actual

REVENUE TYPE	1ST QTR FY 2017	1ST QTR FY 2018	FY 2018 - % of BUDGETED REVENUE
County Receipts	\$46,235	\$77,986	0%
Permit Fee Receipts	\$16,835,528	\$20,720,742	57%
Title V Permit Fees	\$2,795,909	\$3,501,509	64%
Asbestos Fees	\$1,140,903	\$1,057,495	42%
Toxic Inventory Fees	\$155,073	\$177,329	49%
Penalties and Settlements	\$1,867,048	\$742,678	27%
Interest Revenues	\$117,230	\$165,035	58%
Miscellaneous Revenues	\$11,668	\$4,865	10%
Total Revenue	\$22,969,594	\$26,447,638	33%

GENERAL FUND: STATEMENT OF EXPENDITURES - Comparison of Prior Year Quarter Actual and Current Year Budget to Actual

EXPENDITURE TYPE	1ST QTR FY 2017	1ST QTR FY 2018	FY 2018 - % of BUDGETED REVENUE
Personnel - Salaries*	\$8,020,184	\$8,307,733	21%
Personnel - Fringe Benefits*	\$3,776,934	\$6,912,396	31%
Operational Services /	\$2,931,563	\$2,836,690	9%
Capital Outlay	\$911,581	\$1,269,603	22%
Total Expenditures	\$15,640,262	\$19,326,422	19%
<i>*Consolidated (includes Special Funds)</i>			

CASH INVESTMENTS IN COUNTY TREASURY – Account Balances as of 1st Quarter

CASH/INVESTMENTS	1ST QTR FY 2017	1ST QTR FY 2018
General Fund	\$57,594,911	\$58,580,658
TFCA	\$82,663,613	\$91,004,558
MSIF	\$32,507,601	\$39,236,744
Carl Moyer	\$7,399,821	\$4,322,486
CA Goods Movement	\$8,137,264	\$8,314,145
Bike Share	\$1,058,554	\$1,069,047
Total	\$189,361,765	\$202,527,637

FUND BALANCES	6/30/2016	6/30/2017	6/30/2018
	Audited	Unaudited	Projected
DESIGNATED: *			
Diversity Equity & Inclusion			100,000
Economic Contingency	\$16,519,959	\$16,519,959	\$17,390,311
IT- Event Response	\$500,000	\$500,000	\$500,000
Litigation			\$500,000
Pension & Post Employment Liability	\$1,600,000	\$1,600,000	\$440,000
Tech- Meteorological Network Equipment	\$417,100	\$131,100	\$131,100
Tech- Mobile Monitoring Instruments	\$450,000	\$80,000	\$80,000
Technology Implementation Office			\$3,350,000
GHG Abatement Technology Study	\$1,500,000	\$1,500,000	\$1,500,000
Woodchip Program			\$150,000
Woodsmoke Grant			\$1,000,000
Worker's Comp Self -Funding	\$1,000,000	\$1,000,000	\$1,000,000
Total Designated Reserves	\$21,987,059	\$21,331,059	\$26,141,411
Undesignated Fund Balance	\$13,366,286	\$20,455,742	\$14,793,358
Use of Fund Balance		(\$852,032)	(\$7,850,000)
TOTAL DESIGNATED & UNDESIGNATED	\$35,353,345	\$40,934,769	\$33,084,769

Building Proceeds	\$4,668,200	\$4,668,200	\$4,668,200
TOTAL FUND BALANCE	\$40,021,545	\$45,602,969	\$37,752,969
* Designated Fund Balances are subject to change at Board's discretion.			
UNFUNDED LIABILITIES (Based on 2016 Actuarial Valuation Report)			
CalPERS Pension Retirement			\$77,114,925
Other Post- Employment Benefits			\$32,954,000
TOTAL UNFUNDED LIABILITIES			\$110,068,925

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 \$100,000 for the fiscal year. In addition, this report includes all of the vendors receiving payments in excess of \$100,000 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 \$100,000, but cumulatively exceed \$100,000.

Below is a list of vendors with cumulative payments made through the first quarter of 2017-2018 fiscal year that exceeded \$100,000 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 2017-18.

VENDOR NAME	AMOUNT PAID (July 2017 - Sept 2017)	Explanation
1. Alliant Insurance Services	187,415	Various Business Insurance Policies
2. Benefits Coordinators Corp.	224,161	Life Insurance Plan & LTD Insurance
3. CA Public Employee Retirement System	1,816,756	Health Insurance Plan
4. CA Public Employee Retirement System	961,636	Retirement Benefits & 457 Supplemental Plan
5. Cubic Transportations Systems	108,057	Clipper Transit Subsidy
6. Hartford Life Ins Co.	161,937	457 Supplemental Insurance
7. Preferred Benefit Insurance AD	125,851	Dental Insurance Plan

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Rex Sanders/Jeff McKay

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: November 20, 2017

Re: Overview of Upcoming Budget Considerations

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 Fiscal Year Ending (FYE) 2018, budget cycle and implications for the coming FYE 2019 budget process.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

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: November 26, 2017

Re: Request to Amend the Fiscal Year Ending 2018 Budget to Increase Staffing and Accept
New One-Time Revenue Resulting from Assembly Bill 617

RECOMMENDATIONS

Recommend Board of Directors:

1. Amend the Fiscal Year Ending 2018 budget to authorize the creation of twenty-two (22) additional full time positions; and
2. Accept approximately \$5 million in funding resulting from Assembly Bill 617.

BACKGROUND

The Air District will be implementing new initiatives and receiving additional funding as outlined below.

Regulation 11, Rule 18

The Air District Board has passed a new regulation to reduce health risks from toxic emissions from existing facilities - Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities (Rule 11-18). This new rule will improve air quality and reduce toxic emissions from facilities ranging in size from large-scale plants like factories and oil refineries to smaller operations like some dry cleaners and crematoria. Rule 11-18 will rely on risk screenings and health risk assessments.

In implementing Rule 11-18, Air District staff will conduct site-specific screening analyses for all facilities that report toxic air contaminant emissions, and calculate health prioritization scores based on the amount of toxic air pollution emitted, the degree of toxicity of these pollutants, and the proximity of these facilities to local communities. For facilities found to have priority scores, a rough approximation of the health risk for a facility above the levels required by the rule, the Air District will conduct health risk assessments. Based on the health risk assessments, facilities found to have a potential health risk above the Risk Action Level will be required to reduce their risk below the Risk Action Level, or install Best Available Retrofit Control Technology for Toxics on all significant sources of toxic emissions.

Assembly Bill 617

On July 26, 2017, Governor Brown signed Assembly Bill (AB) 617 (C. Garcia, Chapter 136, Statutes of 2017) into state law. The bill establishes a program whose focus is to reduce exposure in California neighborhoods most impacted by air pollution. The bill requires the California Air Resources Board (ARB) to work closely with local air districts, community groups, community members, environmental organizations, and regulated industries to reduce harmful air emissions and create a new framework for community protection. The California State Budget provides \$27 million to support all local air districts' implementation of AB 617 of which staff expects to receive approximately \$5 million as a one-time disbursement for its operations. Additional staff will be needed to fully implement the requirements of AB 617 and will be included in the draft FYE 2019 budget, as well as this request to increase staff and amend the FYE 2018 budget.

Assembly Bill 134

On September 9, 2017, Assembly Bill (AB) 134 was signed into law. This legislation amends the 2017 California State Budget Act to add provisions related to its greenhouse gas expenditure plan that allocates \$50 million to the Air District. This funding is principally to address the reduction of diesel particulate matter (DPM) emissions, the primary health risk driver from toxic air contaminants, in Bay Area impacted communities. This funding is targeted to complement efforts under AB 617.

Additional New Funding

In addition to the funding provided by AB 134 listed above, the Air District has over the past three years successfully secured over \$17 million in new program funding from federal, state, and other sources including the Bay Area Clean Air Foundation. This new funding is anticipated to provide approximately \$3.7 million in new administrative revenue from the following:

Climate Initiatives Program: MTC receives funding from the Federal Highway Administration's (FHWA) Congestion Mitigation and Air Quality Program (CMAQ). Because the Air District is the lead agency in the region for implementing electric vehicle (EV) programs, MTC has awarded the Air District \$10 million in CMAQ funds through its Climate Initiatives Program to help further advance regional adoption of EVs.

Enhanced Fleet Modernization Plus-up Program (EFMP Plus-up Program): The ARB Enhanced Fleet Modernization Plus-up Program (EFMP Plus-up Program) is a voluntary vehicle retirement and replacement incentive program. Depending on how many of districts proceed the Air District may be awarded up to \$10 million to implement the EFMP Plus-up.

Bay Area Clean Air Foundation: The Foundation was recently awarded \$1.3 million in Reformulated Gas (RFG) funding to help accelerate the adoption of zero- and near-zero-emission equipment and vehicles operating in and around the Port of Oakland and the surrounding West Oakland community.

Other Grants: The following is a summary of other recent awards to the Air District:

Funding Agency	Project Title	Total Award in Millions
California Energy Commission	Bay Area Corridor Charging Expansion	\$0.50
National Fish and Wildlife Foundation	Commercial Lawn & Garden Equipment in Alameda & Contra Costa counties	\$0.47
Reformulated Gas Settlement Fund	EV Charging Demo	\$0.50
Air Resources Board	Goodwill Industries Electric Vehicle Project	\$2.74
Caltrans/ MTC	Climate Initiative Program Public Education and Signage	\$0.40
US EPA National Clean Diesel Program	Locomotive Replacement (2 projects)	\$2.06

DISCUSSION

Staffing for New Initiatives and Mandates

As a result of the new initiatives and mandates listed above, staff is proposing to rebalance existing workload, restructure the current organization and augment its numbers as follows:

Strategic Incentives Division (SID): The Air District’s grant funding is mainly administered by the SID, which currently consists of 17 permanent FTEs. In FYE 2018, the SID will administer approximately \$101 million in new revenues. As a result of the funding provided by AB 134 and the additional new grant monies available, staff is proposing to augment its numbers in the strategic incentives division as follows: ***5 proposed new FTEs: 1 Senior Staff Specialist, 2 Staff Specialists, and 2 Assistant Staff Specialists.***

Technology Implementation Office (TIO): As part of the Clean Air Plan’s vision for a post-carbon Bay Area by 2050, the Air District established the TIO in 2016 to scale up technologies that reduce greenhouse gas (GHG) emissions, and currently includes 5 FTEs. As a result of the grant funding being provided by AB 134 and the additional new grant monies listed above, staff is proposing to utilize those monies as appropriate in conjunction with repurposing general fund revenue currently allocated to SID to augment the TIO as follows: ***4 proposed new FTEs: 3 Staff Specialists, and 1 Assistant Staff Specialists.***

Engineering Division (Engineering): As part of the implementation of Rule 11-18, and increased needs it places on the Air District for risk screenings, health risk analyses (HRA), HRA consultant oversight, data and inventory refinement, and participation in both public and industry review processes for health risk reduction plans, Engineering will reorganize to move its most experienced staff to do this work. In order to balance the reassigned permitting and engineering workload, staff

proposes to augment Engineering as follows: *Five proposed new FTEs: One (1) Air Quality Manager and Four (4) Engineers.*

Community Protection Office (CPO): In order to meet the requirements of AB 617 and based on the importance of this initiative, staff is proposing to create a new section - the Community Protection Office. The focus of the CPO will be to engage with AB 617 communities to understand air quality impacts in each of their unique communities, to ensure that those communities have the education on monitoring and air quality issues to engage productively with both the Air District and the ARB, to understand community concerns and to advocate for them with both the Board and ARB; and to form partnerships that lead to lasting air quality improvements in those communities. Due to the importance of this work and the need for greater and more diverse community engagement, staff is recommending that the current Community Engagement Group be reorganized to be part of the CPO and that that office be augmented as follows: *Three (3) proposed new FTEs: One (1) officer level position and Two (2) Staff Specialists.*

Meteorology and Monitoring Division (M&M): In addition to commitments to develop additional monitoring in the five refinery communities, new requirements under AB 617 will require that the current ambient air monitoring network adapt and expand to focus on more localized impacts. Additional staff will be required to develop strategies for large scale localized pollution monitoring at facilities and communities; to operate, maintain and modify the current monitoring network and any additional monitoring sites; and to perform data analysis, reporting and quality control on monitoring results. In order to meet this challenge, M&M is proposing to utilize one-time funding provided by AB 617 and general fund revenue to augmented its staff as follows: *5 proposed new FTEs: 1 Principal Air and Meteorological Monitoring Specialist, 1 Air Quality Meteorologist, 2 Air Quality Instrument Specialists, and 1 Assistant Staff Specialist.*

These staff increases will also be presented to the next Executive Committee for consideration.

BUDGET CONSIDERATION / FINANCIAL IMPACT

Administrative funds from new grant revenue cover costs for the associated new staff. Costs for the remaining new staff will be covered by the vacancy rate associated with recent attrition in the current fiscal year. General Fund revenue will increase by approximately \$5 million to reflect the funds from Assembly Bill 617.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay and Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 11, 2017

Re: Report of the Advisory Council Meeting of December 11, 2017

RECOMMENDED ACTION

The Advisory Council (Council) will receive only informational items and will have no recommendations of approval by the Board of Directors (Board).

BACKGROUND

The Council met on Monday, December 11, 2017, and received the following items:

- A) Update on Adopted Regulation 11: Hazardous Pollutants, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities;
- B) Update from the Office of Environmental Health Hazard Assessment (OEHHA) on Studies of Short-Term PM_{2.5} Exposure; and

Director/Ex-Officio Advisory Council member, 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: Aloha Galimba
Reviewed by: Maricela Martinez

Attachment 13A: 12/11/17 – Advisory Council Meeting Agenda #4

Attachment 13B: 12/11/17 – Advisory Council Meeting Agenda #5

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Stan Hayes and Members
of the Advisory Council

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 4, 2017

Re: Update on Adopted Regulation 11: Hazardous Pollutants, Rule 18: Reduction of Risk
from Air Toxic Emissions at Existing Facilities

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Newly adopted Regulation 11: Hazardous Pollutants, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities (Rule 11-18 or “Toxic Risk Reduction Rule”) will ensure that emissions of toxic air contaminants (TACs) from existing facilities do not pose an unacceptable health risk to people living and working nearby. The rule will rely upon the most up-to-date assumptions about the risk of compounds and would require affected facilities to take action to reduce risk to a low level.

Ambient toxic risk in the Bay Area has declined significantly in the last quarter century from about 4200 per million to less than 700 per million today. However, there are still many areas in the Air District that are impacted by elevated risk levels from both stationary and mobile sources. Many of these areas are considered Community Air Risk Evaluation (CARE) communities.

DISCUSSION

Rule 11-18 applies to all facilities whose emissions of toxic air contaminants may result in a significant risk to nearby residents and workers. The purpose of Rule 11-18 is to focus on those facilities causing the highest health impacts across the Bay Area and to require these facilities to reduce that health risk.

Rule 11-18 is the next step in the Air District’s efforts to protect public health from toxic air pollution. The rule is expected to substantially reduce health risks posed by various facilities by requiring the implementation of all technically and economically feasible risk reduction measures to significant sources of toxic air contaminants (TACs). The rule affects hundreds of facilities, from large facilities like petroleum refineries to much smaller businesses like some dry cleaners and crematoria. These facilities emit a variety of TACs that can adversely impact public health. These pollutants include compounds such as diesel particulate matter (DPM), benzene, polycyclic aromatic hydrocarbons (PAHs), and 1,3-butadiene.

Many of the facilities likely to be affected are located in Bay Area communities that face a variety of public health challenges. Risk reductions from existing facilities achieved by this rule are expected to provide greater benefit to these communities. In addition, Rule 11-18 will help to address some of the Air District's potential obligations under Assembly Bill 617 Nonvehicular Air Pollution: Criteria Air Pollutants and Toxic Air Contaminants, which was signed by the Governor in July 2017. The intent of AB 617 is "...to reduce emissions of toxic air contaminants and criteria pollutants in communities affected by a high cumulative exposure burden." One requirement under AB 617 is for the Air Resources Board to select communities with high exposure burdens, with the air districts where the communities are located then obligated to prepare community emissions reduction programs for toxics and criteria pollutants.

Under Rule 11-18, Air District staff will conduct the work in identifying and assessing facilities. The Air District will identify sources of TAC emissions whose risk may exceed the risk action levels and conduct HRAs for those sources.

Any facility shown by a final HRA to pose a health risk at or above the risk action level in the rule will be required to take further steps to reduce risk. The risk action levels are tiered, starting at 25 per million upon rule adoption and dropping to 10 per million in 2020, to ensure that high risk facilities are addressed first and can begin risk reduction efforts as soon as possible.

Facilities with risk at or above the action level are required to develop a risk reduction plan to reduce risk below the risk action level of 10 per million within five years, if that timeline is feasible. If a facility can get below the risk action level, but technical or financial considerations make more time necessary, the Air District can approve additional time, but no more than is needed, up to an additional five years. If it is not feasible for a facility to reduce its risk below the required levels, the rule provides a third option that would require the facility to install the best available retrofit control technology for toxics (TBARCT) on all significant sources of toxic emissions, thereby reducing risk to the lowest level feasible.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Victor Douglas
Reviewed by: Greg Nudd

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Stan Hayes and Members
of the Advisory Council

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 4, 2017

Re: Update from the Office of Environmental Health Hazard Assessment (OEHHA) on
Studies of Short-Term PM2.5 Exposure

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Office of Environmental Health Hazard Assessment (OEHHA) has conducted several epidemiological studies on the health effects of particulate matter in California, and is working on a number of studies looking at other widespread criteria air pollutants identified in the Clean Air Act. These studies join other studies done in California, nationally, or internationally that examine the health impacts of air pollution exposure.

Work at OEHHA has focused on a number of areas including:

- 1) criteria air pollutants and meteorological impacts from climate change (e.g., heat exposure) and associated adverse health outcomes, including particulate matter and particle constituents and sources associated with mortality and several morbidity outcomes, and
- 2) the identification of subpopulations most vulnerable to these impacts (e.g., young children, pregnant women, the elderly, socioeconomically disadvantaged populations).

DISCUSSION

OEHHA will provide an overview of studies of short-term PM2.5 exposures, and adverse health outcomes, while focusing on studies that use data from California.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 14, 2017

Re: Report of the Executive Committee Meeting of December 14, 2017

RECOMMENDED ACTION

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

A) Update on Technology Implementation Office (TIO) Activities

- 1) None; receive and file

B) Update on Complex Facility Online Permitting and Compliance Strategy

- 1) None; receive and file

C) Request to Amend the Fiscal Year Ending 2018 Budget to Increase Staffing

- 1) Amend the Fiscal Year Ending 2018 budget to authorize the creation of twenty-two (22) additional full time positions

BACKGROUND

The Committee met on Thursday, December 14, 2017, and received the following reports:

A) Update on Technology Implementation Office (TIO) Activities;

B) Update on Complex Facility Online Permitting and Compliance Strategy; and

C) Request to Amend the Fiscal Year Ending 2018 Budget to Increase Staffing

Chairperson Liz Kniss will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) On November 1, 2017, the Air District Board accepted the \$5M from MTC for EV outreach, partnerships and evaluation and also agreed up to \$10M in funding from ARB for the EFMP+UP Program. As a result of these actions, the TIO will be requesting approval of additional staffing, as part of a larger discussion with Budget and Finance and Executive Committees that includes these revenues and projected funds from Assembly Bill 134 and 617. Additionally, staff will request funding for the Technology Assessment Project referenced above and to further investigate financing mechanisms and models from designated reserves following RFP processes at upcoming Executive Committee meeting;
- B) Funding for the vendor contracts to support these activities is included FYE 2018 budget and will be provided from the My Air Online Program (#125) budget; and
- C) Administrative funds from new grant revenue cover costs for the associated new staff. Costs for the remaining new staff will be covered by the vacancy rate associated with recent attrition in the current fiscal year. General Fund revenue will increase by \$5 million to reflect the funds from Assembly Bill 617.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha Galimba
Reviewed by: Maricela Martinez

Attachment 14A: 12/14/17 – Executive Committee Meeting Agenda #4
Attachment 14B: 12/14/17 – Executive Committee Meeting Agenda #5
Attachment 14C: 12/14/17 – Executive Committee Meeting Agenda #6

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 14, 2017

Re: Update on Technology Implementation Office (TIO) Activities

RECOMMENDED ACTIONS

None; receive and file.

BACKGROUND

The Technology Implementation Office (TIO) was launched as part of the Clean Air Plan vision for a post-carbon Bay Area by 2050. The TIO's mission is to establish the Air District as a catalyst for innovation to combat climate change by incentivizing disruptive, low-cost technologies that reduce greenhouse gas (GHG) emissions for mobile and stationary sources.

DISCUSSION

As part of this update, staff will discuss key activities and accomplishments from the TIO for the period July 2017 to December 2017, including the following:

Stakeholder Engagement

- The TIO held stakeholder meetings with researchers, technology developers, incubators and accelerators, utilities, stationary facilities, partner agencies, and financing authorities to get input on the TIO's initial action plan.
- Staff have extended invitations to 5 candidates for the TIO Steering Committee who it believes have the correct mix of skills to assist the Air District in launching the office.

Mobile GHG Reduction Programs

- The transition of light-duty electric vehicle (EV) incentive programs over to the TIO has begun. Once the transition is complete, TIO will administer the Charge! Program for EV infrastructure and the upcoming incentive program to accelerate light duty EV's in public and private fleets.
- TIO recently submitted a plan and application for up to \$10 million(M) to the California Air Resources Board (ARB) for the Enhanced Fleet Modernization Program Plus Up

(EFMP+Up). Pending approval by ARB, the program is scheduled to launch in 2018 and would target qualifying low-income drivers and provide participants funding options for either cleaner replacement vehicles (i.e., EVs or hybrid cars) or transit subsidies, including access to car- and bike-sharing. A resolution accepting this funding was adopted by the Board of Directors (Board) on November 1, 2017.

- The Metropolitan Transportation Commission recently approved an award of \$5M in Congestion Mitigation Air Quality funding to support the District's on-going outreach and evaluation efforts to accelerate adoption of light-duty EVs in the region. Beginning in FYE 2018, this funding will be allocated over a five-year period. A resolution accepting this funding and \$5 million in additional monies for the Spare the Air Program was adopted by the Board on November 1, 2017.

Stationary GHG Reduction Programs

- TIO released a Request for Information (RFI) to learn about new technologies with the potential to reduce greenhouse gas emissions (Attachment 1), with a submission deadline of December 15, 2017.
- TIO released a Request for Proposals (RFP) for an organization to conduct a technology assessment of opportunities to reduce greenhouse gas emissions from stationary sources (Attachment 2), with an application deadline of December 7, 2017.
- TIO was augmented by the arrival of U.S. Environmental Protection Agency Assistant Director Michael Montgomery via a 6-month executive development program assignment. Mr. Montgomery will evaluate the landscape of financial incentive programs, matching incentives with the needs within the stationary sources, and recommend financing and partnership models for the TIO.

Next Steps

Staff will also update the Board on next steps to implement the TIO roadmap for fiscal year ending (FYE) 2018, including the following:

- Organizing quarterly steering committee meetings. The first meeting will be held in January 2018.
- Completing the technology assessment RFP process, present recommendations to the Board on a contractor, and complete technology assessment.
- Completing the financing model evaluation and discuss financing model recommendations with Air District staff, TIO Steering Committee and Board.
- Negotiating financing partnerships for stationary technology incentives program.
- Continuing mobile programs, including Charge! Program, light duty EV Fleet program, and start up a Bay Area Enhanced Fleet Modernization Program program.
- Conducting staff recruitments.

- Event planning for Technology Implementation Office conference to connect stationary facilities, financing opportunities, and technologies.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

On November 1, 2017, the Air District Board accepted the \$5M from MTC for EV outreach, partnerships and evaluation and also agreed to accept up to \$10M in funding from ARB for the EFMP+Up Program. As a result of these actions, the TIO will be requesting approval of additional staffing, as part of a larger discussion with the Budget and Finance and Executive Committees that includes these revenues and projected funds from Assembly Bill 134 and 617.

Additionally, staff will request funding for the Technology Assessment Project referenced above and to further investigate financing mechanisms and models from designated reserves following RFP processes at an upcoming Executive Committee meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ranyee Chiang
Reviewed by: Damian Breen

Attachment 1: Request for Information# 2017-013 Technology Opportunities to Reduce Greenhouse Gas Emissions from Stationary Sources in the Bay Area (<http://www.baaqmd.gov/about-the-air-district/request-for-proposals-rfp-rfq>)

Attachment 2: Request for Proposals# 2017-011 Technology Assessment of Opportunities to Reduce Greenhouse Gas Emissions at Stationary Sources of Air Pollution in the Bay Area (<http://www.baaqmd.gov/about-the-air-district/request-for-proposals-rfp-rfq>)



September 14, 2017

Request for Information# 2017-013

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

Technology Opportunities to Reduce Greenhouse Gas
Emissions from Stationary Sources in the Bay Area

SECTION I – SUMMARY 1
SECTION II – GENERAL INSTRUCTIONS..... 2
SECTION III – REQUESTED INFORMATION..... 2

SECTION I – SUMMARY

A Request for Information (RFI) and Statement of Interest is issued to solicit information and ideas from companies, non-profit organizations, research organizations and other interested parties capable of assisting the Bay Area Air Quality Management District (Air District). Submissions will be used as a guide to find solutions and potentially issue Requests for Quotes (RFQ) or Requests for Proposals (RFP) and potentially influence how an RFQ or RFP is structured.

The Air District is requesting information about innovative technologies that have potential to reduce greenhouse gas emissions from stationary sources in the Bay Area, including refineries, electricity generation facilities, manufacturing facilities, waste management or treatment facilities, agricultural production, data centers, and commercial and residential buildings. The Air District is interested in technologies that have already been piloted or demonstrated successfully in a relevant environment. Technologies may include equipment, software, smart/connected technologies, or other innovations that reduce use of non-renewable energy, reduce emissions, or optimize energy efficiency. Technologies submitted in response to this RFI may be considered for inclusion in the Air District’s technology assessment based on the technology’s level of innovation and potential for impact.

To respond to this RFI, interested parties should complete the web-based questionnaire linked below:

<https://www.surveymonkey.com/r/BAAQMD-2017-013>

**The questionnaire must be submitted by 4:30 PM on December 15, 2017.
Late submissions will not be considered.**

Minority business enterprises, women's business enterprises, and Certified Green Businesses are encouraged to submit a response. **Any questions regarding this RFI should be directed to Cynthia Zhang at czhang@baaqmd.gov.**

SECTION II – GENERAL INSTRUCTIONS

1. All submissions must be made in accordance with the conditions of this RFI. Failure to address any of the requirements is grounds for rejection of the submission.
2. Organizations that have multiple technologies to suggest should submit a separate questionnaire for each technology.
3. The Air District may modify the RFI or issue supplementary information or guidelines during the period prior to December 15, 2017 due date.
4. The cost for developing the information is the responsibility of the bidder, and shall not be chargeable to the Air District.
5. All questions must be in written form and e-mailed directly to Cynthia Zhang, Purchasing Agent, and arrive by 4:00 p.m. on October 12, 2017. All questions will be answered in writing and posted on the [BAAQMD RFP/RFQ webpage](#) by 6:00 p.m. on October 26, 2017.

SECTION III – REQUESTED INFORMATION

1. Organization name
2. Office nearest to San Francisco, California (Address and telephone number)
3. Designated point of contact (Name and e-mail address)
4. Organization summary
5. Technology name
6. Description of innovation (i.e. value proposition, key differentiators from other technologies in the market)
7. Technology categories (equipment, software/application/algorithm, smart/connected technologies, other innovation)
8. Relevant emissions
 - o Greenhouse gases: Carbon dioxide (CO₂), Methane (CH₄), Nitrous oxide (N₂O), Hydrofluorocarbons (HFC)/perfluorocarbons (PFC), Sulfur hexafluoride (SF₆), Black Carbon (BC)
 - o Other pollutants: Particulate matter (PM), Nitrogen oxides (NO_x), Toxic air contaminants
9. Relevant emissions sources addressed by technology (refineries, electricity generation facilities, manufacturing facilities, waste management or treatment, agriculture, data centers, and/or commercial and residential buildings)

10. Emissions reductions possible per source, including total emissions reduction (mass) and percent reduction (%)
11. Cost of technology (including capital and operating costs), cost of comparative technology, payback period for customers
12. Investment funding amounts and dates, quarterly revenues and net income for past 8 quarters
13. Description and links to reports for completed pilots and demonstrations
14. (Optional) Barriers and support needed by organization to increase dissemination of technologies (including regulatory, permitting, or market barriers)
15. (Optional) Available local, state, or federal incentives or programs that support this technology
16. (Optional) References



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

September 27, 2017

Request for Proposals# 2017-011

Technology Assessment of Opportunities to Reduce
Greenhouse Gas Emissions at Stationary Sources of Air
Pollution in the Bay Area

SECTION I – SUMMARY 1

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SECTION I – SUMMARY

The Bay Area Air Quality Management District (Air District or District) is requesting proposals from experienced and qualified organizations to perform a technology assessment to evaluate opportunities to reduce greenhouse gas emissions at stationary sources of air pollution in the Bay Area (e.g. refineries, natural gas power plants, manufacturing facilities, waste management facilities, residential and commercial buildings, etc.). Technologies may include equipment, software, smart/connected technologies, or other innovations that reduce use of non-renewable energy, reduce emissions, or optimize energy efficiency. These technology options will be evaluated on technology readiness, costs, benefits, and barriers to development, demonstration, and deployment.

To respond to this Request for Proposals (RFP), an interested organization should submit one (1) electronic copy (in Adobe Acrobat PDF file format) of its proposal to the Air District’s Procurement Portal (Portal):

Cynthia Zhang, Purchasing Agent
Bay Area Air Quality Management District
375 Beale Street, Suite 600; San Francisco, CA 94105
Portal link: <https://baaqmd.bonfirehub.com/>

**Proposals must be submitted by 4:00 p.m. on November 3, 2017.
Late proposals will not be considered.**

Proposals must address all information requested in this RFP. A proposal may add information not requested in this RFP, but the information should be in addition to, not instead of, the requested information and format. Minority business enterprises, women's business enterprises, veteran's business enterprises, and Certified Green Businesses are encouraged to submit proposals. **Any questions regarding this RFP should be submitted through the Portal.**

SECTION II – BACKGROUND

A. Air District Overview

The Bay Area Air Quality Management District (Air District) was created by the California Legislature in 1955 as the first regional agency to deal with air pollution in California. The Air District jurisdiction includes Alameda, Contra Costa, Marin, Napa, Santa Clara, San Francisco, San Mateo, southwestern Solano, and southern Sonoma counties.

The State Legislature originally gave the Air District the authority to regulate stationary sources of air pollution, such as factories, oil refineries, chemical plants, gasoline stations, and agricultural burning. With more recent legislation, the Air District was granted authority to enact certain transportation and mobile source measures. In 2017, the Air District adopted a Clean Air Plan, a multi-pollutant strategy to reduce ozone, particulate matter, toxic air contaminants, and greenhouse gases. The strategy includes proposed regulations, grant and incentive programs, public education and outreach, and partnerships with other agencies and stakeholders.

The Air District is governed by a twenty-four member Board of Directors, consisting of elected officials, including county supervisors, mayors, and city council members. The Executive Officer / Air Pollution Control Officer for the Air District is Jack Broadbent.

B. Technology Implementation Office

As part of the Clean Air Plan's vision for a post-carbon Bay Area by 2050, the Air District established the Technology Implementation Office (TIO) in 2016 to scale up technologies that reduce greenhouse gas (GHG) emissions. The TIO plans to incentivize stationary sources of GHG emissions to incorporate low-carbon intensity practices across Bay Area industries. The TIO also supports deployment of zero emissions energy generation, zero emissions vehicles and infrastructure, efficiency technologies, and new smart/connected technologies, leveraging technology and innovation opportunities from the Bay Area whenever feasible.

The selected organization will perform a technology assessment to evaluate opportunities to reduce greenhouse gas emissions at stationary sources of air pollution in the Bay Area (e.g. refineries, natural gas power plants, manufacturing facilities, waste management facilities, residential and commercial buildings, etc.). The technology assessment will evaluate technology readiness, costs, benefits, and barriers to development, demonstration, and deployment. The technology assessment for stationary sources will be used together with existing analyses of transportation technologies to support planning for TIO and Air District programs. The results of the assessment will also be shared with partner agencies, researchers, and the private sector.

SECTION III – INSTRUCTIONS TO BIDDERS

A. General

1. Prospective bidders must create an account through the Portal in order to view RFP documents, addenda, and submit questions and proposal documents.
2. All proposals must be made in accordance with the conditions of this RFP. Failure to address any of the requirements is grounds for rejection of this proposal.
3. Proposals may include multiple organizations with a lead organization and subcontractors, to ensure a broad range of technology and analytical expertise.
4. Lead organization must declare that they have no personal or financial stake in the technology options included in the assessment.
5. All information should be complete, specific, and as concise as possible.
6. Proposals should include any additional information that the respondent deems pertinent to the understanding and evaluation of the bid.
7. The District may modify the RFP or issue supplementary information or guidelines during the proposal preparation period prior to the due date. Prospective bidders who register on the Portal will be notified by email of RFP updates. Please check the [Portal](#) for updates prior to the due date.
8. Proposals shall constitute firm offers. Once submitted, proposals may be withdrawn, modified and resubmitted through the Portal up until the November 3, 2017, due date.
9. The District reserves the right to reject any and all proposals.
10. All questions must be in written form and submitted through the Portal no later than 4:00 p.m. on October 12, 2017. All questions will be answered in writing and posted on the [Portal](#) by 6:00 p.m. on October 20, 2017.
11. The cost for developing the proposal is the responsibility of the bidder, and shall not be chargeable to the Air District.

B. Submittal of Proposals

All proposals must be submitted according to the specifications set forth in Section V (A) – Contents of Proposal, and this section. Failure to adhere to these specifications may be cause for the rejection of the proposal.

1. Due Date – All proposals are due no later than 4:00 p.m., November 3, 2017, and should be submitted via the Portal:

Cynthia Zhang, Purchasing Agent
Bay Area Air Quality Management District
375 Beale Street, Suite 600; San Francisco, CA 94105
Portal link: <https://baaqmd.bonfirehub.com/>

2. Proposals received after the time and date provided previously specified will not be considered.
3. Signature – All proposals should be signed by an authorized representative of the bidder.
4. Submittal – Submit one (1) electronic copy (in Adobe Acrobat PDF file format). Electronic submissions submitted via the Portal will be acknowledged with a return email. Late proposals will not be accepted. Any correction or re-submission of proposals will not extend the submittal due date.
5. Grounds for Rejection – A proposal may be immediately rejected at any time if it arrives after the deadline, or is not in the prescribed format, or is not signed by an individual authorized to represent the organization.
6. Disposition of the Proposals – All responses to this RFP become property of the Air District and will be kept confidential until a recommendation for award of a contract has been announced. Thereafter, submittals are subject to public inspection and disclosure under the California Public Records Act. If a respondent believes that any portion of its submittal is exempt from public disclosure, it may mark that portion “confidential.” The District will use reasonable means to ensure that such confidential information is safeguarded, but will not be held liable for inadvertent disclosure of the information. Proposals marked “confidential” in their entirety will not be honored, and the District will not deny public disclosure of any portion of submittals so marked.

By submitting a proposal with portions marked “confidential,” a respondent represents it has a good faith belief that such portions are exempt from disclosure under the California Public Records Act and agrees to reimburse the District for, and to indemnify, defend, and hold harmless the District, its officers, employees, and agents, from and against any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses, including without limitation, attorneys’ fees, expenses, and court costs of any nature whatsoever, arising from or relating to the District’s non-disclosure of any such designated portions of a proposal.

7. Modification – Once submitted, proposals, including the composition of the contracting team, may be altered up until the due date. Proposals may not be modified after the due date. All proposals shall constitute firm offers valid for ninety (90) days from the November 3, 2017, due date.

C. Interviews

1. The Air District, at its option, may interview bidders. The interviews will be for

the purpose of clarifying the proposals.

2. Submittal of new proposal material at an interview will not be permitted.
3. Interviews may involve a presentation and/or a question-and-answer session.

SECTION IV – SCOPE OF WORK

The selected organization will perform an assessment of potential technology opportunities to reduce greenhouse gas emissions at stationary sources of air pollution in the Bay Area. The selected organization will research and evaluate promising technology opportunities and provide a detailed written report describing findings as outlined in this RFP. This technology assessment will focus on identifying and synthesizing existing studies so that they are comparable across technology categories and relevant industries and emissions sources in the Bay Area. **(Note: The final scope of work and budget for this project will be discussed and agreed upon between the Air District and the selected organization prior to contract execution)**

The technology assessment will focus on technologies that reduce the following emissions:

- Carbon dioxide (CO₂)
- Methane (CH₄)
- Nitrous oxide (N₂O)
- Hydrofluorocarbons (HFC), perfluorocarbons (PFC)
- Sulfur hexafluoride (SF₆)
- Black Carbon (BC)

The assessment will focus on technologies that are relevant for stationary emissions sources regulated by the Air District including but not limited to:

- Refineries
- Natural gas power stations and cogeneration facilities
- Cement factories
- Semi-conductor factories
- Landfills
- Composting facilities
- Animal waste and agriculture
- Wastewater/sewage treatment facilities
- Data centers
- Commercial buildings
- Residential buildings

Technologies that enable linking together multiple facilities should also be included, especially to better utilize waste products and energy.

The selected organization will evaluate technology opportunities that are at Technology Readiness Levels 7 – 9 based on the U.S. Department of Energy's definitions¹.

Technologies include but are not limited to:

¹ U.S. Department of Energy G 413.3-4A, Technology Readiness Assessment Guide, p. 9, <https://www.directives.doe.gov/directives-documents/400-series/0413.3-EGuide-04a>

- Alternatives to gas turbines and diesel internal combustion engines (including gas microturbines, hydrogen fuel cells, renewable energy and battery storage)
- Cooling and heating (including geothermal, electric heat pumps)
- Energy efficiency measures
- Smart/connected technologies (including sensors, leveraging mobile networks, big data, artificial intelligence, Internet of Things, industrial Internet of Things, software or applications)
- Methane capture and use
- Waste-to-energy
- Carbon sequestration and use

Organizations should include suggestions for additional promising technologies that can significantly reduce greenhouse gas emissions at these emissions sources. Concurrently, the Air District has issued a separate Request for Information (RFI) to seek information and suggestions for additional technology opportunities. The Air District and selected organization will review the RFI submissions and determine which, if any, will be included in the assessment and written report based on the level of innovation and potential for impact.

The analysis approach should include the following steps, as well as other steps suggested by the proposing organization:

- Desk research of relevant publications and reports.
- Interview researchers, companies, investors to gather data about emissions reduction technologies and companies.
- Analysis and modeling to fill in gaps to assess and compare technology readiness, emissions reductions, costs, market barriers.
- Develop matrix which combines these analyses into a framework which allows technologies to be evaluated by a common set of assumptions and criteria; Develop graphs which allow ranking technologies by GHG emissions reductions, costs, GHG emissions reductions per cost, and GHG emissions reductions achievable with commercially available technologies.
- Prepare the final report that includes the methodology, results (including the matrix), and limitations.

For each technology opportunity, the technology assessment report should provide and/or evaluate the following factors at a minimum:

- Description of the technology
- Technology Readiness Level. For demonstrated technologies, the report should include results and implications from the demonstration. For deployed technologies, the report should include the number in the market and recent trends for market penetration.
- Technological barriers, dependencies, and risks
- Economic, market, and policy barriers, dependencies, and risks (including maturity and stability of companies, regulatory or permitting barriers, competitiveness with baseline technologies)
- Relevant emissions sources in the Bay Area currently and anticipated in the future (including facility categories and unit operations)
- Emissions reductions that are technically and economically feasible per source; emissions reductions feasible across the Bay Area. If these are ranges, the report should include the parameters that shift the emissions reductions to the lower or higher end of the range, with uncertainty analyses.

- Additional environmental, social, or economic benefits
- Costs, costs per emissions reduction, cost comparison with baseline technologies, timeframe for cost recovery. If these are ranges, the report should include the parameters that shift the costs to the lower or higher end of the range with uncertainty analyses.
- Opportunities to catalyze energy systems change or additional GHG emissions beyond the specific technologies and emissions sources

Project timeline: 4 months from when the contract is signed

The proposed project schedule should include these milestones, which will be reviewed by Air District staff (including from Technology Implementation Office and Engineering Division):

- Kick-off planning meeting with Air District staff, including review of RFI submissions
- Regular project progress reports and meetings with Air District staff
- List of stakeholders to interview, and of data sources
- Report outline, including matrix template for organizing emissions sources and technologies and presentation to Air District staff
- Draft report and presentation to Air District Staff
- Share data and models developed as part of this scope of work
- Final report incorporating Air District staff feedback

SECTION V – PROPOSAL FORMAT, CONTENT, AND SUBMITTAL

A. Contents of Proposal

Submitted proposals must follow the format outlined below and include all requested information. Failure to submit proposals in the required format can result in the proposal being eliminated from evaluation and consideration.

1. Technical Proposal

a. Cover Page (Section I) –

- Lead organization must include:
 - Address and telephone number of office nearest to San Francisco, California
 - Name and e-mail address of project manager and designated point of contact
 - Must be signed by the person(s) authorized to represent the organization
- Table of Contents – Clearly identify material contained in the proposal by section

b. Summary (Section II, maximum of 1 page) – State overall approach to Technology Assessment, including the objectives and scope of work.

c. Organization Background (Section III, maximum of 3 pages) – Provide a

statement of organization(s)' background, technical capabilities, and previous experience relating to this scope of work. Provide references of other, similar projects including contact name, title, and telephone number for all references listed and any resulting publications.

- d. Assigned Personnel (Section IV, maximum of ½ page per person) – Provide the following information about the staff to be assigned to the project:
 - List all key personnel assigned to the project, including name, title, and geographical location (if different from one provided on the cover page). Provide a summary of their training and experience in providing similar services and any specialized expertise they may have. Substitution of project manager or staff will not be permitted without prior written approval of the Air District's assigned program manager.
 - Provide a statement of the availability of staff with requisite qualifications and experience to conduct the requested project.
- e. Subcontractors (Section V) – List any subcontractors that will be used, their scope of work, and the total number of hours or percentage of time they will spend on the contract.
- f. Analysis Methodology (Section VI, maximum of 3 pages) – Describe the data, tools and methodology proposed for this scope of work. Include proposed data sources and references, anticipated challenges related to data availability, necessary assumptions, and limitations of current analysis tools and how the proposed work will address these challenges.
- g. Project Schedule (Section VII, maximum of 2 pages) – Provide projected milestones or benchmarks for completing the project within the total time allowed.
- h. Project Organization (Section VIII, maximum of 2 pages) – Describe the proposed management structure, monitoring procedures, and organization of the engagement team. Provide a statement specifically addressing the organizations' ability and willingness to commit and maintain staffing to successfully conclude the project on the proposed schedule.
- i. Retention of Working Papers (Section IX) – All working papers are the property of the Air District. Include a statement acknowledging that if your organization is awarded the contract, you will retain project related papers and related reports for a minimum of five (5) years.
- j. Conflict of Interest (Section X) – Address possible conflicts of interest with other clients affected by contractors' actions performed by the organization on behalf of the Air District. The Air District recognizes that prospective bidders may have contracts to perform similar services for

other clients. Include a complete list of such clients for the past three (3) years with the type of work performed and the total number of years performing such tasks for each client. The Air District reserves the right to consider the nature and extent of such work in evaluating the proposal.

- k. Declaration Statement (Section XI) – Provide a signed declaration on your organization’s letterhead attesting your organization has no personal or financial stake in the technology options to be assessed and included in the analysis.
- l. Additional Data (Section XII) – Provide other essential data that may assist in the evaluation of the proposal (e.g. green business certification, etc).
- m. Cost Proposal (Section XIII) – List the fully-burdened hourly rates and the total number of hours estimated for each level of professional and administrative staff to be used to perform the tasks required by this RFP. When relevant, list cost share being provided by the lead organization, including for overhead costs. In addition, costs should be estimated for each of the components of the Scope of Work. The Cost Proposal does not need to be a separate, sealed document.

SECTION VI – PROPOSAL EVALUATION

A panel of Air District staff will evaluate all proposals. The panel will recommend the selection of the contractor to the Air Pollution Control Officer (APCO), who will, in turn, make a recommendation to the Air District Board of Directors. The Air District Board of Directors must approve the contract to carry out the work described in this RFP. An example of a typical contract for professional services used by the Air District is included in Section VII.

Proposals will be evaluated on the following criteria:

Criteria	Description	Weight
Expertise	Technical expertise and experience of the organization and personnel assigned to RFP tasks; organization’s ability to perform and complete the work in a professional and timely manner. <i>(For example, as described in Organization Background, Section III; Assigned Personnel, Section IV; Subcontractors, Section V)</i>	30%
Approach	Responsiveness of the proposal, based upon a clear understanding of the work to be performed, related challenges, and plans to mitigate those challenges. <i>(For example, as described in Summary, Section II; Analysis Methodology, Section VI; Project Schedule, Section VII; and Project Organization, Section VIII)</i>	40%
Organization’s Specialty Focus	Local organization (2.5%)/Green Business (2.5%)*	5%

Area		
Conflicts of Interest	Conflicts of interest are addressed <i>(For example, as described in Conflict of Interest, Section X; Declaration Statement, Section XI; Additional Data, Section XII)</i>	5%
Cost	Cost or cost effectiveness and resource allocation strategy, including completeness and level of detail in budget, percent of administrative and overhead costs, and whether there is cost-share <i>(For example, as described in Cost Proposal, Section XIII)</i>	20%
	Total	100%

*The Air District gives preference to local organizations and those that are certified as green businesses by a government agency or independent private rating organization. Local business refers to an organization's headquarters located in the 9 counties of the Air District's jurisdiction.

If two or more proposals receive the same number of points, the Air District will accept the lower cost offer. The Air District reserves the right to reject any and all proposals submitted and/or request additional information.

SECTION VII – SAMPLE CONTRACT

A sample contract to carry out the work described in this RFP is available on the District's website at <http://www.baaqmd.gov/about-the-air-district/request-for-proposals-rfp-rfq/samples-previous>.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 5, 2017

Re: Update on Complex Facility Online Permitting and Compliance Strategy

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The My Air Online Program is composed of the design, implementation and maintenance of online permitting and compliance systems, New Production System (NPS), and the public websites. The platform currently supports permit applications, permit renewals and inspection of small businesses, which represent approximately 70% total facilities regulated by the Air District. The remaining 30% of the facilities regulated by the Air District represent the more complex operations, including refineries, chemical plants, power plants and metal melting operations. Starting in 2018, staff will begin enhancing the NPS platform and implementing a new web-based emissions inventory reporting product to support permitting and compliance activities for these operations.

DISCUSSION

The new emissions inventory validation tool will initially focus on inventory reporting activities for Regulation 12, Rule 15: Petroleum Refining Emissions Tracking and Assembly Bill 617: Nonvehicular Air Pollution: Criteria Air Pollutants and Toxic Air Contaminants. In addition, the enhanced data provided through this new product will provide an improved toxic air contaminant inventory to support implementation of Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities. Once this tool is completed it will form the basis for the completion of the Complex Facility tool suite including permit renewals, emissions banking, new permits and individual complex facility modules (refineries, power plants etc.).

In anticipation of this development effort, the Air District released a Request for Qualifications for software professional services. This yielded five local service providers with the appropriate skills, resources and availability for effective collaboration. Additionally, a Request for Quotation was released detailing the scope of work required to estimate and build the new system. It is anticipated that vendor selection will be complete for a January kick-off with an estimated budget of \$975,520 for the remainder of the fiscal year.

Staff will provide an update on the approach and progress for supporting permitting and compliance activities for complex facilities through My Air Online permitting & compliance system platform.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for the vendor contracts to support these activities is included FYE 2018 budget and will be provided from the My Air Online Program (#125) budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Blair L. Adams
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 1, 2017

Re: Request to Amend the Fiscal Year Ending 2018 Budget to Increase Staffing

RECOMMENDED ACTIONS

Recommend Board of Directors:

Amend the Fiscal Year Ending 2018 budget to authorize the creation of twenty-two (22) additional full time positions.

BACKGROUND

The Air District will be implementing new initiatives and receiving additional funding as mentioned below.

Regulation 11, Rule 18

The Air District Board has passed a new regulation to reduce health risks from toxic emissions from existing facilities - Regulation 11, Rule 18: Reduction of Risk from Air Toxic Emissions at Existing Facilities (Rule 11-18). This new rule will improve air quality and reduce toxic emissions from facilities ranging in size from large-scale plants like factories and oil refineries to smaller operations like some dry cleaners and crematoria. Rule 11-18 will rely on risk screenings and health risk assessments.

In implementing Rule 11-18, Air District staff will conduct site-specific screening analyses for all facilities that report toxic air contaminant emissions, and calculate health prioritization scores based on the amount of toxic air pollution emitted, the degree of toxicity of these pollutants, and the proximity of these facilities to local communities. For facilities found to have priority scores, a rough approximation of the health risk for a facility above the levels required by the rule, the Air District will conduct health risk assessments. Based on the health risk assessments, facilities found to have a potential health risk above the Risk Action Level will be required to reduce their risk below the Risk Action Level, or install Best Available Retrofit Control Technology for Toxics on all significant sources of toxic emissions.

Assembly Bill 617

On July 26, 2017, Governor Brown signed Assembly Bill (AB) 617 (C. Garcia, Chapter 136, Statutes of 2017) into state law. The bill establishes a program whose focus is to reduce exposure in California neighborhoods most impacted by air pollution. The bill requires the California Air Resources Board (ARB) to work closely with local air districts, community groups, community members, environmental organizations, and regulated industries to reduce harmful air emissions and create a new framework for community protection. The California State Budget provides \$27 million to support all local air districts' implementation of AB 617 of which staff expects to receive approximately \$5 million as a one time disbursement for its operations. Additional staff will be needed to fully implement the requirements of AB 617 and will be included in the draft FYE 2019 budget as well as the request to increase staff and amend the FYE 2018 budget.

Assembly Bill 134

On September 9, 2017, Assembly Bill (AB) 134 was signed into law. This legislation amends the 2017 California State Budget Act to add provisions related to its greenhouse gas expenditure plan that allocates \$50 million to the Air District. This funding is principally to address the reduction of diesel particulate matter (DPM) emissions, the primary health risk driver from toxic air contaminants, in Bay Area impacted communities. This funding is targeted to complement efforts under AB 617.

Additional New Funding

In addition to the funding provided by AB 134 listed above, the Air District has successfully secured over \$17 million in new program funding from federal, state, and other sources including the Bay Area Clean Air Foundation over the past three years. This new funding is anticipated to provide approximately \$3.7 million in new administrative revenue from the following:

Climate Initiatives Program: MTC receives funding from the Federal Highway Administration's (FHWA) Congestion Mitigation and Air Quality Program (CMAQ). Because the Air District is the lead agency in the region for implementing electric vehicle (EV) programs, MTC has awarded the Air District \$10 million in CMAQ funds through its Climate Initiatives Program to help further advance regional adoption of EVs.

Enhanced Fleet Modernization Plus-up Program (EFMP Plus-up Program): The ARB Enhanced Fleet Modernization Plus-up Program (EFMP Plus-up Program) is a voluntary vehicle retirement and replacement incentive program. Depending on how many of districts proceed the Air District may be awarded up to \$10 million to implement the EFMP Plus-up.

Bay Area Clean Air Foundation: The Foundation was recently awarded \$1.3 million in Reformulated Gas (RFG) funding to help accelerate the adoption of zero- and near-zero-emission equipment and vehicles operating in and around the Port of Oakland and the surrounding West Oakland community.

Other Grants: The following is a summary of other recent awards to the Air District:

Funding Agency	Project Title	Total Award in Millions
California Energy Commission	Bay Area Corridor Charging Expansion	\$0.50
National Fish and Wildlife Foundation	Commercial Lawn & Garden Equipment in Alameda & Contra Costa counties	\$0.47
Reformulated Gas Settlement Fund	EV Charging Demo	\$0.50
Air Resources Board	Goodwill Industries Electric Vehicle Project	\$2.74
Caltrans/ MTC	Climate Initiative Program Public Education and Signage	\$0.40
US EPA National Clean Diesel Program	Locomotive Replacement (2 projects)	\$2.06

DISCUSSION

Staffing for New Initiatives and Mandates

As a result of the new initiatives and mandates listed above, staff is proposing to rebalance existing workload, restructure the current organization and augment its numbers as follows:

Strategic Incentives Division (SID): The Air District’s grant funding is mainly administered by the SID, which currently consists of 17 permanent FTEs. In FYE 2018, the SID will administer approximately \$101 million in new revenues. As a result of the funding provided by AB 134 and the additional new grant monies available, staff is proposing to augment its numbers in the strategic incentives division as follows: ***5 proposed new FTEs: 1 Senior Staff Specialist, 2 Staff Specialists, and 2 Assistant Staff Specialists.***

Technology Information Office (TIO): As part of the Clean Air Plan’s vision for a post-carbon Bay Area by 2050, the Air District established the TIO in 2016 to scale up technologies that reduce greenhouse gas (GHG) emissions, and currently includes 5 FTEs. As a result of the grant funding being provided by AB 134 and the additional new grant monies listed above, staff is proposing to utilize those monies as appropriate in conjunction with repurposing general fund revenue currently allocated to SID to augment the TIO as follows: ***4 proposed new FTEs: 3 Staff Specialists, and 1 Assistant Staff Specialist.***

Engineering Division (Engineering): As part of the implementation of Rule 11-18, and increased needs it places on the Air District for risk screenings, health risk analyses (HRA), HRA consultant oversight, data and inventory refinement, and participation in both public and industry review processes for health risk reduction plans, Engineering will reorganize to move its most experienced staff to do this work. In order to balance the reassigned permitting and engineering workload, staff

proposes to augment Engineering as follows: *Five proposed new FTEs: One (1) Air Quality Manager and Four (4) Engineers.*

Community Protection Office (CPO): In order to meet the requirements of AB 617 and based on the importance of this initiative, staff is proposing to create a new section - the Community Protection Office. The focus of the CPO will be to engage with AB 617 communities to understand air quality impacts in each of their unique communities, to ensure that those communities have the education on monitoring and air quality issues to engage productively with both the Air District and the ARB, to understand community concerns and to advocate for them with both the Board and ARB; and to form partnerships that lead to lasting air quality improvements in those communities. Due to the importance of this work and the need for greater and more diverse community engagement, staff is recommending that the current Community Engagement Group be reorganized to be part of the CPO and that that office be augmented as follows: *Three (3) proposed new FTEs: One (1) officer level position and Two (2) Staff Specialists.*

Meteorology and Monitoring Division (M&M): In addition to commitments to develop additional monitoring in the five refinery communities, new requirements under AB 617 will require that the current ambient air monitoring network adapt and expand to focus on more localized impacts. Additional staff will be required to develop strategies for large scale localized pollution monitoring at facilities and communities; to operate, maintain and modify the current monitoring network and any additional monitoring sites; and to perform data analysis, reporting and quality control on monitoring results. In order to meet this challenge, M&M is proposing to utilize one-time funding provided by AB 617 and general fund revenue to augmented its staff as follows: *5 proposed new FTEs: 1 Principal Air and Meteorological Monitoring Specialist, 1 Air Quality Meteorologist, 2 Air Quality Instrument Specialists, and 1 Assistant Staff Specialist.*

BUDGET CONSIDERATION / FINANCIAL IMPACT

Administrative funds from new grant revenue cover costs for the associated new staff. Costs for the remaining new staff will be covered by the vacancy rate associated with recent attrition in the current fiscal year. General Fund revenue will increase by approximately \$5 million to reflect the funds from Assembly Bill 617.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay and Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 18, 2017

Re: Report of the Personnel Committee Meeting of December 18, 2017

RECOMMENDED ACTION

The Personnel Committee (Committee) may recommend Board of Directors' approval of the following items:

- A) Conduct Interviews and Consider Recommending Board of Directors Approval of Candidates for Appointment to the Air District's Hearing Board
 - 1) Conduct interviews and consider recommending Board of Directors approval of candidates for appointment to the Air District's Hearing Board

BACKGROUND

The Committee will meet on Monday, December 18, 2017, and will receive the following reports:

- A) Conduct Interviews and Consider Recommending Board of Directors Approval of Candidates for Appointment to the Air District's Hearing Board

Chairperson Jim Sperring 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: Aloha Galimba
Reviewed by: Maricela Martinez

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Jim Spering and Members
of the Personnel Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 5, 2017

Re: Conduct Interviews and Consider Recommending Board of Directors Approval of
Candidates for Appointment to the Air District's Hearing Board

RECOMMENDED ACTION

Conduct interviews and consider recommending Board of Directors approval of candidates for appointment to the Air District's Hearing Board.

BACKGROUND

Pursuant to Section 40800 of the California Health and Safety Code, the Air District is required to maintain a Hearing Board consisting of five members including, one member who is a professional engineer registered as such pursuant to the Professional Engineers Act (Chapter 7 (commencing with Section 6700) of Division 3 of the Business and Professions Code), one member from the medical profession whose specialized skills, training, or interests are in the fields of environmental medicine, community medicine, or occupational/toxicologic medicine, one member admitted to the practice of law in this state, and two public members. The Air District board may also appoint one alternate for each member. The alternate shall have the same qualifications, specified in Section 40801, as the member for whom such person is the alternate. The alternate may serve only in the absence of the member, and for the same term as the member.

Pursuant to Division I, Section 8.6 of the Air District's Administrative Code, Hearing Board Member terms are limited to fifteen (15) consecutive years, with re-appointment possible after a three-year absence.

DISCUSSION

The terms of office for the current member in the professional engineer will expire on March 20, 2019. However, the incumbent resigned from the Hearing Board for personal reasons. This leaves a total of 1 vacancy in the principal position. Staff initiated a recruitment effort to fill the position including outreach and advertising of the position to the following sites:

- Bay Area Newspapers
- Governmentjobs.com

- California Air Pollution Control Officers Association (CAPCOA)
- Air & Waste Management Association (AWMA)
- National Association of Clean Air Agency
- Ecojobs.com
- Environmentaljobs.com
- Vetjobs.com
- LinkedIn.com
- Indeed.com
- Craigslist.org
- Community Mailing Lists

After extensive recruitment and outreach efforts, staff received a total of one application. Staff and the Hearing Board Chair have assessed the candidates' experience and education relative to the position for which the candidate applied and have determined that the candidate, who is currently serving in the Alternate Professional Engineer position, meets the necessary experience and education to fulfill the duties of the permanent position.

An interview of the candidate will occur during the Personnel Committee meeting of December 18, 2017. The application materials of the candidate will be provided to you for your review.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Raegan Carmon
Reviewed by: Rex Sanders

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Liz Kniss and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: December 18, 2017

Re: Report of the Stationary Source Committee Meeting of December 18, 2017

RECOMMENDED ACTION

The Stationary Source (Committee) may recommend Board of Directors' approval of the following items:

A) Rule Development Addressing Particulate Matter

1) None; receive and file

B) Regulation 11, Rule 18 Implementation Update

1) None; receive and file

BACKGROUND

The Committee will meet on Monday, December 18, 2017, and will receive the following reports:

A) Rule Development Addressing Particulate Matter; and

B) None; receive and file

Chairperson John Gioia will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

A) None; and

B) All contracts will be no cost contracts, with the costs of the HRA services being fully recovered by fees charged to the affected facilities

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha Galimba
Reviewed by: Maricela Martinez

Attachment 16A: 12/18/17 - Stationary Source Committee Meeting Agenda #4
Attachment 16B: 12/18/17 - 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/APCO

Date: December 8, 2017

Re: Rule Development Addressing Particulate Matter

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Bay Area is not yet in attainment of state standards for particles smaller than 10 microns (PM₁₀), or particles smaller than 2.5 micrometers (PM_{2.5}). Small particles cause or contribute to a wide variety of serious health problems, including asthma, bronchitis, cardio-vascular diseases, and cancer as a result of its non-attainment status, the region must implement all feasible measures to reduce particulate emissions. Stationary Source Measure 31 in the 2017 Clean Air Plan suggested review of the Regulation 6, Rule 1 (Rule 6-1) particulate matter (PM) emissions requirements. The Air District is considering amendments to Rule 6-1 to further reduce particulate matter emissions in the Bay Area. The Air District is also considering new rules under Regulation 6 that address different types of particulate matter emissions.

DISCUSSION

The draft amendments to Rule 6-1 address a commitment by the Air District's Board of Directors to review Stationary Source Measure SS-31 in the Air District's 2017 Clean Air Plan. Background on the Bay Area's particulate matter challenges are documented in a November 2012 staff report entitled *Understanding Particulate Matter: Protecting Public Health in the San Francisco Bay Area*. These draft amendments to Rule 6-1 are the next of many steps needed to reduce particulate matter emissions and improve public health.

Draft amendments to Rule 6-1 include:

- Clarify exemptions for particulates from operations covered by other existing Air District rules, and for sugar and salt manufacturing,
- Prohibition of visible emissions within and from bulk material storage and handling facilities,
- Update particulate emissions limits from general sources (both concentration and mass emission limits) to reflect the most stringent levels achievable, and

- Clarify testing requirements to determine compliance.

Staff proposes draft amendments to Rule 6-1 because its particulate standards have not been updated in decades; other air districts in California have more stringent standards, and amendments are needed to ensure the Bay Area standards are health-protective; control technology is available that facilities can use to comply at a reasonable cost; and the revised standards will obtain PM_{2.5} reductions that will help the Air District achieve its health-based PM_{2.5} goals.

Background work and analysis done during the development of potential amendments to Rule 6-1 is intended to provide the foundation for the Air District's efforts to further reduce public exposure to unhealthy levels of particulate matter. Staff expects that additional, source-specific rulemaking will build upon this foundation.

Staff reviewed all stationary sources of particulate matter, and identified two additional opportunities to reduce particulate emissions under this rule. The first addresses particulates from Bulk Material Storage and Handling facilities:

- Requirements apply to bulk material sites with an Air District permit that produce, handle or use more than 10 tons per year of material, or store material more than 3 feet high.
- Prohibits significant visible emissions of fugitive dust from any source or activity that exceeds 10% opacity more than 3 minutes in any hour observation period.
- Prohibits any visible emissions of fugitive dust leaving the property.
- Requires prevention and cleanup of material spills.
- Visible emissions from sources within 1000 feet of the property line must be monitored twice daily.
- Visible emissions from all sources must be monitored daily.

Requirements for bulk material storage and handling have been incorporated into the amendments to Rule 6-1.

The second new opportunity to reduce particulate emissions under this rule addresses road dust originating from dirt and other solids that adhere to vehicles at construction sites, bulk material facilities, and other locations with disturbed surfaces. This material can get "tracked out" onto adjacent public roadways, pulverized into silt by subsequent traffic and entrained into the air creating a fugitive dust plume. Staff proposes draft new Regulation 6, Rule 6: Prohibition of Trackout:

- Requirements apply to large bulk material and construction sites, and disturbed surfaces greater than 1 acre.
- Prohibits trackout of dirt and other solids onto adjacent public roadways of more than 25 linear feet or 25 square feet for more than 4 hours.
- Prohibits more than 1 quart of remaining trackout at the end of each workday.
- Prevention of dust is required during cleanup of trackout.
- Trackout must be monitored mid-day and at the end of each workday.

A third opportunity to reduce smoke and particulate emissions from paving asphalt and roofing asphalt was found to be feasible, but emission reductions were so small as to be not cost-effective.

In addition, staff is proposing a new Regulation 6: General Provisions, Definitions and Test Methods Section to provide consistent administrative, monitoring and recordkeeping requirements; definitions; and test methods across all Regulation 6, Particulate Matter regulations.

The Air District conducted eight workshops in late January and early February (in conjunction with the 2017 Clean Air Plan Open Houses) to share details of the draft rules with the public and affected parties, and to seek input. The comment period closed on March 10, and staff is currently finalizing the proposal for a Public Hearing anticipated in February 2018.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Guy Gimlen
Reviewed by: Greg Nudd

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: December 18, 2017

Re: Regulation 11, Rule 18 Implementation Update

RECOMMENDATIONS

None; receive and file.

BACKGROUND

On November 15, 2017, the Air District Board of Directors adopted Regulation 11, Rule 18, Reduction of Risk from Air Toxic Emissions at Existing Facilities (Rule 11-18). Under this rule, facility-wide health risk assessments (HRAs) will be required for about 400 facilities in the Air District to determine the applicability of risk reduction requirements at existing facilities. In accordance with the Rule 11-18 Implementation Plan, the Air District plans to evaluate 60 facilities that are likely to have the highest health impacts during the first two years of implementation of this rule. These sites include refineries, cement manufacturing, metal melting, large chemical plants, large power plants, and landfills. The remaining 340 facilities will be evaluated during the latter years of the implementation plan.

DISCUSSION

In order to assist the Air District in performing these evaluations, staff issued a Request for Qualifications (RFQ) on November 10, 2016, to solicit qualifications from consulting firms that would be able to conduct facility-wide health risk assessments in support of the Air District's proposed risk reduction rule. The RFQ was forwarded to about 200 consultants, universities and was also posted on the Air District's website.

Questions regarding the RFQ were due on November 23, 2016. Answers to 18 questions were posted on December 1, 2016, and final responses to the RFQ were due on December 8, 2016. The Air District received proposals from twelve firms by the deadline.

Evaluation of Proposals

A panel, comprised of Engineering Division staff evaluated and scored the twelve proposals received based on the five evaluation criteria outlined in Table 1 below:

Table 1. Evaluation Criteria for RFQ Proposals

Category	Description	Percent
Expertise	<ul style="list-style-type: none"> • Number, complexity, and nature of HRA projects handled by the firm. • Selected firm’s staff ability, availability and facility for working with Air District staff • Quality and diversity of work product as demonstrated through submitted work samples. • Demonstrated knowledge of Air District activities and guidelines. 	40
Experience	<ul style="list-style-type: none"> • Experience of firm and employees to be assigned to a District project in general, and, providing HRAs to governmental agencies. 	10
Approach	<ul style="list-style-type: none"> • Approaches in methodology with respect to the anticipated scope of services that demonstrate maximum comprehension of and ability to provide such services. 	30
Cost	<ul style="list-style-type: none"> • Proposed fee structure relating to services the firm(s) would provide. 	15
Other	<ul style="list-style-type: none"> • Minority-owned, veteran-owned, women-owned, Certified Green, or local business designations. 	5

The panel members’ scores for each criterion were averaged, and the twelve proposals were ranked according to the sum of these scores. Table 2 below lists the RFQ evaluation criteria and shows each firm’s averaged score by criteria.

Table 2. Scores for RFQ Proposals

FIRM (by rank order)	Total (100 max)	Expertise (40 max)	Experience (10 max)	Approach (30 max)	Cost (15 max)	Other (5 max)
Environmental Audit, Inc.	88	37	9	27	12	3
Ramboll Environ, Inc.	86	38	9	28	9	2
Environmental Science Associates	86	36	9	27	10	3
Trinity Consultants	83	36	9	26	9	2
ICF Resources	78	35	6	26	8	3
MRS Environmental, Inc.	78	34	8	26	8	1

FIRM (by rank order)	Total (100 max)	Expertise (40 max)	Experience (10 max)	Approach (30 max)	Cost (15 max)	Other (5 max)
EnviroComp Consulting, Inc.	72	35	7	20	7	2
Yorke Engineering, LLC	65	25	6	23	8	3
Ashworth Leininger Group	61	31	8	19	3	1
Placeworks	53	23	6	22	1	1
ES Engineering	50	19	5	18	8	0
Alta Environmental	40	23	3	11	3	1

Based on the scores in Table 2, staff is moving forward to contract with the top six firms identified so they can become Air District authorized health risk assessment vendors:

- Environment Audit, Inc.
- Ramboll Environ, Inc.
- Environmental Science Associates
- Trinity Consultants
- ICF Resources
- MRS Environmental, Inc.

Non-Title V facilities that prefer to contract directly with a consultant would be able to choose one of these consultants to conduct their facility-wide HRA instead of authorizing the Air District to conduct the HRA on their behalf.

NEXT STEPS

Over the first quarter of 2018, the Air District will prepare the intake tools and data formats that facilities and consultants will use to update emission inventories and report air dispersion modeling parameters. The Air District will also refine the selection of the first twenty (20) high impact facilities that will undergo health risk assessment and notify these affected facilities. These facilities will be the first of the 60 High Impact Sites to begin the Rule 11-18 process.

As discussed during the Board Hearing, The Air District will also establish a Rule 11-18 Technical Dispute Resolution Committee to adjudicate emissions data, health risk assessment, or control technology disputes. The Air District will select members for this committee who will have expertise in the affected industries and health risk assessment. Control technology experts will be selected at a later date prior to implementation of the risk reduction phase of Rule 11-18.

BUDGET CONSIDERATION/FINANCIAL IMPACT

All contracts will be no cost contracts; the costs of HRA services will be recovered by fees charged to the affected facilities.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Carol Allen and Sanjeev Kamboj
Reviewed by: Damian Breen