



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS REGULAR MEETING

February 21, 2018

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
FEBRUARY 21, 2018
9:45 A.M.

BOARD ROOM
1ST FLOOR

CALL TO ORDER

Chairperson, Dave Hudson

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.

COMMENDATION/PROCLAMATION/AWARD

2. *The Board of Directors will recognize Air District employees who participated in the 2017 Government Alliance on Race and Equity Program (GARE).*

CLOSED SESSION

3. **CONFERENCE WITH LEGAL COUNSEL**

EXISTING LITIGATION (Government Code Section 54956.9(a))

Pursuant to Government Code Section 54956.9(a), a need exists to meet in closed session with legal counsel to consider the following case:

- A) **Western States Petroleum Association, Valero Refining Company – California, Tesoro Refining & Marketing Company, LLC, and Phillips 66 Company v. Bay Area AQMD**, Contra Costa County Superior Court, Case No. N16-0963

4. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION – (Government Code Section 54957 and 54957.6)**

Pursuant to Government Code Section 54957 and 54957.6, the Board of Directors will meet in closed session to conduct a performance evaluation of the Executive Officer.

5. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION – (Government Code Section 54957 and 54957.6)**

Pursuant to Government Code Section 54957 and 54957.6, the Board of Directors will meet in closed session to conduct a performance evaluation of the District Counsel.

OPEN SESSION

CONSENT CALENDAR (ITEMS 6-15)

Staff/Phone (415) 749-

6. Minutes of the Board of Directors Special Meeting / Retreat of January 17, 2018
Clerk of the Boards/5073

The Board of Directors will consider approving the draft minutes of the Board of Directors Special Meeting / Retreat of January 17, 2018.

7. Board Communications Received from January 17, 2018 through February 20, 2018
J. Broadbent/5052
jbroadbent@baaqmd.gov

A copy of communications directed to the Board of Directors received by the Air District from January 17, 2018 through February 20, 2018, if any, will be at each Board Member's place.

8. 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.

9. Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of January 2018
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 January 2018.

10. Quarterly Reports of California Air Resources Board Representative – Honorable John Gioia
J. Broadbent/5052
jbroadbent@baaqmd.gov

11. Quarterly Report of the Executive Office and Division Activities for the Months of October 2017 – December 2017
J. Broadbent/5052
jbroadbent@baaqmd.gov

A summary of Board of Directors, Hearing Board and Advisory Council meeting activities for the fourth quarter is provided for information only. Also included is a summary of the Executive Office and Division Activities for the months of October 2017 – December 2017.

12. Consider Authorization to Execute Contract Amendments for the Production System Office
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider authorizing the Executive Officer/APCO to execute contract amendments with ClayTablet, Cylogy, Malinda Lai, C&G Technology Services, Clearsparc, IT Dependz & SoftwareOne in an amount not to exceed \$617,507 for the Production System Office to meet 2018 calendar year end goals.

13. Consider Approval of Employee Contract Amendments for the Executive Officer/APCO and District Counsel
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider approval of Contract Amendments of the Executive Officer/APCO, Jack P. Broadbent, and District Counsel, Brian C. Bunger.

14. Notice of Proposed Amendments to the Air District's Administrative Code Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees, Section 6.2: Standing Committees
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider proposed amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees, Section 6.2: Standing Committees.

15. Request to Increase Credit Card Limits and Issue Additional Cards
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider approval of increasing the Executive and Administrative Resources Director's credit card limit and issue three (3) additional credit cards to management staff.

COMMITTEE REPORTS

16. Report of the **Budget and Finance Meeting** of January 24, 2018
CHAIR: C. Groom

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Air District Financial Audit Report for the Fiscal Year Ended 2017

1) None; receive and file.

B) Second Quarter Financial Report – Fiscal Year Ending 2018

1) None; receive and file.

C) Air District Financial Overview

1) None; receive and file.

17. Report of the **Mobile Source** Meeting of January 25, 2018

CHAIR: K. Mitchoff

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Projects and Contracts with Proposed Grant Awards over \$100,00

- 1) *Approve Carl Moyer Program 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 grant agreements for the recommended projects.*

B) Participation in Year 20 of the Carl Moyer Program and Approval of the 2018 Caltrain Funding Plan

- 1) *Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (ARB) relating to the Air District's receipt of Carl Moyer Program (CMP) funds for fiscal year 2017-2018 (Program Year 20);*
- 2) *Allocate \$3 million in Mobile Source Incentive Funding to provide the required match funding and additional monies for projects eligible for funding under the CMP guidelines;*
- 3) *Authorize the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with Carl Moyer Program and Mobile Source Incentive Funds, with individual grant award amounts up to \$500,000; and*
- 4) *Approve the proposed 2018 funding plan for the Caltrain Electrification project.*

C) Overview of Air District Trip Reduction Programs

- 1) *None; receive and file*

18. Report of the **Personnel Committee** Meeting of February 7, 2018

CHAIR: J. Spring

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following report:

A) Update of the Air District's Diversity, Equity and Inclusion Program

- 1) *None; receive and file.*

19. Report of the **Executive Committee** Meeting of February 7, 2018

CHAIR: D. Hudson

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) **Hearing Board Quarterly Report: October – December 2017**

1) *None; receive and file*

B) **Proposed Amendments to the Air District’s Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees, Section 6.2: Standing Committees**

1) *The Committee will consider recommending the Board of Directors adopt amendments to the Air District’s Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees, Section 6.2: Standing Committees*

C) **Update on Assembly Bill 617 (AB 617) and Related Incentives Funding Program**

1) *None; receive and file*

PRESENTATION

20. Update of the Air District’s Diversity, Equity and Inclusion Program

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will receive an update of the Air District’s Diversity, Equity and Inclusion Program.

PUBLIC COMMENT ON NON-AGENDA MATTERS

21. **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

22. *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

23. Report of the Executive Officer/APCO

24. Chairperson's Report

25. Time and Place of Next Meeting:

Wednesday, March 7, 2018, at 375 Beale Street, San Francisco, CA 94105 at 9:45 am.

26. Adjournment

The Board meeting shall be adjourned by the Board Chair.

CONTACT:

ACTING MANAGER, EXECUTIVE OPERATIONS
375 BEALE STREET, SAN FRANCISCO, CA 94105
vjohnson@baaqmd.gov

(415) 749-4941
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**

FEBRUARY 2018

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED AND RESCHEDULED TO FEBRUARY 8, 2018	Monday	19	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of every Other Month)</i> - CANCELLED	Monday	19	10:30 a.m.	1 st Floor Board Room
Board of Directors Regular Mtg. <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	21	9:45 a.m.	1 st Floor Board Room
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	22	9:30 a.m.	1 st Floor Board Room
Board of Directors Legislative Committee <i>(At the Call of the Chair)</i>	Thursday	22	10:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee <i>(Meets on the 4th Wednesday of each Month)</i>	Wednesday	28	9:30 a.m.	1st Floor, Yerba Buena Room #109

MARCH 2018

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Technology Implementation Office Steering Committee Meeting <i>(At the Call of the Steering Committee)</i>	Friday	2	10:00 a.m.	1 st Floor, Ohlone Room #107
Board of Directors Regular Meeting <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	7	9:45 a.m.	1 st Floor Board Room
Board of Directors Climate Protection Committee <i>(Meets on the 3rd Thursday of every other Month)</i>	Thursday	15	9:30 a.m.	1 st Floor Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i> - CANCELLED	Monday	19	9:30 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee <i>(Meets on the 3rd Monday of every other Month)</i>	Monday	19	9:30 a.m.	1 st Floor Board Room
Board of Directors Regular Mtg. <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	21	9:45 a.m.	1 st Floor Board Room

MARCH 2018

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Mobile Source Committee <i>(Meets on the 4th Thursday of each Month)</i>	Thursday	22	9:30 a.m.	1 st Floor Board Room
Board of Directors Legislative Committee <i>(At the Call of the Chair)</i>	Thursday	22	10:30 a.m.	1 st Floor Board Room
Board of Directors Executive Committee & Advisory Council Joint Mtg. <i>(EC Meets on the 3rd Monday of each Month) and (AC Meets At the Call of the Chair)</i>	Monday	26	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	28	9:30 a.m.	1st Floor, Yerba Buena Room #109

APRIL 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>	Wednesday	4	9:45 a.m.	1 st Floor Board Room
Board of Directors Executive Committee <i>(Meets on the 3rd Monday of each Month)</i>	Monday	16	9:30 a.m.	1 st Floor Board Room
Board of Directors Regular Mtg. <i>(Meets on the 1st & 3rd Wednesday of each Month)</i>	Wednesday	18	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>	Wednesday	25	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>	Thursday	26	9:30 a.m.	1 st Floor Board Room

HL – 2/14/18 – 9:05 a.m.

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 7, 2018

Re: Minutes of the Board of Directors Special Meeting / Retreat of January 17, 2018

RECOMMENDED ACTION

Approve the attached draft minutes of the Board of Directors Special Meeting / Retreat of January 17, 2018.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Special Meeting / Retreat of January 17, 2018.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

Attachment 6A : Draft Minutes of the Board of Directors Special Meeting / Retreat of January 17, 2018

AGENDA 6A – ATTACHMENT

Draft Minutes - Board of Directors Special Meeting / Retreat of January 17, 2018

Bay Area Air Quality Management District
Dougherty Station Community Center
17011 Bollinger Canyon Road, San Ramon, CA 94582

Board of Directors Special Meeting / Retreat
Wednesday, January 17, 2018

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:** Outgoing Board Chairperson, Liz Kniss, called the meeting to order 9:45 a.m.

Roll Call:

Present: Chairperson David Hudson; Vice Chair Katie Rice; Secretary Rod Sinks; and Directors Margaret Abe-Koga, Teresa Barrett, David J. Canepa, Pauline Russo Cutter, John Gioia, Scott Haggerty, Tyrone Jue, Rebecca Kaplan, Doug Kim, Liz Kniss, Nate Miley, Karen Mitchoff, Hilary Ronen, Mark Ross, Pete Sanchez, Jim Spering, and Brad Wagenknecht.

Absent: Directors Cindy Chavez, Carole Groom, Jeff Sheehy, and Shirlee Zane.

COMMENDATIONS / PROCLAMATIONS / AWARDS

2. The Board of Directors recognized outgoing Board Chairperson, Liz Kniss, for her leadership as Chair of the Board of Directors in 2017. Director Kniss thanked staff for their assistance during her role as Board Chairperson, and for advocating for the District's regulatory interests in Sacramento.

CLOSED SESSION (commenced at 9:58 a.m.)

3. **CONFERENCE WITH LEGAL COUNSEL**

EXISTING LITIGATION (Government Code Section 54956.9(a))

Pursuant to Government Code Section 54956.9(a), a need exists to meet in closed session with legal counsel to consider the following cases:

- A. **Western States Petroleum Association, Valero Refining Company – California, Tesoro Refining and Marketing Company, and Phillips 66 Company vs. Bay Area AQMD, et al.**, Contra Costa County Superior Court, Case No. N17-2300

REPORTABLE ACTION: None.

B. Bay Area Air Quality Management District Employees' Association v. Bay Area AQMD, San Francisco County Superior Court, Case No. CPF-17-515980.

REPORTABLE ACTION: None.

OPEN SESSION (commenced at 10:22 a.m.)

CONSENT CALENDAR (ITEMS 4 – 7)

4. Minutes of the Regular Board of Directors Meeting of December 20, 2017
5. Board Communications Received from December 20, 2017 through January 16, 2018
6. Air District Personnel on Out-of-State Business Travel
7. Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of December 2017

Public Comments:

No requests received.

Board Comments:

None.

Board Action:

Director Wagenknecht made a motion, seconded by Director Sanchez, to **approve** the Consent Calendar Items 4 through 7, inclusive; and the motion **carried** by the following vote of the Board:

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

BOARD OF DIRECTORS RETREAT

8. Opening Comments

Jack Broadbent, Executive Officer / Air Pollution Control Officer (APCO), gave an overview of the retreat presentation, explaining the topics that would be covered.

A. State of the Air District, Air Quality Summary, and the Proposed Regulatory Agenda for 2018

Mr. Broadbent presented the following slides: State of the Air District; Revised Air District Staff Flow Chart; Update on Air Quality; Ozone Exceedance Trends (1980 to Present); Particulate Matter (PM)_{2.5} Exceedance Trends (2000 to Present); Sonoma/Napa Wildfire Smoke Impacts; Community Air Risk Evaluation (CARE) Program; and Key Rulemaking Efforts.

Board Comments:

The Board and staff discussed why ozone exceedances have increased since 2014, after many years of decline; the frequency of Spare the Air days called in 2017 compared to previous years; anticipated refinery-focused rules; the importance of tracking and collecting data that shows how greenhouse gas (GHG) emissions impact human health; and the District's partnership with County Public Health Officers.

B. Air District Administrative Overview

Rex Sanders, Chief Administrative Officer, presented the following slides: Facility Updates; and Staffing Update. Jeff McKay, Chief Financial Officer, presented the following slides: Fiscal Update; Advisory Council.

Board Comments:

The Board and staff discussed the status of the District's salary survey that is to be conducted; the specifications of the electric vehicle charging stations in the Beale Street garage, and whether the public may use them; and the historical format of the Advisory Council membership, the transition to the current format, the District's recruitment process for the two current Advisory Council vacancies, the concern that the environmental justice community is not currently represented on the Council, and the Advisory Council Members' desire for increased interaction with the Board.

NOTED PRESENT: DIRECTOR RONEN was noted present at 11:00 a.m.

C. Update on Assembly Bill (AB) 617 Implementation

Greg Nudd, Deputy Air Pollution Control Officer of Policy, presented the following slides: AB 617 Background and Program Components; Community Selection – Criteria Under Consideration; Examples of Potential Communities (West Oakland, Richmond, Eastern San Francisco, Livermore, Vallejo); Community Plans; Air Pollution Monitoring; Community Monitoring Methods; Emissions Inventory; Incentives; Best Available Retrofit Control Technology (BARCT); AB 617 Statutory and Program Deadlines; Early Actions; and What's Next?

Board Comments:

The Board and staff discussed the concern that not all communities have been properly evaluated to be considered "most impacted", and may not receive specialized District efforts to reduce toxics and criteria pollutant levels; the success of the Google/Aclima air monitoring pilot project in Oakland, and hope that the District will support other mobile monitoring projects that will benefit other areas; the request that the District make investigating cumulative impacts on communities a priority, in concert with proactive community side mitigation; the request that the District prioritize truck remediation regionwide, as this will benefit all areas through which cleaner trucks would travel; whether construction dust and track out be addressed under AB 617; the request that successful low-cost monitoring models from AB 617 implementation established by the District be put into effect in the North Counties; how communities that are not identified as having "high cumulative exposure burden" will be assisted and benefitted by District efforts; the request for staff to reach out to Board members to maximize the opportunity for public participation at stakeholder and community engagement meetings

pertaining to AB 617 implementation; the opinion that the use of CalEnviroScreen can lead to incorrect and incomplete conclusions; how more affluent areas should not be overlooked by the District's allocation of grants to mitigate high emission levels; concern about uniform statewide annual reporting (emission inventory) for criteria and toxic emissions; and how heavy-duty vehicle incentives work between California Air Districts, based on the statewide travel.

D. Update on the Technology Implementation Office

Damian Breen, Deputy Air Pollution Control Officer of Technology, presented the following slides: Technology Implementation Office (TIO) Team; Mainstreaming New Technologies; Currently Commercialized Technologies Not Enough to Address All GHG Emissions; We Also Need to Mainstream Technologies Beyond the Bay Area; Technical Foundation for Investments; Technology Assessment to Identify Technologies Poised for Impact and Scale; Matchmaking to Incentivize Action; Results of Stakeholder Input (3 Isolated Communities); Benefits to Partners with Air District TIO; Example of TIO Finance Program; and 3 TIO Pillars and Next Steps.

Board Comments:

None.

E. Wood Smoke Program and the North Bay Fire Recovery Update

Wayne Kino, Deputy Air Pollution Control Officer of Operations, presented the following slides: Wood Smoke Enforcement; Enforcement Highlights; General Versus Wood Smoke Complaints; Wood Smoke Reduction Incentive Program; North Bay Fires Background Information and Recovery Efforts; New and Expanding Air Quality Information; and Make Information of Maximum Use.

Board Comments:

None.

F. Climate Protection Program Update

Henry Hilken, Director of Planning and Climate Protection, presented the following slides: Long-Range Visions to Low-Carbon Future; Climate Protection Strategy and Targets; Implementing the Climate Protection Program; Basin-Wide Methane Strategy (Laying the Information, Regulatory Efforts, and 2018 Methane Rules); Climate Protection Grant Program; Support for Local Climate Action; Grant Programs; Partnerships, Communications and Outreach; and Working to Realize the Vision.

Board Comments:

None.

G. Update on 2018 Committee Assignments and Goals

Chair Hudson displayed the Board Members' 2018 Standing Committee Assignments.

Board Comments:

None.

Public Comments (on Items 8A - 8G):

Public comments were made by the following speakers: Jan Warren, Interfaith Climate Action Network of Contra Costa County (ICANCCC); Tony Fisher, Coalition for Clean Air; Andres Soto, Communities for a Better Environment (CBE); Margie Lewis, CBE; Jeff Kilbrate, Richmond resident; Zolboo Namkhaidorj, CBE; Esther Goolsby, CBE; Janet Stromberg, 350 Bay Area; and Greg Karras, CBE.

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

Public comments were made by the following speakers: Janet Stromberg, 350 Bay Area; Jan Warren, ICANCCC; Andres Soto, CBE; Richard Gray, 350 Bay Area; Esther Goolsby, CBE; Zolboo Namkhaidorj, CBE; Margie Lewis, CBE.

BOARD MEMBERS' COMMENTS

10. Board Member Comments

Regarding the Alameda County Mayors' Conference's appointment of a member to the Board in March 2018, the following Board Members made comments:

- Director Ronen advocated for a Letter of Support from the entire Board regarding Director Kaplan's reappointment.
- Director Cutter stated that Mayors take precedence over City Councilmembers, according to the Alameda County Mayors' Conference's bylaws.
- Director Gioia stated that no other City Selection Committee or Cities Association of any Bay Area County limits the pool of candidates for regional agency appointments by appointing Mayors only.
- Secretary Sinks encouraged Board Members who could vote to attend Alameda County Mayors' Conference meeting and vote for Director Kaplan's reappointment to the Board.
- Director Miley stated that he had already sent a Letter of Support for Director Kaplan to the Alameda County Mayors' Conference.

Director Kaplan made the following announcements:

- She urged staff and the Board to remember that some areas of the Bay Area have been experiencing decreases in emissions, but air quality in other areas (Oakland) has not improved keep getting overlooked.
- She encouraged the District to focus on outreach regarding carpooling and wood smoke abatement.
- She requested fliers about the District's Wood Smoke Reduction Incentive Program that she could circulate in her community.
- She requested that the District identifies and reaches out to areas that lack electric vehicle charging infrastructure.

OTHER BUSINESS

11. Report of the Executive Officer / APCO

Mr. Broadbent had nothing to report.

12. Chairperson's Report

The following items will be discussed at the next Board of Director's Regular meeting at which proposed Amendment changes will be presented:

- Board Meetings to start at 9:30 a.m. instead of 9:45 a.m.
- Standing Committees Composition: 11 members vs 9 with a quorum set at 5
- Reminder that for Conference/Meetings/Workshops attended by Board Members on behalf of the Air District:
 - Seek Board Chair approval, via email, prior to attending
 - Board Chair will report out all approvals to Executive Committee
 - Board Member to report out to full Board at next regular board of directors meeting following attendance

13. Time and Place of Next Meeting

Wednesday, February 21, 2018, at 375 Beale Street, San Francisco, CA 94109 at 9:45 a.m.

14. Adjournment

The meeting adjourned at 1:14 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 7, 2018

Re: Board Communications Received from January 17, 2018 through February 20, 2018

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Copies of communications directed to the Board of Directors received by the Air District from January 17, 2018, through February 20, 2018, if any, will be at each Board Member's place at the February 21, 2018, Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha de Guzman
Reviewed by: Vanessa Johnson

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 7, 2018

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-state business travel for the month of January 2018. The monthly out-of-state business travel report is presented in the month following travel completion.

DISCUSSION

The following out-of-state business travel activities occurred in the month of January 2018:

- Daniel Alrick, Air Quality Meteorologist II, attended:
 - The American Meteorological Society Annual Conference, Austin, Texas, January 6th -11th, 2018
 - The US EPA National Air Quality Conference, Austin, Texas, January 23rd – 27th, 2018
- Charles Knoderer, Supervising Air Quality Meteorologist, attended:
 - The American Meteorological Society Annual Conference, Austin, Texas, January 6th – 11th, 2018
 - The US EPA National Air Quality Conference, Austin, Texas, January 23rd – 26th, 2018
- Sarah Zahedi, Public Information Officer, attended:
 - Air Now Conference, Austin, Texas, January 23rd – 27th, 2018
- Luz Gomez, Air Quality Program Manager, attended:
 - The US EPA National Air Quality Conference, Austin, Texas, January 23rd – 27th, 2018

- David Ralston, Air Quality Program Manager, attended:
 - The US EPA National Air Quality Conference, Austin, Texas, January 23rd – 27th, 2018

- Natalie LaGuardia, Staff Specialist, attended:
 - The US EPA National Air Quality Conference, Austin, Texas, January 23rd – 27th, 2018

- Brian C. Bungler, District Counsel, attended:
 - Air and Waste Management Association Board of Directors Meeting, Hartford, Connecticut, January 26th – 29th, 2018

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 Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 7, 2018

Re: Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of
January 2018

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 9A: Notices of Violations for the Month of January 2018

AGENDA 9A - ATTACHMENT

NOTICES OF VIOLATIONS ISSUED

The following Notice(s) of Violations were issued in January 2018:

Alameda						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
ALCAL Specialty Contracting, Inc.	Z2884	Fremont	A57500A	1/24/18	2-1-307	PC#b 16516 Conduct Annual Source Test
Carlos & Diana Ortega	Z2751	Dublin	A57983A	1/4/18	6-3-301	Burning on WSTA
City of Alameda, Maint Serv Center	A3194	Alameda	A56066A	1/31/18	2-1-307	Flare temperature <1400 degrees F permit condition limit
City of Alameda, Maint Serv Center	A3194	Alameda	A56066B	1/31/18	CCR	CCR Title 17, Section 95464(b)(4); no annual source test in 2015, or 2016
City of Piedmont	Z2817	Piedmont	A57907A	1/17/18	8-7-301.5	Defective vapor poppet. Throughput limit excess.
City of Piedmont	Z2817	Piedmont	A57907B	1/17/18	2-1-307	Defective vapor poppet. Throughput limit excess.
Eric and Nicole Deichl	Z2383	San Leandro	A57933A	1/2/18	6-3-301	Burning on WSTA
Kaiser Permanente Medical Center	A1529	Oakland	A56065A	1/30/18	2-1-307	S/B IC engine operation >20 hr./yr. permit condition limit
Laurie E Schrage & James Waldrop	Z2391	Alameda	A57938A	1/2/18	6-3-301	Burning on WSTA
Oscar Brown III	Z2392	Oakland	A57939A	1/2/18	6-3-301	Burning on WSTA
P.W. Stephens Environmental Inc.	V8868	Hayward	A57637A	1/16/18	11-2-303.7	Work site not clean

P.W. Stephens Environmental, Inc.	Y5159	Fremont	A55649A	1/9/18	11-2-401.3	Completed work w/out J#
SFD	Z2482	Dublin	579383A	1/4/18	6-3-301	Burning on WSTA
SFD	Z2666	Oakland	A56643A	1/10/18	6-3-301	Burning on WSTA
SFD	Z2393	Oakland	A57940A	1/2/18	6-3-301	Burning on WSTA
SFD	Z2398	Castro Valley	A57943A	1/3/18	6-3-301	Burning on WSTA
SFD	Z2402	Berkeley	A57945A	1/3/18	6-3-301	Burning on WSTA
SFD	Z2486	Dublin	A57989A	1/5/18	6-3-301	Burning on WSTA
Timothy and Lucia Lawver	Z2404	Castro Valley	A56769A	1/2/18	6-3-301	Burning on WSTA
Wanda R Dalmas	Z2409	Fremont	A56773A	1/2/18	6-3-301	Burning on WSTA
Waste Management of Alameda County	A2066	Livermore	A57384A	1/11/18	2-6-307	Late report on Deviation 5030/ failure to monitor well #702 for 1 month
Waste Management of Alameda County	A2066	Livermore	A57384B	1/11/18	8-34-505	Failure to monitor well # 702 for 1 month

Contra Costa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Air Liquide Large Industries US LP	B7419	Rodeo	A57707A	1/24/18	2-6-307	CO concentration excess for 1 hour; RCA 07A04 07A05

Chevron Products Company	A0010	Richmond	A57539A	1/22/18	1-522.7	Failed to report indicated NOx excess @ F-1160 w/in 96hrs; title V dev 4753
Chevron Products Company	A0010	Richmond	A57540A	1/22/18	2-6-307	ESP TR set current below limits (P/C 11066 7A5); Title V std cond F, failed to report w/in 10 days
Phillips 66 Carbon Plant	A0022	Rodeo	A57703A	1/4/18	2-6-307	PM emissions bypassed baghouses due to power outage; RCA 07E54
Phillips 66 Carbon Plant	A0022	Rodeo	A57704A	1/4/18	2-6-307	Emissions not abated by Baghouse A-11
Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A57705A	1/16/18	1-522.4	Late reporting of inoperative monitor episode #07F40
Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A57706A	1/24/18	8-2-301	Emitting more than 15 lb total carbon per day with concentration greater than 300 ppm
SFD	Z2625	Pleasant Hill	A56639A	1/9/18	6-3-301	Burning on WSTA
SFD	Z2880	El Sobrante	A56651A	1/23/18	6-3-301	Burning on WSTA
SFD	Z2385	Concord	A57934A	1/2/18	6-3-301	Burning on WSTA
SFD	Z2403	Concord	A57946A	1/3/18	6-3-301	No Burning on WSTA
SFD	Z2468	Concord	A57950A	1/3/18	6-3-301	Burning on WSTA
SFD	Z2479	Pleasant Hill	A57980A	1/4/18	6-3-301	Burning on WSTA
SFD	Z2483	Martinez	A57985A	1/4/18	6-3-301	Burning on WSTA

SFD	Z2627	Pleasant Hill	A57991A	1/4/18	6-3-301	Burning on WSTA
SFD	Z2633	Oakley	A57995A	1/10/18	6-3-301	Burning on WSTA
SFD	Z2641	Pinole	A57996A	1/10/18	6-3-301	Burning on WSTA
SFD	Z2942	Brentwood	A58002A	1/17/18	6-3-301	Burning on WSTA
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56258A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A21
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56259A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A31
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56260A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A44
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56261A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A46
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56262A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A48
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56263A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A55
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56264A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A58
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56265A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A84
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56266A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A85
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56267A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A89

Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56268A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07A99
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56269A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07B00
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56270A	1/3/18	9-2-301	H2S excess @ PS GLM. RCA# 07B02
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56271A	1/12/18	6-1-302	Opacity excess @ FCCU/7BH stack. RCA # 07E23
Tesoro Refining & Marketing Company LLC	B2758	Martinez	A56272A	1/12/18	6-1-302	Opacity excess @ FCCU/7BH stack. RCA # 07E24

Marin						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Novato Sanitary District	A1275	Novato	A56139A	1/18/18	2-1-307	Episodes 07A49 & 07C87 Cond. 24392.1
Novato Sanitary District	A1275	Novato	A56140A	1/18/18	2-1-307	Excess Emission - Episode 07C51
Novato Sanitary District	A1275	Novato	A56140B	1/18/18	1-523.3	Excess Emission - Episode 07C51
Novato Sanitary District	A1275	Novato	A56141A	1/18/18	2-1-307	Episodes- 07C06, 07C52, 07C86, 07E06
Novato Sanitary District	A1275	Novato	A56142A	1/18/18	2-1-307	Episodes - 07B78, 07F34, 07F54
Sears, #1528	B6808	San Rafael	A56138A	1/3/18	2-1-307	Failure to meet Permit Condition 22850
Sears, #1528	B6808	San Rafael	A56138B	1/3/18	9-8-530	Failure to meet Permit Condition 22850

SFD	Z2484	Fairfax	A57986A	1/4/18	6-3-301	Burning on WSTA
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Napa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Bayview Vineyards	K4557	Napa	A57236A	1/9/18	5-301	Illegal Burning
Sate of California	Z2480	Calistoga	A57981A	1/4/18	6-3-301	Burning on WSTA
SFD	Z2860	Napa	A56650A	1/17/18	6-3-301	Burning on WSTA
SFD	Z2628	Saint Helena	A57992A	1/4/18	6-3-301	Burning on WSTA

San Francisco						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
San Francisco Public Utilities Commission	A4116	San Francisco	A57556A	1/18/18	2-1-307	Digester gas released (RCA 07A57)

San Mateo						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Menlo Park Protection District	E1156	East Palo Alto	A56539A	1/31/18	9-8-530	No recordkeeping for S-1, IC standby
Osegeuras Demolition & Hauling	X6532	East Palo Alto	A55648A	1/8/18	11-2-401.3	Demo done w/out valid J#

Peninsula Hauling & Demolition	Y8779	San Carlos	A55651A	1/23/18	11-2-401.5	Inaccurate start date
SFD	Z2389	Pacifica	A57936A	1/2/18	6-3-301	Burning on WSTA
SFD	Z2390	La Honda	A57937A	1/2/18	6-3-301	Burning on WSTA
SFD	Z2465	La Honda	A57947A	1/3/18	6-3-301	Burning on WSTA
William E Morrow	Z2394	Pacifica	A57941A	1/2/18	6-3-301	Burning on WSTA

Santa Clara						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Kavanagh Construction Co - Mountain View 1132	Y0356	Mountain View	A55650A	1/18/18	11-2-401.5	Inaccurate start date
SFD	Z2882	Los Gatos	A56339A	1/23/18	6-3-301	Burning on WSTA
SFD	Z2593	Santa Clara	A56648A	1/11/18	6-3-301	Burning on WSTA
SFD	Z2381	Los Gatos	A56649A	1/11/18	6-3-301	Burning on WSTA
SFD	Z2381	Los Gatos	A57932A	1/2/18	6-3-301	Burning on WSTA
SFD	Z2388	Redwood Estates	A57935A	1/2/18	6-3-301	Burning on WSTA
SFD	Z2395	Campbell	A57942A	1/3/18	6-3-301	Burning on WSTA

SFD	Z2478	Los Gatos	A57979A	1/4/18	6-3-301	Burning on WSTA
SFD	Z2481	San Jose	A57982A	1/4/18	6-3-301	Burning on WSTA
SFPP, LP	A4020	San Jose	A57503A	1/25/18	8-33-306	Product released & washed into the rack drain by a truck driver

Solano						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
J N Auto Body	A8057	Vallejo	A56125A	1/24/18	2-1-302	No permit to operate
SFD	Z2590	Benicia	A56640A	1/9/18	6-3-301	Burning on WSTA
SFD	Z2665	Benicia	A56641A	1/10/18	6-3-301	Burning on WSTA
SFD	Z2667	Vallejo	A56644A	1/10/18	6-3-301	Burning on WSTA
SFD	Z2670	Fairfield	A56645A	1/10/18	6-3-301	Burning on WSTA
SFD	Z2671	Fairfield	A56646A	1/10/18	6-3-301	Burning on WSTA
SFD	Z2466	Fairfield	A57948A	1/3/18	6-3-301	Burning WSTA
SFD	Z2467	Suisun City	A57949A	1/3/18	6-3-301	Burning on WSTA
SFD	Z2858	Vallejo	A57987A	1/10/18	6-3-301	Burning on WSTA

SFD	Z2631	Benicia	A57993A	1/10/18	6-3-301	Burning WSTA
SFD	Z2632	Benicia	A57994A	1/10/18	6-3-301	Burning on WSTA
Valero Refining Company - California	B2626	Benicia	A57334A	1/11/18	8-5-306.2	SV Leak >500 ppm on TK-2712
Valero Refining Company - California	B2626	Benicia	A57335A	1/11/18	8-5-306.2	SV Leak >500 ppm on TK-1741
Valero Refining Company - California	B2626	Benicia	A57336A	1/11/18	8-18-309	4 Open Ended Lines in 3rd Quarter 2017.

Sonoma						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Brian A and Christine Smith	Z2406	Rohnert Park	A56771A	1/2/18	6-3-301	No burning on WSTA
Michael J Jr and Nicole J Palardy	Z2405	Rohnert Park	A56770A	1/2/18	6-3-301	Burning on WSTA
Paramesh Adhikari	Z2812	Cotati	A56124A	1/9/18	5-301	Illegal burn on no burn day
Richard T II and Marit Davey	Z2407	Rohnert Park	A56772A	1/2/18	6-3-301	Burning on WSTA
SFD	Z2582	Santa Rosa	A56638A	1/9/18	6-3-301	Burning on WSTA
SFD	Z2469	Santa Rosa	A57952A	1/3/18	6-3-301	Burning on WSTA
SFD	Z2485	Petaluma	A57988A	1/5/18	6-3-301	Burning on WSTA

SFD	Z2861	Sebastopol	A57997A	1/16/18	6-3-301	Burning on WSTA
SFD	Z2876	Sebastopol	A57998A	1/16/18	6-3-301	Burning on WSTA
SFD	Z2923	Sebastopol	A57999A	1/16/18	6-3-301	Burning on WSTA

SETTLEMENTS FOR \$10,000 OR MORE REACHED

There were 3 settlement(s) for \$10,000 or more completed in January 2018.

- 1) On January 9, 2018, the District reached settlement with Bio-Rad Laboratories, Inc. for \$990,000, regarding the allegations contained in the following 3 Notices of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A53831A	11/18/14	1/1/08	2-1-307	No source test or abatement per permit condition 21056, no quarterly tests
A53831B	11/18/14	1/1/08	9-8-503	No source test or abatement per permit condition 21056, no quarterly tests
A53832A	11/18/14	1/1/08	2-1-307	No source test or abatement per permit condition 21056, no quarterly tests
A53832B	11/18/14	1/1/08	9-8-503	No source test or abatement per permit condition 21056, no quarterly tests
A53833A	11/18/14	1/1/08	2-1-307	No source test or abatement per permit condition 21056, no quarterly tests
A53833B	11/18/14	1/1/08	9-8-503	No source test or abatement per permit condition 21056, no quarterly tests

- 2) On January 24, 2018, the District reached settlement with West Contra Costa Sanitary Landfill, Inc. for \$23,000, regarding the allegations contained in the following 12 Notices of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A53846A	10/29/15	10/26/15	6-1-301	Excessive visible emissions from finished compost screening
A53870A	7/9/15	6/15/15	6-1-301	Visible emissions @ C+D Op. > 40% opacity for 6mins

A53874A	11/2/15	2/18/15	2-6-307	EPISODE #06T64 DEV #4270 FLARE A-120 TEMP BELOW PC#25143 9 MIN TEMP LATE REPORTING
A53874B	11/2/15		1-523.3	EPISODE #06T64 DEV #4270 FLARE A-120 TEMP BELOW PC#25143 9 MIN TEMP LATE REPORTING
A53875A	11/2/15	2/24/15	2-6-307	EPISODE #06T66 DEV #4271 FLARE A-120 TEMP BELOW PC#25143 9 MIN TEMP LATE REPORTING
A53875B	11/2/15	2/24/15	1-523.3	EPISODE #06T66 DEV #4271 FLARE A-120 TEMP BELOW PC#25143 9 MIN TEMP LATE REPORTING
A54255A	12/14/15	6/27/15	2-6-307	Episode # 06V57, PC# 17812, part 10, temp went below permitted levels
A54405A	12/14/15	11/27/15	5-301.1	Compost overs ignited
A54406A	12/14/15	12/9/15	8-34-301.2	Gas collections system leak > 1000 ppm
A54409A	1/19/16	11/8/15	2-1-307	Engine dropped below permitted temp. Episode 06X35
A54409B	1/19/16		1-523.3	
A54410A	1/19/16	12/14/15	2-6-307	Temp deviation on S-5 & s-37. Episode 06X45.
A54412A	3/11/16	1/5/16	2-1-307	ENGINE TEMP EXCEEDED PERMITTED LIMIT P/C 17812.
A54415A	5/12/16	3/20/16	2-6-307	Temp dropped below permitted limit (p/c 05771)
A54415B	5/12/16	3/20/16	1-523.3	Failed to notify within 96 hours.
A56803A	7/12/16	5/7/16	2-1-307	Temp exceeded P/C 05771 limit; Episode 06Z09

3) On January 26, 2018, the District reached settlement with Equilon Enterprises LLC for \$16,000, regarding the allegations contained in the following 2 Notices of Violation:

NOV#	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A53992A	4/12/16	3/19/16	2-6-307	Late reporting of back pressure exceedance (24 hr/10 day)
A53992B	4/12/16	3/19/16	8-33-309	Late reporting of back pressure exceedance (24 hour/10 day).

A53993A	4/12/16	3/19/16	2-6-307	late reporting of back pressure exceedance (24 hr/10 day).
A53993B	4/12/16	3/19/16	8-33-309	Late reporting of back pressure exceedance (24 hr/10 day).

TO: Members of the Board of Directors
FROM: Supervisor John Gioia
Board Member
DATE: January 22, 2018
SUBJECT: **QUARTERLY REPORT OF MY ACTIVITIES AS AN AIR RESOURCES
BOARD MEMBER**

The list below summarizes my activities as a California Air Resources Board member from October 1, 2017, through December 31, 2017:

October Activities

19th October Board Item Briefing with CARB staff
26th October Board Meeting
27th New So. California Lab Groundbreaking

November Activities

8th Meeting with CalETC re: CARB Investment Plan
15th CARB Freight Retreat
16th November Board Meeting
30th Meeting with American Lung Association re: Scoping Plan

December Activities

11th Meeting with Pacific Merchant Shipping Assoc. re: Sustainable Freight
12th December Board Item Briefing with CARB Staff
14th December Board Meeting

Attachments: Public Agendas

Receive Updates



Public Agenda for the October Board Meeting

California Air Resources Board sent this bulletin at 10/13/2017 12:13 PM PDT

Having trouble viewing this email? [View it as a Web page.](#)



October Board Meeting

Thursday, October 26, 2017 @ 9:00 a.m.

Riverside County Administrative Center

4080 Lemon Street, 1st Floor
Riverside, California 92501

Submit written comments

Not all agenda items are available for electronic submittals of written comments.

[Webcast](#)

Consent Calendar

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

17-10-1: Public Meeting to Consider the Ozone State Implementation Plan for Imperial County

The Board will consider adopting the Imperial County 2017 State Implementation Plan for the 2008 8-hour Ozone Standard (Ozone SIP). If adopted, the California Air Resources Board will submit the Ozone SIP to the United States Environmental Protection Agency as a revision to the California State Implementation Plan.

[More Information](#) [Proposed Resolution](#)

17-10-2: Public Meeting to Consider Supplemental Transportation Conformity Budgets for the Portola Fine Particulate Matter (PM2.5) Attainment Plan

The Board will consider approving the supplemental transportation conformity budgets for the Portola Fine Particulate Matter (PM2.5) Attainment Plan (Plan). If adopted, the California Air Resources Board will submit the Plan to the United States Environmental Protection Agency as a revision to the California State Implementation Plan.

[More Information](#) [Proposed Resolution](#)

17-10-3: Public Meeting to Consider 11 Research Proposals

The Board will consider approving 11 research proposals that were developed in response to the Board-approved FY 2017-2018 Annual Research Plan.

1. "A Tool to Prioritize Sources for Reducing High PM2.5 Exposures in Environmental Justice Communities in California," University of Texas, at Austin, Proposal No. 2805-287.
[More Information](#) [Proposed Resolution](#)
2. "Combined Exposure to UFP and Ozone: Characterization of Particulate Deposition, Pulmonary Oxidant Stress and Myocardial Injury," University of California, Davis, Proposal No. 2806-287.
[More Information](#) [Proposed Resolution](#)
3. "Characterization of Air Toxics and Greenhouse Gas Emission Sources, and their Impacts on Community-Scale Air Quality Levels in Disadvantaged Communities," FluxSense, Proposal No. 2807-287.
[More Information](#) [Proposed Resolution](#)
4. "Effects of Brake and Tire Wear on Particulate Matter Composition, Reactive Oxygen Species, Placental Development and Birth Outcomes in Los Angeles," University of California, Los Angeles, Proposal No. 2808-287.
[More Information](#) [Proposed Resolution](#)
5. "Geofencing as a Strategy to Lower Emissions in Disadvantaged Communities," University of California, Riverside, Proposal No. 2809-287.
[More Information](#) [Proposed Resolution](#)

6. "Emissions Impact of Connected and Automated Vehicle Deployment in California," University of California, Davis, Proposal No. 2810-287.
[More Information](#) [Proposed Resolution](#)
 7. "Activity Data of Off-Road Engines in Construction," University of California, Riverside, Proposal No. 2811-287.
[More Information](#) [Proposed Resolution](#)
 8. "Spatial Variation of Vertical Ozone Distribution Over California," National Aeronautics and Space Administration, Proposal No. 2812-287.
[More Information](#) [Proposed Resolution](#)
 9. "Long-Term Characterization of Fine PM Chemical Composition in the San Joaquin Valley," University of California, Davis, Proposal No. 2813-287.
[More Information](#) [Proposed Resolution](#)
 10. "Advanced Plug-In Electric Vehicle Travel and Charging Behavior," University of California, Davis, Contract No. 12-319.
[More Information](#) [Proposed Resolution](#)
 11. "Characterizing the Climate Impacts of Brown Carbon," University of California, San Diego, Contract No. 13-330.
[More Information](#) [Proposed Resolution](#)
-

Discussion Items

The following agenda items may be heard in a different order at the Board meeting.

17-10-5: Public Meeting to Hear an Update on the Implementation of Assembly Bill 617 (The Community Air Protection Program)

Spanish translation will be provided at the Board Meeting for this item, Item 17-10-5.

The Board will hear an update on efforts underway to implement the mandates of Assembly Bill (AB) 617. AB 617, known as the Community Air Protection Program, is the most significant criteria and toxics air quality legislation passed in California in the last three decades. The Program is designed to provide important new tools to address pollution exposures in California's most heavily impacted communities, support improved monitoring and reporting, and achieve pollution reductions at many industrial sites.

[More Information](#) [Staff Presentation](#)

17-10-4: Public Meeting to Hear an Update on California's Allocation of the Volkswagen Environmental Mitigation Trust (First Partial Consent Decree, Appendix D)

The Board will hear a summary of the Volkswagen (VW) Consent Decree's requirements (focused on Appendix D), a summary of the public comments received to date, and outline the potential guiding principles and public process for developing the Beneficiary Mitigation Plan for California's allocation of the VW Environmental Mitigation Trust which totals about \$423 million for 2.0L and 3.0L consent decrees.

[More Information](#)

[Staff Presentation](#)

Closed Session

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

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

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Other Information

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Public Agenda for the November Board Meeting

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November Board Meeting

Thursday, November 16, 2017 @ 9:00 a.m.

California Environmental Protection Agency

1001 I Street, Sacramento, California 95814

Byron Sher Auditorium, 2nd Floor

Submit written comments

Not all agenda items are available for electronic submittals of written comments.

[Webcast](#)

Consent Calendar

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

17-11-2: Public Meeting to Consider the Chico PM2.5 Maintenance Plan

The Board will consider adopting the maintenance plan and redesignation request for the Chico, CA/Butte County PM2.5 nonattainment area (Plan). The Plan demonstrates attainment of the 35 ug/m³ daily PM2.5 standard along with an assessment of how the standard will be maintained for the next ten years. If adopted, the California Air Resources Board will submit the Plan to the United States Environmental Protection Agency as a revision to the California State Implementation Plan.

[More Information](#) [Proposed Resolution](#)

17-11-7: Public Meeting to Consider the Low Carbon Fuel Standard Litigation Order Compliance Action

The Board will comply with a California court order by setting aside parts of the 2015 Low Carbon Fuel Standard environmental analysis addressing NO_x emissions from biodiesel. Further action to complete compliance with the court's order will come before the Board for consideration in 2018.

[More Information](#) [Proposed Resolution](#)

Discussion Items

The following agenda items may be heard in a different order at the Board meeting.

17-11-3: Public Meeting to Hear the 2017 Legislative Update

The Board will hear a review of air quality and climate change legislation from the first year of the 2017-2018 Legislative Session from the California Air Resources Board Legislative Office.

[More Information](#) [Staff Presentation](#)

17-11-1: Public Meeting to Consider the Ozone State Implementation Plan for the Sacramento Nonattainment Region

The Board will consider adopting the Sacramento Regional 2008 National Ambient Air Quality Standards 8-Hour Ozone Attainment and Reasonable Further Progress Plan (Plan). If adopted, the California Air Resources Board will submit the Plan to the United States Environmental Protection Agency as a revision to the California State Implementation Plan.

[More Information](#) [Staff Presentation](#)

17-11-6: Public Hearing to Consider Proposed Amendments to Airborne Toxic Control Measure for Diesel Particulate Matter from Portable Engines Rated at 50 Horsepower and Greater, and to the Statewide Portable Equipment Registration Program Regulations

The Board will consider adopting proposed amendments to the requirements in the Airborne Toxic Control Measure for Diesel Particulate Matter from Portable Engines that will provide more time for cleaner engine replacement while preserving the expected emission reductions, and make other improvements to the program. In addition, the Board will consider corresponding amendments to the Portable Engine and Equipment Registration Program and make other improvements to the program. Collectively, these amendments will work together to improve implementation and enforcement of both regulatory programs.

[More Information](#)

[Staff Presentation](#)

17-11-5: Public Meeting to Hear an Update on Secondary PM2.5 Formation in the San Joaquin Valley and Research on Potential Controls

Spanish translation will be provided at the Board Meeting for this item, Item 17-11-5.

The Board will hear an update on the role of ammonia in the formation of ammonium nitrate PM2.5 in the San Joaquin Valley. Staff will also update the Board on past and future research related to methane controls and associated co-benefits of reducing ammonia.

[More Information](#)

[Staff Presentation](#)

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Other Information

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PUBLIC MEETING AGENDA

December 14, 2017

LOCATION:

California Environmental Protection Agency
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Byron Sher Auditorium, 2nd Floor
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Sacramento, California 95814

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Thursday

December 14, 2017

9:00 a.m.

DISCUSSION ITEMS:

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

Agenda Item #

17-12-3: Public Meeting to Hear an Informational Update on Senate Bill 375 Greenhouse Gas Emissions Reduction Targets

The Board will hear an informational update regarding the status of the regional target update process for California's Metropolitan Planning Organizations (MPO) required by the Sustainable Communities and Climate Protection Act of 2008 (Senate Bill 375). Senate Bill 375 requires the Board to establish regional greenhouse gas emissions reduction targets for all 18 MPOs in California and to update those targets every eight years. The targets were initially established in 2010 and must be updated in 2018. The Board will not vote on targets at this meeting; Staff's proposed updated targets will be brought to the Board for a vote in 2018.

17-12-1: Public Meeting to Consider the 2017 Climate Change Scoping Plan Update

Spanish translation will be provided at the Board Meeting for this item, Item 17-12-1.

The Board will consider approving the 2017 Climate Change Scoping Plan Update (Update) along with the Environmental Analysis (EA) prepared for the Update and written responses to environmental comments received on the EA. The Update describes the State's proposed strategy for achieving California's 2030 greenhouse gas target pursuant to Senate Bill 32, Assembly Bill 197, and Assembly Bill 398. The strategy includes extending the Cap-and-Trade program post-2020, implementation of the Short-Lived Climate Pollutant Plan and Mobile Source Strategy, and increasing renewable energy generation and improving energy efficiency end use. This is the last of three Board hearings on this item.

17-12-4: Public Meeting to Consider the Proposed Fiscal Year 2017-18 Funding Plan for Clean Transportation Incentives

The Board will consider approving the Proposed Fiscal Year 2017-18 Funding Plan for Clean Transportation Incentives. The plan describes proposed investments from four related funding sources: the Low Carbon Transportation Program funded with Cap-and-Trade auction proceeds; the Air Quality Improvement Program; one-time Volkswagen settlement funding for the zero emission vehicle aspects of vehicle replacement programs; and one-time funding for the Zero/Near Zero Emission Warehouse Program. These programs provide incentives for clean vehicle and equipment projects to reduce greenhouse gas emissions and air pollution with a priority on benefiting disadvantaged and low-income communities and low-income households. Staff's proposal builds on investments from previous funding cycles by continuing incentives for zero-emission and plug-in passenger cars, clean trucks and buses, and advanced technology freight projects. The plan also includes a three-year strategy for heavy-duty vehicle investments to guide these funding decisions.

CLOSED SESSION

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Truck Trailer Manufacturers Association, Inc. v. United States Environmental Protection Agency, et al., U.S. Court of Appeals, District of Columbia Circuit, Case No. 16-1430.

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

California Air Resources Board v. SSA Containers, Inc., Los Angeles County Superior Court, Case No. BC628573 and No. BC628722.

California Air Resources Board v. Adam Brothers Farming Inc., Santa Barbara County Superior Court, Case No. 16CV01758.

People v. Southern California Gas Company, Los Angeles Superior Court, Case No. BC 602973.

In re: Volkswagen "Clean Diesel" MDL, United States District Court, Northern District of California, Case No. 15-MD-2672-CRB (JSC).

Mahan v. California Air Resources Board, Sacramento County Superior Court, Case No. 34-2016-80002416.

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

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

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

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

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

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

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

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

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

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SPECIAL ACCOMMODATION REQUEST

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

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

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

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

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 9, 2018

Re: Quarterly Report of the Executive Office and Division Activities for the
Months of October 2017 – December 2017

**ADMINISTRATIVE RESOURCES DIVISION
M. MARTINEZ, DIRECTOR**

Human Resources

The Human Resources (HR) Office conducted 21 recruitment exams including exams for: Air Quality Engineer, Air Quality Specialist, Air Quality Technician, Assistant Manager, Assistant Staff Specialist, Community Protection Officer, Deputy Air Pollution Control Officer, Director of Administrative Resources, Director of Enforcement, Director of Engineering, Hearing Board Member, Manager (2), Radio/Telephone Operator, Secretary, Senior Air Quality Inspector, Staff Specialist (4), and Supervising Air Quality Instrument Specialist.. In addition, the HR Office offered 9 training sessions, including: Dealing with Conflict and Difficult People, TED Talk (2), Situational Leadership (4), The Leader Within, and Authentic Leadership Through Storytelling. The HR Office continues to administer payroll, benefits, safety, labor/employee relations, and wellness activities. There are currently 326 regular employees, 14 temporary employees and interns, and 55 vacant positions. There were 7 new employees, 12 promotions, and 15 separations from October to December 2017.

Business Office

The Business Office issued 336 purchase orders, executed 99 contracts and 1 lease. There were 6 requests for proposals/qualifications during this period. Fleet services sold 5 vehicles, purchased 1 vehicle, and sent 12 vehicles for maintenance and/or body shop repairs. There were 278 vehicle requests (146 from MTC staff and 132 from District staff). 218 pool vehicles were loaned out and 32 Enterprise car rentals were issued. There were 28 cancelled reservations. There are currently 116 fleet vehicles: 1 electric, 1 hydrogen, 24 plug-in hybrids, 24 gas, 13 CNG, and 53 hybrids. Facility services received 55 Workspeed requests, facilitated 18 furniture orders and completed 34 ad-hoc projects/tasks. Facilities performs daily maintenance of the coffee machines, replenishes

coffee and tea supplies in the District coffee bar and pantries, and replenishes office supplies in the copy/supply rooms.

**COMPLIANCE AND ENFORCEMENT DIVISION
J. GOVE, ACTING DIRECTOR**

Enforcement Program

Staff documented 286 air pollution violations that resulted in Notices of Violation and responded to 1051 general air pollution complaints. These activities addressed noncompliance with applicable federal, state and air district regulations and provided a mechanism for the public to voice their concerns about air pollution issues that might be in noncompliance. Additionally, highlighted enforcement activities for the quarter are as follows:

- To assist bay area residents impacted by poor air quality from the north bay wildfires, staff procured, transported, and delivered approximately 45,000 N95 particulate matter filter masks to residents over a three-day period, October 12-14, 2017.
- On October 19, 2017, staff met with representatives of the Golden Gate University School of Law – Environmental Law and Justice Clinic to discuss compliance and permitting issues at three facilities located in the Southeastern portion of San Francisco: Cemex Construction Materials, Central Concrete Supply, and Hanson Aggregates Mid-Pacific.
- Staff participated in a conference call with Rincon Valley Fire Department (RVFD), Sonoma County Fire, and CalFire on November 16, 2017 to develop a process to ensure approved residential burning on fire affected properties (for defensible space) in the RVFD jurisdictional area of Santa Rosa is conducted in an orderly way to prevent air quality impacts to the surrounding areas. RVFD estimated up to 200 burns may take place through April 30, 2018. The agreed upon process would include: waiving of applicable notification fees required under Regulation 5 (open burning); allowed burning to follow Regulation 5 requirements for start time and permissive burn status; amount authorized for burning would be coordinated with Air District Meteorology; RVFD would submit Regulation 5 notification forms and provide pre-burn compliance assistance about chipping alternatives offered by the Sonoma Firewise program.
- Staff participated in monthly conference calls with Lehigh Southwest Cement representatives to discuss ongoing compliance/permitting/source testing issues and concerns.

Compliance Assurance

Staff conducted over 1,923 inspections including permitted facilities, gasoline stations, asbestos, open burning, portable equipment and mobile sources. Additionally, highlighted inspection activities for the quarter are as follows:

- Staff approved one Asbestos Dust Mitigation Plan (ADMP) for the following project: RIN# 0155, East Palo Alto Youth Arts and Music Center, East Palo Alto. This Naturally Occurring Asbestos (NOA) project was required to perform asbestos ambient perimeter air monitoring and submit results to the District on a bi-weekly basis. Two other proposed ADMPs were under review. In addition, staff approved two ADMP amendment requests.
- **Air Liquide, Rodeo:** In October 2017, District staff met to discuss the certification status of the SO₂ Continuous Emission Monitor (CEM) for Air Liquide's hydrogen furnace. The SO₂ CEM has been recording numerous indicated SO₂ excesses over the past several years. The facility representatives have argued that these excesses are not real emissions and the indicated excesses are the result of instrument drifting. Upon further investigation by Inspection staff, it has been determined that the facility significantly changed the previously approved system components and failed to receive prior review and approval from the District. The facility has been cited for an inoperative CEM monitor, however, the monitoring system is presently uncertified and will remain in continuous violation of District Regulation 1 Section 522 until the SO₂ monitoring is reviewed and approved.
- **Shell Refinery, Martinez:** On October 9, 2017, an aeration tank at the Effluent Treatment Plant (ETP) went anaerobic due to the loss of an air blower. The facility has stabilized the tank with chlorine and has begun to inject air back into the tank. The facility also deployed AreaRae instruments to conduct Hydrogen Sulfide (H₂S) monitoring at the source as well as in the community. A total of eight indicated Ground Level Monitor (GLM) excesses of H₂S have been reported to the District. District staff is currently conducting an ongoing investigation to determine if there are any violations associated with this incident. No complaints were received by the District alleging H₂S.
- **Chevron Refinery, Richmond:** On October 23 through the 26, 2017 District staff confirmed 24 Odor complaints to the Chevron Bioreactor (wastewater pond). Three Public Nuisance violations were documented on that Monday, Tuesday, and Wednesday. Most of these confirmed complaints were investigated after normal business hours in the Point Richmond area. Chevron staff was advised promptly each day as complaints were confirmed to this source. Chevron's Environmental staff have stated to the District that they are not aware of any upstream process unit upsets or operational issues associated with the Bioreactor that were contributing to the odor's intensity. It is their belief that the odor impacts were simply the result of the meteorological conditions that existed during these days.

- **Air Liquide, Rodeo:** On October 12, 2017, District staff conducted a site visit of the Air Liquide Hydrogen production facility in Rodeo to inspect the Sulfur Dioxide (SO₂) Continuous Emission Monitor (CEM) that monitors the hydrogen furnace emissions. Staff determined that the current CEM monitoring system is inadequate as installed and is currently uncertified since it was installed without the Meteorology and Measurements Division's approval and authorization as required by District Regulation 1 Section 522.1.

After inspecting both the SO₂ CEM and the upstream Phillips 66 Refinery Total Reduced Sulfur monitor, it is staff's belief that the excess sulfur emissions from the Air Liquide hydrogen furnace are real. The existing Siemens monitoring system could be improved by the installation of a dual monitoring system that could include a Thermo-Fisher SO₂ monitoring system capable of detecting the pollutant in the 0-1,000 ppb range. Another compliance option would be to allow Air Liquide to re-apply for permit modification that would change the monitoring range of the existing Siemens SO₂ system such that its 0.5 ppm detection limit would be precise enough to appropriately monitor this source. Until Air Liquide completes the appropriate administrative and possible physical installation of an upgraded SO₂ monitoring system, this facility will be in continuous violation of Regulation 1 Section 522.1.

- **West Contra Costa County Landfill, Richmond:** On October 17, 2017, District participated in a joint agency site visit to the composting operation located at the West Contra Costa County Landfill facility. Other agencies in attendance were Contra Costa County DA's Office, Contra Costa County Environmental Health Department, & the Regional Water Quality Control Board. The purpose of this site visit was to allow the Contra Costa DA's Office the opportunity to see the condition of the newly installed Covered Aerated Static Pile (CASP) equipment and the overall state of the composting operation. All the above agencies have pending enforcement actions against the site for poor composting practices and site management.

- **Chevron Refinery, Richmond:** On October 20, 2017 District staff terminated a Compliance and Enforcement Agreement (CEA) with Chevron regarding Furnace 1650 in the RLOP (Richmond Lube Oil Project) Unit of the refinery. The CEA was in place to allow Chevron time to develop a compliance plan for the furnace's high CO and NO_x emissions due to having to operate the furnace at low-end design rates. Chevron staff had modified/alterd the burner tips and air intake registers for the furnace prior to submitting an action plan to the District's Engineering Division for District evaluation & approval. The CEA was terminated after District staff learned that Chevron had modified the furnace's combustion system as early as late September. Chevron's staff and Corporate Counsel have subsequently filed for variance relief (Docket # 3702) on November 8, 2017. The interim hearing date for this variance was set for January 16, 2018. District and Chevron staff have scheduled a series of meetings prior to the January 16th date to allow staff time to determine if the District will support the granting of this variance.

- **Shell Refinery, Martinez:** On November 6, 2017, at approximately 1630 hours, Shell reported a level 1 (onsite and possible offsite impact) into the Contra Costa County Community Warning System because of a unit upset at Hydrogen Plant 2 (HP2). The upset was caused by an electrical issue when the facility was conducting maintenance on a current transformer. Because of the sudden shut down of HP2, the facility depressurized the unit and sent feed to the Operations Central (OPCEN) Flare. The District received and confirmed two smoke complaints. There were no indicated excesses that exceeded Air District standards associated with the event. District staff is currently conducting an ongoing investigation to determine if there were any violations associated with this incident.
- **Tesoro Refinery, Martinez CA:** On November 21, 2017, Tesoro Refinery, in Martinez CA, hosted a refinery tour for District Staff and representatives from various offices of the State Legislature, including the Senate Budget Committee, Assembly Budget Committee, Senate Environmental Quality Committee, Assembly Member Grayson's Office, Senator Glazer's Office, Senator Dodd's Office, Assembly Member Mullin's Office, and Lobbyists for CAPCOA. The goal of the refinery tour was to give members of the State Legislature a greater understanding of the importance of District presence at the refineries and educate them of the complexity of refinery operations.
- **Chevron Refinery, Richmond:** On November 16, 2017, District staff met with Chevron to discuss Chevron's compliance plans for Furnace 1650 (F-1650). At the meeting, Chevron proposed a new compliance plan for F-1650 by changing the fuel to natural gas and restricting the fuel firing rate to < 10 MMBTUs. Chevron committed to submitting a modification application to the Engineering Division prior to making any further changes. Additionally, Chevron staff will be scheduling a third-party source test to re-establish the NOx & CO emissions from F-1650 burners as they are presently configured. Chevron believes that the conversion to natural gas fuel and de-rating its maximum firing rate may take a few months to complete, but these changes would render the furnace exempt from a permit and potentially no longer require a variance pending Legal concurrence from both parties.
- **Department of Water Resources, Byron:** On December 4, 2017, District staff met with representatives from the Department of Water Resources regarding the agencies use of a standby engine to run primary power at its Byron facility during PG&E scheduled power outages. Staff provided compliance options for the facility so that it could comply with applicable Air District Regulations and State Air Toxic Control Measures (ATCM).

Compliance Assistance and Operations Program

Staff received and evaluated over 1,782 plans, petitions, and notifications required by the asbestos, coatings, open burn, tank and flare regulations. Staff received and responded to over 65 compliance assistance inquiries and green business review requests. Additionally, highlighted compliance assistance activities for the quarter are as follows:

- The Stubble Burn Season (September 1 to December 31) ended. Staff received and approved one stubble burn project in Sonoma County. A total of twenty acres were burned for the season.
- Staff approved four prescribed burn smoke management plans in Marin, San Mateo and Santa Clara County.
- The *Winter Spare the Air* season began November 1. The 877-4NO-BURN line was switched to the winter messaging notifying callers of the daily burn forecast. Staff mailed out 450 informational packets to residences that received complaints regarding wood burning. During the last quarter of 2017, the Air District received 1,675 complaints regarding wood burning.
- Staff conducted 135 inspections for the Strategic Incentives Division (SID).
- Staff attended the CAPCOA Enforcement and Engineering Symposium that took place November 8-9 in Folsom.

(See Attachment for Activities by County)

**ENGINEERING DIVISION
S. KAMBOJ, ACTING DIRECTOR**

Permit Activity Statistics

The following table summarizes permit activity in the 4th quarter:

Permit Activity			
New applications received	252	New facilities added	86
Authorities to Construct issued	145	Permit Exemptions (entire application deemed exempt)	11
Permits to Operate issued (new and modified)	184	Annual update packages completed	752
Registrations (new)	32		

Health Risk Analysis (HRA): 59 HRAs were completed during the reporting period.

Energy Projects

Valero Refinery (Benicia): The proposed project involves the installation of a poly tank abated by a baghouse to produce and store brine. Valero will receive salt via truck and make brine by adding water. The brine is used for the maintenance of an ion exchanger demineralizer that provides high purity water for boilers and turbines. The project is exempt due to little or no organic emissions (Regulation 2-1-128) and mineral or salt throughput less than permitting thresholds (Regulation 2-1-28 and 2-1-115.1.2). The Letter of Exemption was issued and Notice of Exemption was filed with the county on November 16, 2017.

Tesoro Golden Eagle Refinery (Martinez): Tesoro Reformat project proposes to modify the reformat splitter column by replacing the internals and by adding a new side-draw from the column and by adding a new overhead cooler. The proposed project will modify an existing diesel and kerosene storage tank, which will not need any physical modifications or increases in throughput, but will allow storage of reformat and gasoline products. The project will also alter the fugitive components (piping and pumps) at 9 storage tanks. The only emissions from the project are from the modified tank and fugitive components. The tank and fugitive components meet Best Available Control Technology requirements and emissions increases have been offset. The Authority to Construct was signed and the Notice of Exemption was filed with Contra Costa County on November 8, 2017.

Phillips 66 Richmond Terminal (Richmond): To comply with the Low Carbon Fuel Standard, the Phillips 66 Richmond Terminal will install three (3) 29,980-gallon horizontal storage tanks for biodiesel (B100). The project includes a blending skid and fugitive components. B100 will be offloaded from trucks into the tanks and from the tanks to the truck loading lanes where B100 is blended into existing diesel risers at the loading rack.

The project is exempt from District permitting due to the volatility of biodiesel and fugitive components are less than 10 lb./day (Regulation 2-1-123.3.2 and 2-1-128.21.2). The Authority to Construct and a Notice of Exemption was filed on October 2, 2017.

Chevron Richmond Refinery (Richmond): Chevron submitted an application for a 282 hp prime diesel engine generator that will be used to supply power to the Ranch Area Weld Bay. The project passed the health risk assessment and emissions from the engine have been offset. The Letter of Exemption was issued and Notice of Exemption for CEQA was filed on October 2, 2017.

Shell Martinez Refinery (Martinez): This permit action was to issue Shell a Permit to Operate a temporary cooling tower. The existing cooling tower, 5-1778, is scheduled to undergo maintenance on two of its four cells. The project scope includes installing and operating cooling tower modules to replace the temporary loss of cooling capacity from taking the two cells offline. Because the cooling water circulation rate is merely shifting from S-1778 to S-11778 and there will be no increase in the overall cooling water circulation rate; there will be no increase in emissions resulting from this project. A Permit to Operate was issued and the Notice of Exemption was filed on October 2, 2017.

CEQA Projects

Phillips 66 Marine Terminal Permit Revision Project (Rodeo): The facility is requesting an increase in the amount of crude oil/gas oil that may be unloaded at the marine terminal from 51,182 barrels per day to 130,000 barrels per day. The project does not require any physical modifications or construction. The proposed project would enable the refinery to receive and process higher rates of ship-delivered crude and gas oil, replacing roughly equivalent volumes of pipeline-delivered crudes with ship-delivered crudes. The proposed project would not affect the characteristics of the crude oil and gas oil the refinery is able to process. Phillips submitted the application on August 2, 2013. A previous permit application (#22904) was approved on March 13, 2013 to increase the amount of crude oil/gas oil that may be unloaded at the marine terminal from 30,682 barrels per day to 51,182 barrels per day. The Air District acted as the lead agency for CEQA for the project. The current CEQA analysis will evaluate the increase in ship emissions from the activity level prior to application #22904 to 130,000 barrels per day. The Air District is acting as the lead agency for CEQA for this project and has hired a CEQA Review Consultant to conduct the CEQA review. The Air District released a Notice of Preparation and held a public scoping meeting in Hercules, California on June 22, 2017. Approximately 35 people attended. The Air District held a second public scoping meeting in Vallejo, California on July 27, 2017 with approximately 50 people in attendance. Staff participated in a community meeting organized by Supervisor Monica E. Brown at the Benicia City Hall on August 14, 2017 to receive comments on the scope and content of the Air District's environmental analysis of the Phillips 66 Marine Terminal Permit Revision Project. The comments for the scoping period started on June 22, 2017 and was originally scheduled to end on July 23, 2017, but was extended to August 28, 2017. Staff has compiled and reviewed all the scoping comments received and has started working with the CEQA Review Consultant on the draft Environmental Impact Report.

Orcem Plant/Vallejo Marine Terminal Project (Vallejo): CEQA lead agency is City of Vallejo. BAAQMD is a CEQA responsible agency. The proposed project has two main components: (1) The VMT component would reestablish industrial uses on the VMT site through the removal of the old timber wharf and construction of a modern deep-water terminal. (2) The Orcem component would involve construction and operation of a facility for primarily the production of an alternative for portland cement. The Project has been denied by the City of Vallejo Planning Commission and appealed to the Vallejo City Council. Since October 2017, City of Vallejo staff has been determining the next steps and a schedule for returning to the City Council for action. Once a schedule has been finalized it will be posted on their webpage. On October 2017, city staff and the applicant completed revisions to the Final Project Description. The main changes from the previous version were: reducing the size of the proposed site, requiring covered conveyors, and prohibiting gasoline or petroleum product loading at the VMT. The Air District has received a permit application for the Orcem Plant part of the project and the application is currently on incomplete status. The Air District is evaluating the health risk for this application based on the limited information provided by the applicant. The Air District has not yet received a permit application for the Vallejo Marine Terminal part of the project.

Permits and Projects

AB&I Foundry (Oakland): AB&I submitted an application to amend permit conditions to allow the use of an alternative synthetic asphalt pipe coating to reduce odors from their Pipe Finishing Dip Tank Operations. There will be no increase in emissions with this permit amendment. The Change of Conditions was issued and Notice of Exemption for CEQA was filed on October 2, 2017.

Waste Management of Alameda County (Livermore): Waste Management proposed to install a new covered aerated static pile (CASP) composting facility at the Altamont Landfill and Recycling Facility. On September 21, 2017, the Air District issued the Authority to Construct to Waste Management for this project. Alameda County is the lead agency for the purposes of CEQA for this project. Alameda County certified an Initial Study and Mitigated Negative Declaration (IS/MND) for this project in March 2013. The Air District reviewed this IS/MND, found that this project will not have a significant impact on the environment. The Air District filed a Notice of Determination for this project.

Newby Island Landfill and Recyclery (Milpitas): Republic Services operates the Newby Island Landfill and Recyclery. This facility initially began operating a material recovery facility (MRF) without Air District permits. The MRF collects and separates multiple waste streams, including food waste and other organic waste, into recyclable materials, compostable materials, and landfill waste. The Air District has issued numerous violation notices due to odors emanating from the MRF. In July, Republic Services agreed to expand and improved the MRF enclosure and to collect and control odorous

emissions from this enclosure. Staff met with Republic Services to review the enclosure proposal, identify concerns, and discuss additional improvements on September 14th and November 1st.

On September 27, 2017, the Air District met with CalRecycle and the San Jose Lead Enforcement Agency (LEA) to discuss our respective roles in permitting and enforcing regulations at composting facilities including the Newby Island Facility. CalRecycle and the Air District explained their individual permit processes. The LEA indicated there was a public meeting this past Monday night for Newby's compost facility permit revision and that the LEA expects to issue their revised permit in about 30 days. The Air District discussed the status of the Air District permit application, which includes a modification of the current composting process to increase throughput and include food waste in the composting process as well as converting to the covered aerated static pile (CASP) process to reduce emissions. CalRecycle provided updates on SB1383 development and future of composting regulations. Potential collaboration on permit notifications and joint enforcement agreements were discussed. CalRecycle provided clarification about some jurisdictional and enforcement questions and will continue to work with the Air District to clarify these issues.

On November 21, 2017, the District issued an Authority to Construct for the Covered Aerated Static Pile (CASP) composting process. The revised permit conditions will allow increases in the amount of material composted at this site but will require that all material be processed using the lower emitting CASP process. The revised permit conditions will also require enhanced monitoring, testing, and record keeping to verify proper operation of the CASP composting process. In accordance with an agreement with the City of San Jose, Republic Services will stop adding new material to the windrow composting process by January 1, 2018 and will exclusively use this CASP composting process in the future.

Syar Napa Quarry Project (Napa): On November 18, 2015, the Napa County Planning Commission adopted a resolution with required CEQA and Surface Mining Permit (SMP) Findings to approve the Syar Napa Quarry Expansion Project to allow the following: a) An approximate 106-acre expansion of the current surface mining and reclamation plan for a 35 year term; b) An increase in production of aggregate materials from approximately 1 million tons per year to 1.3 million tons per year; c) To add Reclaimed Asphalt Pavement (RAP) handling equipment to the existing asphalt batch plant and an increase in asphalt production up to 300,000 tons per year. Both the Environmental Impact Report (EIR) certification and SMP decisions were appealed to the Napa County Board of Supervisors. The Board of Supervisors conducted public hearings on February 9th, March 22nd, April 26th, May 10th and July 11th. At the July 11, 2016 hearing, Napa County supervisors tentatively decided in favor of the project. They voted unanimously to uphold the project's EIR and voted 4-1 to back the expansion. At the October 18, 2016 hearing, the Board of Supervisors voted unanimously to deny the appeals and to back the expansion. A permit application (A/N 27764) for RAP handling equipment was submitted to the Air District on February 5, 2016 and is currently incomplete. No permit application has been received for the proposed aggregate production increase at this time. Syar met with Air District staff

on August 23, 2016 to discuss potential modifications of grandfathered equipment. On September 12, 2016, the District sent a letter to Syar summarizing the remaining information needed to complete the application and to clarify altered vs. modified sources. On December 14, 2016, Syar submitted an application (A/N 28439) for the blue smoke system to be handled separately from A/N 27764. An NOE has been filed for blue smoke application (A/N 28439), and an NOD will be filed for A/N 27764. The A/C for A/N 28439 has been issued. District staff held a meeting on September 19, 2017 with Syar to discuss the August 10, 2017 Syar letter and the outstanding items for A/N 27764. On October 2, 2017, the District sent a letter to Syar in response to the August 10, 2017 Syar letter and to summarize the remaining information needed to complete the application. Staff has reviewed Syar response letter (received December 5, 2017) and is awaiting comments from Legal.

Syar Todd Road Project (Santa Rosa): A permit application under A/N 28669 (for an increase in permitted asphaltic concrete throughput limit from 250,000 tpy to 325,000 tpy at existing Asphaltic Concrete Plant #2) was submitted to the Air District on May 19, 2017 and is currently incomplete. Syar was requesting that the Air District allow them to temporarily operate at their requested 325,000 tpy limit (in advance of approval of A/N 28669) due to recent changes in contract obligations that have resulted in a tighter deadline for supplying the finished product to their customer. Syar initially submitted an application for variance on August 29, 2017 and met with Air District staff on August 30, 2017 to discuss their request. Air District Legal staff informed Syar that Air District would likely not support their request because the request represents a lost business opportunity and not an event beyond their control, and because the H&S Code states that a variance may not be granted from the requirement for permit to build, erect, alter, or replace. Syar decided not to proceed with the submission of the variance application. On September 19, 2017, Syar in a meeting with the Air District stated that existing 250,000 tpy limit will likely not be exceeded and therefore will no longer pursue Compliance and Enforcement agreement.

Industry Wide Risk Assessment Guidelines for Gasoline Stations: The Air District submitted the CARB survey regarding gasoline services stations and emission factor needs on November 16, 2017.

OEHHA – PM_{2.5} Health Effects Values: On October 17, 2017, staff had a conference call with OEHHA to discuss the scope of the Air District's request for health effects data for PM_{2.5}. Staff identified two needs: health impacts for short term (1-hour) exposures to improve communication to the public during episodes such as the recent fires and health impacts for chronic exposures for regulatory purposes such as proposed Rule 11-18. OEHHA indicated that non-cancer health effects for PM_{2.5} may be represented by slope factors, similar to the procedure used to determine cancer potency factors. OEHHA will consider the Air District's requests and will provide more information at the next Advisory Council Meeting.

CAPCOA Enforcement, Engineering, and Toxics Symposium (Folsom): Staff presented and participated in a panel discussion on 2015 OEHHA HRA guidelines

revisions and how air districts are incorporating these guidelines into their New Source Review and Air Toxics Hot Spots programs. Staff discussed and answered questions on Rule 11-18 as participants showed lot of interest in it. Other agenda items included: Enhanced and Remote Portable Monitoring, New Technology for Boilers and Flares, CalRecycle Organics Initiative, AB 617 Community Air Monitoring, Environmental Justice Considerations and Updates from EPA.

NACAA Permitting and New Source Review Committee Conference Call: On October 11, 2017, staff participated in the committee’s monthly conference call. Items discussed included: U.S. EPA’s Title V fee guidance documents, which are under development, and EPA’s Draft Fiscal Year 2018-2022 Strategic Plan. EPA developed the FY 2018-2022 EPA Strategic Plan to: (1) refocus the Agency back to its core mission; (2) restore power to the states through cooperative federalism; and (3) lead the Agency through improved processes and adhere to the rule of law. The FY 2018-2022 EPA Strategic Plan refocuses EPA on its role of supporting the primary implementers of environmental programs—states and tribes—by streamlining programs and processes, reducing duplication of effort, and providing greater transparency and listening opportunities, enabling the Agency to focus on its core mission work.

On December 13, staff participated in the monthly conference call of this committee. On the agenda were a December 7 memorandum from the EPA Administrator to EPA Regional Administrators on NSR enforcement, issues and problem with permitting air curtain incinerators, a recent NACAA permit streamlining letter to EPA Assistant Administrator Bill Wehrum, and a discussion of NSR reform issues.

Cost Recovery and Containment Study: The Air District has retained the services of Matrix Consulting Group (Matrix) to conduct the Study. The primary goal of the Study is to review the Air District’s current cost recovery and allocation plan to include the Air District’s new activities, new programs, new headquarters building, vehicles, and other current indirect costs. The Study includes the following tasks: review the current cost allocation process, determine eligible indirect expenditures, audit employee timekeeping and bases for allocation of general labor bill codes, evaluate cost recovery projection methods, review cost containment opportunities, present cost recovery results, prepare draft and final reports, and present findings. The Air District has done prior cost recovery studies in 1999, 2004, and 2010.

Phillip and Sala Burton Academic High School Tour: On November 27, staff hosted an interactive tour event for approximately 20 students from the high school’s Engineering Academy. The academy is for sophomores interested in pursuing an education/career in engineering. The staff presented an overview of the Air District, engineering education, environmental engineering careers, and working as an engineer for the Air District. In addition, staff led smaller-group breakout sessions where the students learned about the Air District’s involvement in responding to the North Bay Fires, regulating and monitoring air pollutant emissions from refineries, regulating automobile manufacturing, air toxics and health risk assessments, and development of the Air District’s bakery rule.

Rule Development and Implementation

Regulation 2 Permitting Rules:

On December 6, the Board approved the CEQA Negative Declaration and adopted revisions to Regulation 2, Rules 1, 2, 4 and 6 addressing deficiencies identified by EPA for a variety of issues, including federal offsets equivalency and the Emissions Banking program. The rules were sent to ARB to be submitted to the U.S. EPA as revisions to the State Implementation Plan (SIP) on December 7th. The California Air Resources Board submitted the revisions to the California State Implementation Plan (SIP) to the U.S. Environmental Protection Agency for approval on December 14, 2017.

Regulation 11, Rule 18, Reduction of Risk from Air Toxic Emissions at Existing Facilities: Staff provided an update on the status of Regulation 11, Rule 18 to the Stationary Source Committee on September 18th. Staff invited all facilities that are potentially subject to Rule 11-18 to a webinar on October 12, 2017 and provided links to website information about this rule. About 45 people called into the webinar. Additionally, Engineering and Rule Development staff met with California Metals Coalition, California Council for Environmental and Economic Balance, and Hospital Council to discuss implementation strategy for the rule. Staff presented flow charts to explain the prioritization, health risk assessment, rule applicability, and TBARCT processes. The rule was adopted unanimously by full Board on November 15, 2017.

Heavy Liquid Study: Engineering is working with Legal, Enforcement, and Rule Development to address a path forward for developing revised average emission factors for fugitive emission leaks from heavy liquid service components. Engineering is also reviewing preliminary study data to determine if there is sufficient data to state some components may be cost-effectively monitored by the refineries.

Regulation 12, Rule 15: Petroleum Refining Emissions Tracking: All five refineries and their support facilities submitted their Annual Emissions Inventories required by Regulation 12-15-401 the week of July 3rd. Staff completed their initial review and are preparing deficiency letters for the Director of the Compliance & Enforcement Division. The letters were sent out to the facilities at the end of August. Revised refinery emissions inventory data submittals that addressed deficiency items were received in October with the last deficiency letters being mailed this week.

AB 617:

Staff met with the California Air Resources Board and South Coast Air Quality Management District to discuss the proposed implementation of AB 617, including attending meetings with the BARCT and Emissions Inventory workgroups.

Staffing

Regular Employees	57
Vacancies	10
Temporary Employees	1
Interns	0

**LEGAL DIVISION
B. BUNGER, DISTRICT COUNSEL**

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

Mutual Settlement Program staff initiated settlement discussions regarding civil penalties or passing the Wood Smoke Awareness Course for 91 violations reflected in NOVs. In addition, 1 Final 30-Day Letter was sent regarding civil penalties for 2 violations. Finally, settlement negotiations resulted in collection of \$200,200 in civil penalties for 140 violations reflected in NOVs.

Counsel in the District Counsel’s Office initiated settlement discussions regarding civil penalties for 39 violations reflected in NOVs. Settlement negotiations by counsel resulted in collection of \$163,000 in civil penalties for 35 violations reflected in NOVs.

(See Attachment for Penalties by County)

**COMMUNICATIONS AND PUBLIC INFORMATION DIVISION
L. FASANO**

Media Inquiries

Staff responded to media inquiries during the winter, including requests about:

- North Bay Fires
- Wildfire Smoke
- Wood smoke health impacts
- Winter Spare the Air Alerts
- Clean Air Plan goals
- Air quality and haze
- Ozone attainment status
- Redwood Landfill
- Phillips 66
- Asbestos

- Spare the Air
- Air quality
- Reg 12-15
- Rule 11-18
- AB 398
- Agricultural burning
- Carl Moyer Grants
- Newby Island
- Voluntary No Burn
- Vehicle Buyback Program
- East Oakland Crematorium
- Rail incident
- Housing Near Freeways
- Prescribed Burn
- Hilton Hotel Settlement

Media Highlights

The Air District was mentioned in 3,029 print/online stories and 365 video and radio clips from October to December 2017. Below are media coverage highlights:

- [EDF.org: A breakthrough for mobile air quality data – and 3 deceptively tough challenges that paved the way](#)
- [Patch.com: ‘Spare The Air’ Smog Alert Called For Wednesday](#)
- [Napa Valley Register: Spare the Air alert called for Wednesday](#)
- [Marin Independent Journal: In Your Town for Sept. 27, 2017](#)
- [ABC7News.com: Spare the Air Alert in effect for Wednesday](#)
- [SFGate.com: What is that haze over the Bay? The science behind it is fascinating](#)
- [The Advocate: Breath of Death](#)
- [SFist.com: Check Out The Air Pollution Citation Issued To The SF Russian Consulate](#)
- [48hills.org: Assault on local control equals deregulation of housing](#)
- [Earth Island: Phillips 66 Seeks to Increase Number of Oil Tankers on San Francisco Bay](#)
- [Los Angeles Sentinel: Making Sense of Sensors Conference Kicks Off at SCAQMD](#)
- [TheStack.com: Microsoft plans data centre build in San Jose](#)
- [Smoke from Wine Country fires makes air unhealthy around region](#)
- [Unhealthy smoke from Wine Country fires prompts Bay Area air advisory](#)
- [Marin air quality plummets amid fire smoke](#)

- [Smoke from Wine Country fires makes air unhealthy around region](#)
- [Wildfires have created ‘worst air quality ever recorded for smoke’](#)
- [Wildfire Smoke Drifts Across Bay Area For 2nd Straight Day](#)
- [Parts of San Francisco left with 'worst ever' air quality after wildfires](#)
- [No break from unhealthy wildfire smoke in the Bay Area](#)
- [Approaching storm may help clear smoke from Bay Area skies](#)
- [Wildfires Don’t Just Burn Things Down. Their Smoke Is Creating a Public Health Crisis.](#)
- [Air regulators say Cal-Washington State game was too smoky](#)
- [Air quality showing improvement, slowly](#)
- [New Bay Area rule aims to cut cancer risks from polluted air](#)
- [Bay Area air-quality board approves aggressive, ‘unprecedented’ toxic-emissions regulations](#)
- [Enjoy the turkey drumstick but skip the cozy fire, air district pleads](#)
- [Bay Area residents asked not burn wood on Thanksgiving](#)
- [Stanford study shows wood smoke can harm the brain](#)
- [Will your face mask protect you from wildfire smoke?](#)
- [Smoky haze from Southern California fires expected again over Bay Area](#)
- [East Palo Alto Residents Barred From Burning Wood Through Sunday](#)
- [Another Bay Area Spare the Air Alert called for Monday](#)
- [Fifth Spare the Air alert in a row called for Bay Area](#)
- [2 More Spare The Air Alerts Issued For Bay Area](#)
- [Anti-idling proposal steers toward education](#)
- [Bad air warnings in effect for Bay Area](#)
- [Another Spare the Air called for Friday before wind gusts arrive](#)
- [Rule change could oust Oakland council member from air quality board](#)
- [Wood fires banned on Christmas Eve during Spare the Air alert](#)
- [Hold the yule log: Spare the Air Alert issued for Christmas, day after](#)

Press Release

9/26/17	<u>Air District issues Spare the Air smog alert</u>
9/28/17	<u>Permissive burn periods for crop replacement and flood debris fires open</u>
10/09/17	<u>Severe smoke impacts Bay Area-wide due to multiple overnight wildfires</u>
10/10/17	<u>Bay Area Air District statement on Trump’s decision to dismantle the Clean Power Plan</u>
10/10/17	<u>Health Advisory, Spare The Air Alert</u>
10/11/17	<u>Health Advisory, Spare The Air Alert</u>
10/12/17	<u>Health Advisory, Spare The Air Alert</u>
10/13/17	<u>Health Advisory, Spare The Air Alert</u>

10/16/17	<u>Air District Issues Smoke Advisory</u>
10/17/17	<u>Health Advisory & Spare the Air Alerts in effect through Wednesday</u>
11/08/2017	<u>Permissive burn periods for orchard pruning and attrition fires and forest management fires open</u>
11/08/2017	<u>Air District expands funding for multiple grant projects</u>
11/09/2017	<u>Call for applications for Spare the Air Leadership Award</u>
11/09/2017	<u>Permissive open burning season for agriculture now open</u>
11/09/2017	<u>Health risks of toxic ash feared in wake of Sonoma County fires</u>
11/14/2017	<u>Benicia Still Looking for Answers from Valero Six Months After Refinery Outage</u>
11/14/2017	<u>North Bay leaders to tackle fire-recovery strategies</u>
11/15/2017	<u>Air District adopts pioneering rule reducing toxic air pollutants</u>
11/22/2017	<u>Air District asks public to not burn wood to reduce air pollution</u>
12/06/2017	<u>Annual youth conference encourages action for clean air</u>
12/07/2017	<u>Multi-day Winter Spare the Air Alerts called December 8 - 10</u>
12/10/2017	<u>Another Winter Spare the Air Alert called December 11</u>
12/11/2017	<u>Fifth consecutive Winter Spare the Air Alert called for December 12</u>
12/11/2017	<u>Air district settles case with San Francisco Hilton Hotel</u>
12/12/2017	<u>Winter Spare the Air Alerts called through Thursday December 14</u>
12/14/2017	<u>Another Winter Spare the Air Alert called for December 15</u>
12/18/2017	<u>Permissive burn season closes for stubble fires</u>
12/21/2017	<u>Winter Spare the Air Alerts called through Christmas Eve</u>
12/24/2017	<u>Winter Spare the Air Alert called for Christmas Day and Tuesday, December 26</u>

Public Inquiries

Phone: 946 public calls

Events

- Sunday Streets Excelsior (October 1)
- North Richmond Shoreline Festival (October 7)
- Day on the Bay (October 8)
- Ashland Cherryland FamFest (October 14)
- Half Moon Bay Art & Pumpkin Festival (October 14 & 15)
- Dia de Los Muertos San Jose (October 21)
- SCU Sustainability Fair (October 25)
- Commuter Event at Stanford Research Park (October 26)
- Dia de Los Muertos Oakland (October 29)
- WSTA Door to Door San Rafael (November 4)
- San Jose Fall Home Show (November 4-5)
- WSTA Door to Door San Ramon (November 18)

- Ashland Cherryland FamFest (November 18)
- WSTA Door to Door Cupertino (December 2)
- WSTA Door to Door Alameda (December 8)
- WSTA Door to Door Yountville (December 8)

Spare the Air

Staff met with the web team and contractors for the Spare the Air website redesign. An external survey was developed and promoted over the past weeks and results were presented to staff. Contractors presented findings of research from surveys, stakeholder interviews and social media.

Staff is working with contractors to develop brand guidelines for Spare the Air.

Winter Spare the Air

The Winter Spare the Air ad campaign continues with Spanish, Cantonese, Mandarin, Vietnamese and Tagalog TV, Chinese, and Spanish online ads, streaming radio and digital outdoor ads, Chinese print ads, and Spanish and Chinese transit ads.

Focus groups for Sunnyvale, Walnut Creek and Novato were completed. Door-to-door outreach was conducted in San Rafael, San Ramon, Cupertino, Yountville and Alameda. Staff reached over 1,500 total homes.

Staff hired contractors to distribute door hanger surveys with health information in Livermore, Orinda, Sausalito and Sonoma.

Air District Social Media

Staff shared information on air quality forecasts, website redesign, community grant programs, the adoption of Rule 11-18, Technology Office's Request for Information, YES Conference, and Spare the Air Alerts.

The most successful social media posts this season reached about 7,000 users on Facebook and 26,000 users on Twitter.

Facebook page was promoted to Bay Area residents to increase follower count. In this quarter follower numbers increased to 1,992 on Facebook, 3,535 on Twitter and 991 on Instagram.

Spare the Air Social Media

This season staff shared posts to Facebook and Twitter on how Spare the Air Alerts are called, Stanford study discussing the effects of wood smoke on the brain and Winter Spare

the Air Alerts. Staff worked with contractor to post Winter STA PSA and information on how to sign up for Spare the Air Text Alerts.

Employer Program Updates

Staff and contractors hosted a networking event on November 16 for large businesses in the Fremont area.

Carpool Now

Carpool Now events, that promote interoffice carpooling at large employers, were held at Raytheon in Sunnyvale, Gilead in Foster City, and Workday in Pleasanton.

Staff is working with Seagate Fremont, SunPower, Shutterfly, Lawrence Livermore National Lab and the Washington Hospital to schedule Carpool Now events through June 2018. An event with SunPower Richmond scheduled for Thursday, February 22 at noon. In the process of scheduling event at SAP in Sunnyvale/ Event will provide the benefits of carpooling and connect SunPower employees into carpools.

Spare the Air, Cool the Climate

Staff purchased the sparetheairclimate.org URL and the website's content architecture and development is in progress by the web team.

Staff completed the draft fact sheet and brochure which was approved.

Staff is working with Move Over Earth to discuss national promotion of the plan with draft editorial. Move Over Earth is looking for the appropriate media outlet for this OpEd to maximize our messaging.

Videography

This quarter, staff worked on an animated version of the "On Air" introduction. A video about air monitoring is currently in production and will be completed by the end of February.

Staff also worked on shooting B-roll of the Air District lab for use in future Air District videos and video podcasts.

Annual Report

Working with contractor for design options.

Training

Staff set up training on logo usage, presentations, events, and media interviews.

Miscellaneous

Staff completed a draft presentation on logo training and developed a flaring and air monitoring infographic.

Staff is in the process of finalizing contracts for media training with Mary Simms and Mortarotti-Ramirez for videography.

<p style="text-align: center;">COMMUNITY ENGAGEMENT DIVISION G. NUDD, DEPUTY AIR POLLUTION CONTROL OFFICER</p>
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OUTREACH AND ENGAGEMENT PROGRAMS***Spare the Air Youth***

- **Thursday, December 21 – Tour of Laney College** - Staff toured the Laney College campus with the YES Conference event planner and food vendor. Staff visited the gym, quad, student center and various classrooms for the use of the conference.
- **Thursday, December 7 - Meeting with Green Energy Associates** – Staff met with Tom Cosgrove, Green Energy Associates, to discuss the YES Conference outreach strategy, explore exhibitor possibilities and brainstorm conference activities.
- **Tuesday, December 19 – Crowd Compass Mobile App Presentation** – Staff participated in a presentation on the Crowd Compass Mobile App presentation and will decide whether to use the mobile app for the YES Conference.
- **Thursday, December 14 – Town of Moraga Youth Commission Presentation** – Staff attended the Moraga Youth Commission meeting to present information on the 2018 YES Conference.
- **Wednesday, December 13 – Pleasanton Youth Commission Presentation** – Staff attended the Pleasanton Youth Commission meeting to present information on the 2018 YES Conference.
- **Tuesday, December 12 – Monte Sereno Youth Commission Presentation** – Staff attended the Monte Sereno Youth Commission meeting to present information on the 2018 YES Conference.

- **Monday, December 11 – YES Conference Student Advisory Council (SAC) Outreach Conference Call** – Staff met with all the SAC members to discuss YES Conference registration outreach. With the upcoming holidays, the SAC discussed how they will be conducting outreach for conference.
- **Thursday, December 7 - Meeting with Green Energy Associates** – Staff met with Tom Cosgrove, Green Energy Associates, to discuss the YES Conference outreach strategy, explore exhibitor possibilities and brainstorm conference activities.
- **Wednesday, December 6 – YES Conference Student Advisory Council (SAC) Program Planning Committee Conference Call** – Staff met with the Program Planning Committee of the SAC to brainstorm conference activities, keynote speakers and session outreach.
- **Wednesday, December 6 – Dublin Youth Commission Presentation** – Staff attended the Dublin Youth Commission meeting to present information on the 2018 YES Conference.
- **Tuesday, December 5 – YES Conference Student Advisory Council (SAC) Social Media Committee Conference Call** – Staff met with the Social Media Committee of the SAC to discuss the social media strategy to create buzz for the conference. Members are exploring ways of using technology in this year's conference.
- **Tuesday, December 5 – Morgan Hill Youth Commission Presentation** – Staff attended the Morgan Hill Youth Commission meeting to present information on the 2018 YES Conference.
- **Tuesday, December 5 – Meeting with Alum Rock School District** – Staff discussed via telephone how the school district (based in East San Jose) can help promote and participate in the 2018 YES Conference.
- **Monday, December 4 – American Canyon High School Climate Summit** – Staff presented on the role of the Air District, recent policies adopted, and on the 2018 YES Conference.
- **Thursday, November 30 - Meeting with Green Energy Associates** – Staff met with Tom Cosgrove, Green Energy Associates, to discuss the YES Conference outreach strategy, explore exhibitor possibilities and brainstorm conference activities.

- **Tuesday, November 28 – Presentation for Antioch Middle School** – Staff spoke and participated in the Antioch Middle Schools first annual “Career Day.” Staff spoke to over 100 students announcing the YES Conference as well as inspire students to pursue a career in government.
- **Tuesday, November 29 – Meeting with Cristina Velazquez** – Staff discussed how to integrate a recycled/trash fashion show, interactive workshop with Ms. Velazquez who is an accomplished fine artist for the YES Conference.
- **Monday, November 27 – San Jose Youth Commission Presentation** – Staff attended the San Jose Youth Commission meeting to present information on the 2018 YES Conference.
- **Monday, November 20 – Spare the Air Youth Program Checkin Meeting** – Staff met with Ursula Vogler and Megan Espiritu, with MTC, and Alta Planning staff to discuss the Spare the Air Youth program task orders, scheduling the next Spare the Air Youth Technical Advisory Committee Meeting and YES Conference updates.
- **Thursday, November 16 – San Pablo Youth Commission Presentation** – Staff attended the San Pablo Youth Commission meeting to present information on the 2018 YES Conference.
- **Wednesday, November 15 – YES Conference Student Advisory Council (SAC) Outreach Conference Call** – Staff met with all the SAC members to discuss YES Conference registration outreach. With the registration and call for presentations links open, the SAC will be conducting outreach for the conference.
- **Tuesday, November 14 – RYSE Center Student Presentation** – Staff presented and participated in a student meeting about their career path to working at the Air District and spoke about the 2018 YES Conference.
- **Monday, November 13 – Colma Youth Commission Presentation** – Staff attended the Colma Youth Commission meeting to present information on the 2018 YES Conference. Twelve youth commissioners attended the meeting.
- **Monday, November 13 – Danville Youth Commission Presentation** – Staff attended the Colma Youth Commission meeting to present information on the 2018 YES Conference. Twenty-two youth commissioners attended the meeting.
- **Monday, November 13 – Campbell Youth Commission Presentation** – Staff attended the Campbell Youth Commission meeting to present information on the 2018 YES Conference. Fifteen youth commissioners attended the meeting.

- **Thursday, November 9 - Meeting with Green Energy Associates** – Staff met with Tom Cosgrove, Green Energy Associates, to discuss the YES Conference outreach strategy, explore conference sponsorship opportunities and brainstorm conference activities.
- **Thursday, November 9 – YES Conference Student Advisory Council (SAC) Social Media Committee Conference Call** – Staff met with the Social Media Committee of the SAC to discuss the social media strategy to create buzz for the conference. Members are exploring ways of using technology in this year’s conference.
- **Wednesday, November 8 – YES Conference Student Advisory Council (SAC) Program Planning Committee Conference Call** – Staff met with the Program Planning Committee of the SAC to brainstorm conference activities, keynote speakers and session outreach.
- **Monday, November 6 – Antioch Teen Council** – Staff attended the Antioch Teen Council meeting to present information on the 2018 YES Conference. Fifteen youth commissioners attended the meeting.
- **Wednesday, November 8 – Teen Presentation for Higher Ground** – Staff presented during Higher Ground’s daily programming to encourage students to register and present at the 2018 YES Conference. Twenty-five middle schoolers attended the presentation.
- **Monday, November 6 – Mountain View Youth Advisory Presentation** – Staff attended the Mountain View Youth Advisory meeting to present information on the 2018 YES Conference. Twenty youth commissioners attended the meeting.
- **Monday, November 6 – Antioch Teen Council** – Staff attended the Antioch Teen Council meeting to present information on the 2018 YES Conference. Fifteen youth commissioners attended the meeting.
- **Wednesday, November 1 – Palo Alto Teen Commission Presentation** – Staff attended the Palo Alto Teen Commission meeting to present information on the 2018 YES Conference. Twelve youth commissioners attended the meeting.
- **Tuesday, October 31 - Meeting with Metropolitan Transportation Commission (MTC) Staff** – Staff met with Ursula Vogler and Megan Espiritu, with MTC, to discuss the management of the Spare the Air Youth program and MTC’s participation in the planning of the 2018 YES Conference.
- **Thursday, October 26 - Meeting with Green Energy Associates** – Staff met with Tom Cosgrove, Green Energy Associates, to discuss the YES Conference

outreach strategy, conference registration options and the conference work plan and schedule.

- **Thursday, October 26 – YES Conference Student Advisory Council (SAC) Social Media Committee Conference Call** – Staff met with the Social Media Committee of the SAC to discuss the social media strategy to create buzz for the conference. Members are exploring ways of using technology in this year’s conference.
- **Wednesday, October 25 – YES Conference Student Advisory Council (SAC) Program Planning Committee Conference Call** – Staff met with the Program Planning Committee of the SAC to discuss the draft agenda for the conference, the conference poster/postcard designs and outreach as the conference registration opens next week.
- **Wednesday, October 25 – Cupertino Youth Commission Presentation** – Staff attended the Cupertino Youth Commission meeting to present information on the 2018 YES Conference. Fifteen youth commissioners attended the meeting.
- **Tuesday, October 24 – Spare the Air Youth Technical Advisory Committee Meeting** – Staff attended the Spare the Air Youth Technical Advisory Committee (STAY TAC) meeting to present information on the upcoming 2018 YES Conference. TAC members discussed how to effectively engage middle school students in various programs and provided examples of programs that have been successful.
- **Thursday, October 12 - Meeting with Green Energy Associates** – Staff met with Tom Cosgrove, Green Energy Associates, to discuss the YES Conference outreach strategy, conference registration options and the conference work plan and schedule.
- **Wednesday, October 12 – YES Conference Student Advisory Council (SAC) Social Media Committee Conference Call** – Staff met with the Social Media Committee of the SAC to discuss the social media strategy to create buzz for the conference. Members are exploring ways of using technology in this year’s conference.
- **Wednesday, October 11 – Tour San Francisco Department of Environment’s Eco Center** – Staff toured the San Francisco Department of Environment’s Eco Center as a possible location for a future YES Conference Student Advisory Council meeting.
- **Wednesday, October 11 – YES Conference Student Advisory Council (SAC) Program Planning Committee Conference Call** – Staff met with the Program Planning Committee of the SAC to discuss the draft agenda for the conference, the

conference poster/postcard designs and outreach as the conference registration opens next week.

- **Thursday, October 5 – Meeting with Green Energy Associates** – Staff met with Tom Cosgrove, Green Energy Associates, to discuss the YES Conference outreach strategy, conference registration site and updated work plan schedule.
- **Wednesday, October 3 – Social Media Academy for Government Communicators Training** – Staff attended training to assist in increasing social media traffic and audience for annual YES Conference.

Spare the Air Resource Teams

- **Tuesday, December 19 – San Jose Green Vision Resource Team** – Staff participated on a conference call with members of the San Jose Green Vision Resource Team to discuss updates to the Green Commute Champions and the Stop Junk Mail San Jose projects.
- **Friday, December 15 – San Francisco County Spare the Air Resource Team Conference Call** – Staff participated on a conference call with a few members of the San Francisco County Spare the Air Resource Team to discuss planning a commuting event for San Francisco employers.
- **Monday, December 11 – Napa Clean Air Coalition Air Quality Project Conference Call** – Staff participated on a conference call with Napa Clean Air Coalition members to discuss the possibilities for the Team to support Air Quality measuring project in schools using Kids Making Sense.
- **Friday, December 8 – Sonoma County Spare the Air Resource Team Meeting** – Staff participated in a meeting with the Sonoma County Spare the Air Resource Team at the Sonoma County Transportation Authority offices in Santa Rosa to discuss the team's Idle Free project and potentially refreshing the Go Sonoma website.
- **Thursday, December 7 – Southern Alameda County Spare the Air Resource Team Conference Call** – Staff participated in a conference call with the Southern Alameda County Spare the Air Resource Team to hear an update from the Idle Free Bay Area Committee about possible Idle Free signs at Washington Hospital and consider budget allocations.
- **Tuesday, November 21 – San Mateo County Spare the Air Meeting** – Staff attended the San Mateo County Resource Team meeting via conference call. The team received an update on the Air District grant program, reviewed the Active Trips Incentive Program for upcoming events and further discussed a networking

event for Transportation Demand Management representatives serving San Mateo County.

- **Thursday, November 2 – Tri-Valley Spare the Air Resource Team** – Staff participated in the Tri Valley Spare the Air Resource Team. Members had the opportunity to ride in an autonomous electric vehicle at Bishop Ranch in San Ramon.
- **Tuesday, October 17 – San Mateo County Resource Team Meeting** – Staff attended the San Mateo County Resource Team meeting in Redwood City. The team received an update on the Air District grant program, reviewed the Active Trips Incentive Program for upcoming events and further discussed a networking event for Transportation Demand Management representatives serving San Mateo County.
- **Tuesday, October 3 – San Francisco County Resource Team Meeting** – Staff participated in a San Francisco County Resource Team meeting. The team discussed the Fit Bit Challenge videos that were created, the San Francisco Department of the Environment’s possible Waze carpool promotion and scheduling another commute solutions workshop for potentially January/March 2018.

COMMUNITY ENGAGEMENT ACTIVITIES

Community Meetings, Workshops and Site Visits

- **Wednesday, December 13** – Staff made a site visit to Live Oak School in San Francisco to meet with school officials over concerns of naturally occurring asbestos releases from the adjacent development project to the school.
- **Monday, December 18** – Staff hosted a cumulative impact policy discussion with the cumulative impact working group. The group heard presentations from Jack Broadbent and Greg Nudd on the Air District’s intentions viz. formulating a cumulative impact policy regarding PM specifically.
- **Wednesday, December 20** – Staff attended the regular monthly IVAN meeting in Bayview Hunters Point.
- **Tuesday, December 5 – Beyond Coal Bay Area/Richmond Meeting** – Air District staff attended this meeting where community members, university researchers, Supervisor Gioia, ARB Director John Balmes, and several CBOs talked about health concerns regarding dust from coal shipments through the Port of Richmond.

- **Thursday, December 7 – Contra Costa Hazardous Materials Commission –** Air District staff attended this meeting along with ARB staff to share information about AB 617 and answer questions from Commissioners.
- **Tuesday, November 28 – Burton High School Engineering Academy Air District Visit –** Staff organized and facilitated a visit from Burton High School's Engineering Academy with Air District Engineering staff. Engineering staff shared what their day to day jobs at the Air District are like as well as their own personal career paths that lead them to work for the Air District. Staff discussed various Air District engineering programs and projects with the students.
- **Thursday, November 30 - Sustainable Silicon Valley Landlord/Tenant Split Incentive Meeting –** Staff attended this meeting in San Jose where the City, along with a group of landlords and tenants met to discuss ways to promote energy efficiency upgrades that benefit both. Staff brought ideas to share with the Climate Protection team for potential best practices to share with other jurisdictions.
- **Tuesday, November 14 – Burton High School Tour Air District's Chemistry and Meteorology Labs –** Staff gave a presentation providing an overview of the Air District before leading students from Burton High School's Health Sciences Academy through a tour of the Air District's chemistry and meteorology labs. Staff from the chemistry and meteorology labs shared what their day to day jobs at the Air District are like and as well as their own personal career paths that lead them to work for the Air District.
- **Thursday, November 9 – James Cary Smith 2018 Community Grant Program Informational Webinar –** Staff held a Community Grant Program webinar on Thursday, November 9, from 11:00am-12:00pm, during which prospective applicants could ask questions about their proposals.
- **Wednesday, November 8 – PPP Update Community Advisory Meeting –** Staff facilitated a PPP Update Community Advisory Meeting at Bay Area Metro Center. Twenty-three community stakeholders from diverse backgrounds attended the first advisory meeting. Attendees learned about the status of the current PPP, the spectrum of public participation and engaged in a World Café activity in which they could provide input on how we can improve what we are currently doing and new strategies that we can consider as we update our PPP. Evaluations suggest that attendees found the meeting informative and appreciated the opportunity to network and provide input.
- **Tuesday, November 7 – Burton High School Tour Air District's Chemistry and Meteorology Labs –** Staff gave a presentation providing an overview of the Air District before leading students from Burton High School's Health Sciences Academy through a tour of the Air District's chemistry and meteorology labs. Staff from the chemistry and meteorology labs shared what their day to day jobs at

the Air District are like and as well as their own personal career paths that lead them to work for the Air District.

- **Thursday and Friday, October 19 and 20 – 2017 EJ Community Solutions Grantee Conference** – Staff participated in the EJ Community Solutions Grantee Conference hosted by EPA Region 9. The Conference is a networking forum for exchanging best practices among environmental justice and community grantees across four states and four grant programs managed by US EPA Region 9, CalEPA and the Bay Area Air Quality Management District.
- **Friday, October 20 – Active San Mateo County Conference** – Staff attended the 9th Annual Active San Mateo County Conference hosted by San Mateo County Supervisor Carole Groom. Speakers included Anne LeClair, President & CEO of the San Mateo County Silicon Valley Convention and Visitors Bureau, Rachael Lopes, Public Access Program Manager of Peninsula Open Space Trust and Mitch Postel, President of the San Mateo County Historical Association
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- **Tuesday, October 17 – ARB Community Meeting on Community Air Protection Program** – Staff attended this community meeting where ARB staff listened to community input regarding AB 617 implementation and the development of a program to reduce exposure to air pollution in neighborhoods most impacted.
- **Thursday, October 12 – Regulation 11 Rule 18: Reduction of Risk from Toxic Emissions at Existing Facilities Webinar** – Staff helped Engineering host a webinar for interested stakeholders to learn about the Air District's development process for Regulation 11, Rule 18, which would reduce health risks from toxic emissions from existing local facilities ranging in size from large-scale plants like factories and oil refineries to smaller operations like back-up generators and gas stations.

- **Saturday, October 7 – Vision y Compromiso Conference Presentation** – Staff presented to a group of statewide health promoters (Promotoras) in Ontario about air quality, health and climate protection.
- **Thursday, October 5 – Pittsburg Unified School District and Breath Mobile** - Staff met with representatives from PUSD, City of Pittsburg and the Breath Mobile to explore the possibility of the mobile asthma clinic visiting schools in this area that is highly impacted by asthma.
- **Thursday, October 5 – Community Climate Solutions** – Staff invited Lisa Altieri from Community Climate Solutions to present her useful web-based climate-action platform to Communications, Web team, and Planning. The hope is to use the tool as part of our Clean Air Plan promotion strategy.
- **Thursday, October 5 – Cool the Earth** - Staff met with representatives from Cool the Earth to learn about their climate initiatives.

Other

- **Monday, December 11 – Friday, December 15** – Staff attended a 5-day training on planning for effective public participation and techniques for effective public participation in Walnut Creek.
- **Thursday, December 28** – Staff met with Cal EPA Secretary Garcia to discuss coordination follow-up of EJ grantees and connections with Air district community grants.
- **Monday, December 11 & 13 – Community Grant Proposal Review Session** – Air District staff reviewed and scored community grant proposal submissions.
- **Tuesday, December 12 – Community Sensing Internal Working Group** – Staff participated in the internal working group to create a community sensing program at the District.
- **Monday, December 11 – Friday, December 15** – Staff attended a 5-day training on planning for effective public participation and techniques for effective public participation in Walnut Creek.
- **Monday, December 4** – Staff presented a GARE update to BARC Executives.
- **Tuesday, November 21 - Let's Talk Climate — Applied Research and Practical Guidance for Local Climate Engagement** – Staff participated on a webinar to learn about communicating climate and how to tailor our messages to influence behavior change.

- **Tuesday, November 21 – Legislative Staff Visit Presentation** – Staff presented information about the Community Engagement Office to several Legislative Aides that visited the Air District from Sacramento.
- **Tuesday, November 21 – North Bay Fires Sustainable Recovery Meeting** – Staff participated in a multi-agency and cross-divisional meeting to talk about how the Air District can provide value added to the ongoing recovery and rebuilding efforts in the North Bay.
- **Wednesday, November 29 – Bay Area Regional Health Disparities Initiative Meeting** – Staff met with BARHII to discuss the upcoming AB 617 efforts, and learn about an update to the Health Disparities Index, a tool that the Air District plans to use to help us prioritize communities for intervention.
- **Wednesday, November 29 – Breathmobile Phone Meeting** – Staff had a phone meeting with the Breathmobile to talk about the possibility of a new sponsorship agreement for the upcoming calendar year to help them expand services to central and eastern Contra Costa County.
- **Thursday, November 30 – AB 617 Community ID and CERP Team Conference Call** – Staff participated in this call to coordinate efforts and provide feedback about the creation of CARB’s guidance documents for local Air Districts and communities.
- **Saturday, November 11 – San Francisco Science Discovery Day Event** – Staff tabled at the San Francisco Science Discovery Day event at AT&T Park in San Francisco. Staff provided information on the 2018 YES Conference, conducted a basic air quality activity at the table and answered air quality related questions. Approximately 600 attendees visited the Air District booth.
- **Thursday, November 9 – GARE ½ Day Training and Planning** - Staff attended a 1 /2 day GARE meeting in Oakland to work on the racial equity pitch and action plan.
- **Wednesday, November 8 – Chinese Delegation Visit** – Community Engagement staff hosted delegates from China to discuss air quality in the Bay Area. Staff provided an overview of the Air District, Planning staff discussed the Clean Air Plan and Technical staff provided information on the Air District’s air monitoring network.
- **Tuesday, November 7 – San Jose Community Engagement Visit** – Staff continues to build relationships throughout the eastside of San Jose. Visits included meeting with the Mexican Heritage Plaza Executive Director and City of San Jose immigration and civic engagement staff. Staff was offered opportunity to

have “open office hours” at Mexican Heritage Plaza as a key presence in the community for Air District to share opportunities (funding and events).

- **Wednesday, November 1 – Transform 20th Anniversary Celebration** – Staff attended the awards celebration for an organization that continues to advocate for equity, innovation, and leadership in the Bay Area.
- **Wednesday, November 1 – Meeting with San Leandro Community Science Grantees** – Staff attended an off-site meeting with Grantee (Sequoia Foundation) and key stakeholders (San Leandro Unified School District and Science Advisors Magnitude.io at the Barbara Lee Center for Health and Wellness in San Leandro to discuss development of a Next Generation Science Standards (NGSS)-Ready air quality science high school curriculum that utilizes a project based learning approach.
- **Tuesday, October 31 – Let’s Talk Climate Webinar** – Staff listened to a webinar about climate communications that can inform our Clean Air Plan promotion efforts moving forward.
- **Tuesday, October 31 – Community Engagement Discussion with WSPA** – Staff facilitated a phone conference with Community Engagement staff at WSPA.
- **Monday, October 30 – GARE Team Retreat** – Staff attended an off-site retreat with the GARE team and an external facilitator to engage in team building and action planning.
- **Saturday, October 28 – East Bay Science Discovery Day Event** – Staff tabled at the East Bay Science Discovery Day event at Cal State East Bay campus in Hayward. Staff provided information on the 2018 YES Conference, conducted a basic air quality activity at the table and answered air quality related questions. Approximately 500 attendees visited the Air District booth.
- **Saturday, October 28 – North Bay Science Discovery Day Event** – Staff tabled at the North Bay Science Discovery Day event at the Sonoma County Fairgrounds in Santa Rosa. Staff provided information on the 2018 YES Conference, conducted a basic air quality activity at the table and answered air quality related questions. Approximately 600 attendees visited the Air District booth.
- **Friday, October 27 – Uncharted: Berkeley Festival of Ideas** – Staff attended conference to glean ideas on innovative conference formats and methods for engaging participants in timely, challenging, and complex conversations.
- **Thursday, October 26 – Bay Area Regional Collaborative Cross Agency Meeting** – Staff from MTC, ABAG, BCDC, BAAQMD, and Coastal Conservancy

met to review progress on a Resiliency Report, the BARC Website, and the Solar Ordinance pilot project.

- **Wednesday, October 25 – Risk Management Training** – Staff attended a training on risk management principles.
- **Monday, October 23 – Chinese Delegation Visit** – Community Engagement staff hosted delegates from China to discuss air quality in the Bay Area and in Dalian, China. Staff provided an overview of the Air District, reviewed pertinent information on the Air District’s website and answered general air quality questions.
- **Wednesday, October 18 – Internal Public Participation Plan Update Meeting** – Staff convened an internal working group meeting to discuss updates to the Public Participation Plan.
- **Wednesday, October 18 – A Community Discussion on Climate Resilience for Immigrant and Marginalized Communities**– Staff attended this community discussion held in San Jose to learn how community organizations are engaging immigrant communities in climate action organizing and education.
- **Tuesday, October 17 – Health Professionals for Clean Air** – Staff participated in this meeting by phone. Topics included Climate and Health Policy Brief, Plug Into Clean Air campaign to promote EVs, SJVAD grants, and an upcoming UCSF Climate Forum.
- **Tuesday, October 17 – Earth Island Institute Brower Youth Awards Ceremony** – Staff attended the awards ceremony that honors young leaders throughout the United States for their contribution on environmental organizing.
- **Tuesday, October 17 – Climate Action Team Public Health Workgroup, CDPH** – Staff joined a webinar that discussed California’s tree death problem and other impacts from climate change.
- **Monday, October 16 – Earth Island Institute** - Staff participated in a mentorship program for the David Brower Youth Awardees.
- **Thursday, October 12 – GARE Half Day:** Staff attended the GARE half day training on Adaptive Leadership and Community Engagement strategies. We also discussed the future and ways to sustain the racial equity work past the learning year.
- **Wednesday, October 3 – Internal Public Participation Plan Update Meeting** – Staff convened an internal working group meeting to discuss updates to the Public Participation Plan.

- **Monday, October 2 – Kids Making Sense Training** – Sonoma Technologies, Inc trained Community Engagement staff on the use of the Kids Making Sense curriculum and sensors.

**PLANNING AND CLIMATE PROTECTION DIVISION
H. HILKEN, DIRECTOR**

Air Quality Planning

Staff continued to implement the 2017 Clean Air Plan (2017 CAP), including running predefined queries on the 2017 CAP implementation database to categorize actions. Staff attended a California Air Resources Board (CARB) sponsored public workshop on implementation of AB 617 in Oakland. Staff continued work to implement AB 617, including drafting procedures and criteria used to identify communities disproportionately affected by air pollution for future air monitoring and risk reduction planning. Staff attended a one-day conference in Sacramento hosted by the Office of Planning and Research and the Strategic Growth Council; discussions focused on the implementation of best practices for state and local policies and programs. Staff attended a CARB Public Workshop on the Proposed Natural and Working Lands Climate Change Implementation Plan and CALAND Model Development. Staff attended the “Building California’s Sustainable Bioresource Economy” symposium hosted by the California Bioresources Alliance in Sacramento on November 1st and 2nd 2017. Staff gave a presentation entitled “Air Quality Management Approaches: A Summary of Practices in California’s Bay Area” to a delegation of air quality professional from China and Mongolia in early November. Staff participated in the California Air Pollution Control Officers Association Planning Manager’s Symposium in San Diego and led sessions on post 2020 CEQA GHG thresholds development and SB 1383 implementation. Staff continued work on updating the CEQA Guidelines and Thresholds, including organizing the CEQA project database and continuing to evaluate existing and new methodologies for developing new thresholds. Staff gave a presentation on the CEQA Guidelines and Thresholds update at the Marin County Planning Directors meeting. Staff continued implementation of the Air District’s California Environmental Quality Act (CEQA) Guidelines, including: tracking their use by lead agencies; reviewing air quality analysis in CEQA documents; drafting comment letters for projects; and responding to inquiries from consultants, local governments, and businesses. Staff gave public testimony at the December 7, 2017 Port of Oakland Commissioners Board meeting in support of Oakland Army Bases CEQA Mitigation Measures. Staff provided a CEQA comment letter to: the Port of Oakland Board of Port Commissioners regarding a proposed lease with Centerpoint-Oakland Development I, LLC, for the design, construction, finance and operation of a Transload and Distribution Facility on the former Oakland Army Base site. Staff completed Stationary Source Information Form requests for projects in Berkeley, unincorporated Contra Costa County, Livermore, Milpitas, Oakland, Palo Alto, San Bruno, Santa Clara, San Francisco and unincorporated San Mateo County. Staff gave a presentation on Planning Healthy Places in an advanced environmental impact analysis class at San Jose State University. Staff

participated on an internal advisory team for the Public Participation Plan update. Staff participated in the Ethics in Public Service training session hosted by the Air District.

Research and Modeling Program

Collaborating with Engineering Staff, Legal Staff, and consultants, staff worked on the SO₂ Demonstration Project and prepared a draft document to support the District's Regulation 2, Permits, Rule 6, Major Facility Review program. In support of the California Baseline Ozone Transport Study (CABOTS), staff continued analyzing ambient data collected during the study, preparing a modeling emissions inventory, applying meteorological and air quality models and investigating the contribution of transported ozone to Bay Area ozone levels. Staff evaluated a draft final report by SJSU on ozonesonde measurements at Half Moon Bay during the ozone season of 2017. Staff assembled and analyzed meteorological, air quality, and satellite data to assess the effect of the wildfires on Bay Area status with respect to Federal 8-hour ozone and 24-hour PM_{2.5} standards. Staff participated in meetings and prepared presentations to discuss the merits and process of qualifying ozone and PM_{2.5} exceedances during wildfires as exceptional events. Staff participated in meetings with staff of OEHHA and NASA's HAQST (Health and Air Quality Applied Science Team) to prepare a project that will estimate the health impacts of recent wildfires in the Bay Area. Staff continued working with UC Davis on developing a work plan for an ultrafine particulate matter (UFP) health impacts study. Staff prepared a workplan to update the District's air toxics modeling and health risk assessments. Staff worked with NASA and SJSU on comparing air monitoring station-based PM_{2.5} measurements with simulated and satellite-based estimates.

Community Air Risk Evaluation (CARE)

With the Engineering Division, staff prepared and presented an informational item to the Board of Directors on background information related to toxic air contaminants at the November 1st Board meeting. Staff provided a summary of the CARE program, highlighting methods for identifying impacted areas and Community Risk Reduction Plans (CRRPs) to staff at the California Air Resources Board (ARB) for background on AB 617 implementation. Staff presented background information on the CARE program and its relevance to Assembly Bill 617 to visitors from State legislative aids as part of a tour of Air District functions organized by the District's Senior Policy Advisor. Staff presented as part of a panel at the California American Planning Association (APA) annual meeting in Sacramento to describe work underway updating the San Francisco CRRP. Staff participated in an in-house meeting with representatives of Bay Area communities and non-governmental organizations, including the Bay Area Environmental Health Collaborative (BAEHC) and others, on addressing the cumulative impacts of air pollution. Staff worked with developers at Stamen Design to design new ways to present Air District information on localized pollution sources. Staff held meetings with the Environmental Defense Fund (EDF) and ARB to discuss of mobile monitoring in the Richmond area. Staff worked with UC Berkeley to receive a permit for and to install an air quality monitor—one of the low-cost monitors for the Berkeley Atmospheric CO₂ Observation

Network (BEACO2N)—at the Hall of Justice in San Francisco. A similar monitor is now on the roof of the Bay Area Headquarters Authority building. Staff participated in a conference call hosted by the Coalition for Clean Air to provide input on a planned statewide poll to gauge public opinion, especially in communities near freight corridors and ports, on implementing the use of natural gas goods movement trucks now versus waiting for the development of zero emission trucks in the future. Staff participated in a conference call with the ARB, other Air Districts, and community groups on state funding to be made available for AB 617 implementation and current state grant funding to benefit AB 617 communities. Staff attended a meeting at UC Berkeley’s School of Public Policy on developing an Action Plan for West Oakland as a demonstration pilot project to inform Assembly Bill (AB) 617 implementation efforts. Staff participated in a conference call with ARB and other air districts regarding the methodology for identifying communities and developing community Action Plans for AB 617. Staff participated in a conference call with ARB’s Air Quality Planning and Science Division to discuss their plans to conduct modeling of toxic air contaminants for the State. Staff reviewed responses to the District comments on the ORCEM/Vallejo Marine Terminal Project CEQA document.

Emissions Inventories

Staff completed an additional case study for an Air District emission inventory quality assurance project plan (QAPP) by compiling a database of stack and emissions-release point coordinates provided by ten publicly owned water treatment works. Staff developed a version 1.0 release of an in-house R programming language emissions inventory reporting tool that was used for staff training. Staff participated in conference calls with the California Air Pollution Control Officer Association’s (CAPCOA’s) AB 617 Emissions Reporting Workgroup meeting to discuss the development of uniform, statewide methods for reporting emissions of criteria air pollutants and toxic air contaminants and a method for estimating an “elevated prioritization score” based on cancer and non-cancer health impacts. Staff reviewed ARB’s latest version (Version 2.0) of an online Pollution Mapping Tool that includes emissions data from large facilities mandated by AB 197. This tool provides greenhouse gas (GHG), criteria and toxic pollutant emissions for facilities subject to ARB’s Mandatory Reporting Regulation (MRR). Staff identified facilities within the District that need careful review. Staff completed, reviewed, and submitted facility risk information for reporting year 2016, including facility risk prioritization scores, to ARB as required by AB 2588. Staff continued work developing an updated base year emissions inventory for toxics, criteria pollutants, and GHGs. Staff assisted the Climate Protection Section in comparing measurement-derived emissions estimates collected by contractor UC Davis with in-house emissions estimates for methane and carbon dioxide (CO₂) from refineries, landfills, wastewater treatment plants, and dairies. Staff researched and provided data on black carbon emissions data from residential wood smoke for use in an upcoming proposed climate protection grant.

Climate Protection Program

Implementing the Clean Air Plan

Staff is coordinating work on the first rules in the Basin-wide Methane Strategy, including convening expert working groups. Staff continues to lead work on a rule that will limit greenhouse gases, particularly methane, from Natural Gas and Crude Oil Processing Facilities (amendments to Air District Rule 8-37). Staff prepared draft guidelines for the Climate Protection Grant Program, including input from local government staff in all nine Bay Area counties on funding needs. Staff collaborated with the Bay Area Regional Collaborative to convene a bi-monthly series of working sessions for local government staff on how to implement the Bay Area Solar PV Ordinance. Staff presented the Bay Area Solar PV Ordinance Toolkit to the Alameda County Board of Supervisors' Transportation and Planning Committee. Working with Community Engagement, staff launched a collaboration with the South Bay non-profit Acterra to convene opinion leaders in Santa Clara and San Mateo counties to help implement portions of the Clean Air Plan through community organizations. A second collaboration with Acterra is to convene a conference in the Fall focused on low-GHG diets and reducing food waste. Staff attended a meeting with Sonoma County city officials, representatives from community organizations, and private funding and financing entities, "Rebuilding with Safety and Resilience," to discuss rebuilding with low-GHG strategies after the North Bay fires. Staff participated in an interdivisional meeting to discuss how the Air District can support efforts in the North Bay to rebuild to zero-net-energy standards after the fires. Staff attended the 23rd Conference of the Parties to the UN Framework Convention on Climate Change in Bonn.

GHG Measurement Program

Staff convened regular monthly meetings of the inter-divisional GHG Special Projects Team to agree on priority research efforts and in-house work to develop GHG measurement data to support rule development, the GHG inventory and other climate protection work of the Air District. Staff met with ARB's Research Division to discuss GHG measurement projects and research priorities related to Bay Area GHG emission sources. Staff reviewed results from the first aerial survey of large methane sources conducted through an agreement with Kairos Aerospace, and finalized the flight plans for the second survey with the Kairos team. Staff coordinated information sharing between a NASA JPL project developing a statewide airborne remote sensing study of methane and Air District Engineering staff. Staff organized a presentation and workshop at the Air District with NASA JPL staff to discuss remote sensing imagery of methane sources and facilities in the Bay Area. Staff presented at the Megacities Carbon Project team meeting in Los Angeles, the CO₂- Urban Synthesis and Analysis workshop organized by the National Oceanic and Atmospheric Administration (NOAA) and the National Institute of Standards and Technology (NIST), and presented two posters at the American Geophysical Union annual conference – one on airborne methane measurement surveys over the Bay Area, and one on source-specific methane studies conducted with the research van.

**RULES AND STRATEGIC POLICY OFFICE
G. NUDD, DEPUTY AIR POLLUTION CONTROL OFFICER**

Community Protection/AB 617 Efforts

Rule 11-18: Reduction of Risk from Air Toxic Emissions at Existing Facilities:

Proposed 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 proposed rule would affect 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.

Staff provided an update on Rule 11-18 to the Stationary Source Committee on Sept. 18. The full Board was also provided with an update on September 20th. On November 15, 2017, the Board unanimously approved the new rule. The adoption resolution included direction to staff to develop an implementation workgroup made up of impacted industry and impacted community members. The Board also directed the staff to form a technical dispute resolution body to serve as an arbiter of disagreements between industry and staff on engineering issues such as emissions estimates. The Engineering Division is leading implementation of Rule 11-18.

AB 617 BARCT Review:

Assembly Bill 617 was signed by the Governor in July 26, 2017. It requires air districts to review the control technology installed on pollution sources located at facilities subject to the Cap-and-Trade program. The Air District has 80 facilities subject to Cap-and-Trade. These 80 facilities have over 3,000 sources. The Air District must review these sources and determine if the Best Available Retrofit Control Technology (BARCT) is being used. For the sources where BARCT is not being used, the Air District must develop a proposed BARCT determination for the source category and a schedule for finalizing the appropriate rules. That schedule must be approved by the Board before the end of 2018. Since the schedule will likely result in the installation of control equipment, the Air District will have to conduct an EIR to evaluate the possible environmental impact of adopting the schedule.

Staff is working with the Air Resources Board and the South Coast Air Quality Management District to coordinate on timing and approach. Staff has identified the source categories that require more stringent controls, resulting in a list of potential rule development projects. Staff has initiated development of scoping documents for each rule development project and will work with the impacted industries to ensure we are using the most accurate and current data in this analysis.

Climate Rules

Rule 13-2: General Prohibition on Significant Methane Releases:

Currently, methane and natural gas releases are exempt from Air District regulations because those rules were designed to reduce ozone and methane does not contribute to ozone formation. As a result, the Air District has no regulatory basis for requiring facilities to address (detect and repair) methane leaks. Rule 13-2 would prohibit methane releases of more than 10,000 ppm and 0.4 pounds per hour. This general prohibition will enable the Air District to compel facilities to detect and repair major leaks while we develop more specific rules to address methane from particular source categories, such as landfills and composting operations. This would be the first such rule in the United States.

Staff has been meeting extensively with PG&E regarding this rule to make sure that the rule will complement their existing programs for limiting leaks in accordance with the regulations set by the California Public Utility Commission (CPUC). On September 26, staff convened the first meeting of our methane expert panel with representatives from PG&E, ARB, CalRecycle, Publicly-Owned Treatment Works, Environmental Defense Fund and academia. The panel agreed that the limits we are considering in this rule appear to be workable. Further analysis and outreach are underway to ensure the staff understands the possible impacts of this rule. By late February staff expects to meet with industry representatives of the four highest methane-emitting sources in the Bay Area to brief them on our approach to the methane strategy. These sources include the aforementioned PG&E, landfill operators, waste water treatment operators and the petroleum refining industry. We expect to bring Rule 13-2 to the Board in mid-2018.

Compost Rule:

As part of its 75 percent by 2020 waste recycling goal and to reduce greenhouse gas emissions, California has mandated that organic waste be diverted from landfills. Many municipalities have implemented organic waste diversion programs, but without the necessary improvements to organic waste handling infrastructure. The increased volume of organic waste diverted from landfills is overwhelming the capacity of existing composting facilities, resulting in excess methane and volatile organic compound (VOC) emissions and significant odors from poorly managed composting operations, stockpiles, and other organic waste handling operations. CalRecycle estimates that these statewide organic waste diversion goals will nearly double the amount of organic waste processed in the Bay Area requiring 12 to 15 new facilities on top of the 20 facilities currently permitted in the Air District.

Staff is developing a rule that will improve tracking of organic waste while providing best management practices and control requirements for composting operations. The rule will improve the accuracy of emissions inventory for this source category, strengthen compliance and enforcement to prevent excess emissions and odors, and ensure consistency in permitting of these facilities.

As part of its Methane Emissions Expert Panel Series, on November 6th, staff met with representatives from state and local agencies, members of the composting and wastewater treatment industry, along with academic researchers to discuss current trends in the fields of composting and anaerobic digestion. We discussed CalRecycle's evolving efforts to track organic waste recycling and emissions quantification. We reviewed promising new emissions studies, and examined the potential of co-digestion at existing wastewater treatment facilities.

Staff will hold an organic waste stakeholders meeting in early 2018 to provide a holistic examination of waste treatment and the Air District's efforts to minimize excess emissions from these processes. This meeting will provide an early opportunity for feedback into composting rule development efforts. We expect to bring a draft rule and workshop report to the public in a series of workshops held in Spring 2018.

Rule 8-37: Natural Gas and Crude Oil Production Facilities:

The Air District's oil and gas rule has not been updated since 1990. Oil and gas facilities are using outdated practices resulting in excess emissions of VOC, methane, and toxic pollutants. In July 2017, ARB finalized their oil and gas rule with a focus on reducing methane from high-production wells and on preventing significant methane leaks from natural gas storage facilities (such as Aliso Canyon in Southern California). The Air District is developing a rule that builds on and complements the ARB rule by extending it to related sources and ensuring toxic air contaminant emissions are minimized.

Staff has developed a field research plan to gather more detailed, Bay Area-specific data on methane and toxic emissions from our wells. These data are needed to determine the cost effectiveness of our rule and to ensure appropriate measures are included to limit toxic emissions. We expect to bring this rule to workshop in Fall 2018.

Refinery Climate Rules

Rule 12-16 Petroleum Refining Facility-Wide Emissions Limits:

Regulation 12, Rule 16 has been in development for several years. The most recent version would have capped refinery CO₂ emissions. This past summer the California legislature enacted and Governor Brown signed, Assembly Bill 398, California Global Warming Solutions Act of 2006. Among its many provisions this bill extends the Cap-and-Trade program from 2020 to 2030. Importantly this bill "*prohibits air districts from adopting or implementing an emission reduction rule for carbon dioxide from stationary sources that are also subject to Cap-and-Trade.*"

After careful review of the language and legislative history of AB 398, staff has suspended further action on Regulation 12, Rule 16.

Rule 13-1: Refinery Emission Intensity Limits:

Regulation 13, Rule 1 was developed as an alternative approach to address the concerns about the impact of changing crude slates on refinery emissions. Rule 13-1 would have capped refinery carbon intensity or the amount of CO₂ per barrel of crude oil processed. This approach would have addressed crude slate concerns while minimizing interference with the petroleum fuels market. However, it would have allowed individual refineries to increase production if emission intensity did not increase.

AB 398 has the same impact on Rule 13-1 as it does on Rule 12-16; therefore, staff has suspended further action on this rule as well.

Criteria Pollutant Rules**Particulate Matter Rules**

The Air District's foundation for particulate matter (PM) control is Regulation 6. This includes basic restrictions on opacity and emissions of total suspended particulate. Some of the essential requirements of this rule haven't been updated since 1990. Updating Regulation 6 is a necessary first step to ensure we have a solid foundation for upcoming PM rules. In addition to an update of Regulation 6, staff is incorporating requirements for fugitive dust control from bulk material storage and handling facilities, and developing an additional rule: Rule 6-6: Prohibition of Trackout. These rules will significantly reduce PM emissions that contribute to localized problems and regional PM exposure.

At the December Stationary Source Committee meeting, Board members expressed concerns about allowing facilities to "self-monitor" with only occasional inspections from our Enforcement group. As a result, staff is revising the proposal to address the concerns raised.

The Regulation 6 rules have completed the workshop phase and are being finalized for management review. Once they have completed management review, they will be posted for comment. Staff plans to bring these rules to the Board for consideration in early Spring 2018.

Regulation 9, Rule 1: Sulfur Dioxide

As part of the effort to reduce criteria pollutant emissions from refineries, staff is working on an amendment to Rule 9-1. This rule includes a limit on sulfur in refinery fuel gas. Refinery fuel gas is a byproduct of the refining process that is burned to produce heat for refinery operations. The combustion of this fuel produces several criteria pollutants including sulfur dioxide (SO₂). Once released into the atmosphere, SO₂ either converts to fine particulate matter (PM_{2.5}) or acid rain. Staff is working to amend this rule to tighten limits on sulfur content of this fuel. This is expected to reduce SO₂ from refineries emissions by 245 tons per year (tpy). A workshop report has been drafted for the Rule 9-1 amendments and is in management review and outreach efforts are planned for March 2018.

Regulation 9, Rule 9: Nitrogen Oxides from Stationary Gas Turbines

This rule was last updated in 2006, since then improvements in technology have enabled the cost-effective control of nitrogen oxides (NO_x) from medium-size turbines. As a result, staff is preparing amendments to this rule that would require installation of NO_x controls on currently under-controlled turbines, including two at the Valero refinery in Benicia. This rule is expected to reduce NO_x emissions by at least 255 tpy, 211 tpy of which would be from the Valero refinery. The reduction from Valero helps the Air District meet its goal of reducing refinery criteria pollutant emissions by 20 percent or as much as feasible.

A workshop report and a marked up draft Rule 9-9 has been created and both have been updated to reflect a 7 ppm target for units between 100 and 500 MMBtu/hr. Units between 50 and 99 MMBTU/hr will see limits reduce from 42 ppm to 25 ppm. Outreach efforts were initiated in December 2017 with a Valero visit. At 7 ppm, approximately seven facilities will be directly affected. Facility visit are scheduled for each site starting in January through early February 2018.

A lack of space for an SCR retrofit is currently being claimed by several facilities. The Air District is preparing to hire a 3rd-party engineering contractor to provide an independent assessment of the technical feasibility of installing SCRs on the turbines at Valero and Graphic Packaging. Legal staff is providing opinions on contracts and CBI. Staff is proceeding with a Notice of Preparation/Initial Study to determine if an EIR is required.

**STRATEGICS INCENTIVES DIVISION
K. SCHKOLNICK, DIRECTOR**

Summary of Open Grant Funding Programs:

- **Electric Vehicle Charging Station Charge! Program** – Up to \$5 million is available to deploy new, qualifying electric vehicle charging stations at transportation corridors, workplaces, multi-family-unit dwellings, park and rides, and key destinations. Applications are being accepted on a first-come, first served basis until March 9, 2018, or until funds are exhausted. www.baaqmd.gov/charge
- **Bicycle Facilities Grant Program** – Up to \$5 million is available to public entities to support the construction of new bicycle facilities, including bikeways and secure parking, to help residents and commuters to mode shift to cycling and walking as alternatives to driving for short and first- and last-mile trips. The deadline for receiving applications is March 19, 2018. www.baaqmd.gov/bikeways
- **Pilot Trip Reduction Program** – Up to \$3 million is available to public agencies that pilot new, innovative, and replicable solutions that reduce commute-hour, single occupancy vehicle trips. Funding is limited to projects that are conducted in eligible areas: [Priority Development areas](#) (PDAs) and Air District designated [highly impacted areas](#). www.baaqmd.gov/ptr

- **Carl Moyer Program** – More than \$16 million is available for projects that upgrade or replace eligible diesel equipment, including on-road trucks, off-road equipment, marine engines, agricultural equipment, locomotives, and electric charging and alternative fueling infrastructure. Applications will be accepted on a first-come, first-served basis until all funds are awarded. www.baaqmd.gov/moyer
- **Lower-Emission School Bus Program** – As part of the Carl Moyer Program, funding is available for public school districts, JPAs, and contracted fleets in the Bay Area for bus replacement, engine repower or electric conversion, natural gas tank replacement, and electric charging & alternative fueling infrastructure projects. Applications will be accepted on a first-come, first served basis until all funds are awarded. www.baaqmd.gov/lesbp
- **Vehicle Buyback Program** –The Vehicle Buy Back Program will pay Bay Area residents \$1,000 to turn in their operable, registered, older vehicle for scrapping. Eligible vehicles include those that are model year 1996 and older. www.baaqmd.gov/vbb
- **Residential Wood Smoke Reduction Incentive Program** – Up to \$800,000 is available to help eligible Bay Area homeowners offset a portion of the cost to replace older, highly polluting fireplaces and wood-burning stoves with qualifying cleaner heating devices including electric heat pumps, and natural-gas or propane heating stoves and inserts. Funding is also available to help homeowners decommission their working fireplaces and wood stoves by permanently taking them out of service. <http://www.baaqmd.gov/woodsmokegrant> Funding is currently limited to homes located in [Air District designated highly impacted and high wood smoke areas](#).
- **Coming soon! Light- and Heavy-Duty Zero-Emissions Vehicle Program** – This program will begin accepting applications in early 2018 and up to \$5 million will be available for to applicants who purchase qualifying new zero-emissions heavy-duty trucks and buses and/or three or more qualifying new zero-emissions light-duty cars and trucks. www.baaqmd.gov/HDZEV

Carl Moyer Program (CMP)

On October 12, staff opened the CMP Year 19 solicitation period. Staff prepared for the launch by testing updates to the CMP online application system, updating the CMP webpages, and sending out postcards to CMP stakeholders. Since the launch, staff have continued to conduct outreach and started evaluating new applications. Staff presented CMP funding opportunities to the MTC Transit Financing Workgroup on December 6 and submitted a CMP Year 19 disbursement request to ARB for \$6,186,627 in project funds on December 26. Staff also sent out notifications to 35 project Grantees selected for performance audits.

In addition, staff attended and/or hosted the following meetings:

- Calls and webinars regarding the ARB CARL database, 10/5 & 10/19.
- ARB's Public Workshop on FY 2017-18 Funding Plan for Clean Transportation Incentives, 10/4.
- CAPCOA Grants Committee statewide conference call, 10/11 and 12/13.
- Workshop with ARB, CEC, Air Districts, and representatives from the Propane Vehicle Industry in Sacramento, 11/14.
- Call with Michael's Transportation regarding possible CMP project application, 11/28.
- ARB webinars regarding zero-emission airport shuttle buses and off-road freight voucher incentive projects, 12/4 & 12/5.

Goods Movement Program (GMP)

During the quarter, staff submitted quarterly reports to US EPA for active DERA projects and semi-annual reports to ARB for all active GMP awards. The Air District received \$283,896 in GMP admin funds and \$3,379,845.20 in GMP Year 5 truck and locomotive project funds from ARB. On December 12, staff opened a solicitation for Year 5 truck, locomotive, and cargo-handling/shore power projects. Staff issued more than 1,700 outreach contacts for Year 5 Solicitation. District inspectors completed all pre-inspections for Year 5 truck and locomotive project funds as well as post-inspection for two new Richmond Pacific Railroad locomotives equipped with Tier 4 engines. A grant agreement for \$5,955,052 with Union Pacific was executed for four Tier 4 locomotives.

In addition, staff attended and/or hosted the following meetings:

- Local agency conference call with ARB and GMP air districts, 11/15.
- Conference call with ARB and SCAQMD staff to discuss TRU projects that were submitted as part of the Bay Area Year 5 solicitation, 11/15.
- Discussion of Regional Goods Movement strategy with MTC, 11/21.
- Conference call with General Electric regarding their locomotive technologies, 12/12.

Lower Emission School Bus Program (LESBP)

On October 12, the Lower Emission School Bus Program opened as part of the Year 19 Carl Moyer Program solicitation. Staff conducted outreach, including a training webinar on October 19 for school bus vendors and stakeholders. Applications for 21 conventional school bus replacements have been received from San Mateo, Contra Costa, and Sonoma counties; applications for 10 electric school bus replacements and charging infrastructure have been received from Pittsburg and Campbell. In addition, staff participated in a conference call on November 28 with Thomas Bus and Daimler regarding DDC mitigation funds being used to co-fund school bus projects.

Transportation Fund for Clean Air (TFCA)**• TFCA Regional Fund****○ *Plug-In Electric Vehicle (PEV) Program*****▪ Charge!**

Since February 2017, 46 applications for *Charge!* projects have been received requesting a total of \$4.71 million out of \$5 million in funding available for FYE 2018. Of these, 28 applications have been approved for award, 1 application has been rejected, and 17 applications are currently under review. The application deadline for the *Charge!* Program was extended to 3/9/2018, and two pre-application workshops were hosted by staff (10/25, 11/14). Staff also participated in a webinar with Joint Venture Silicon Valley on December 7 to present the 2018 *Charge!* Program.

▪ EV Coordinating Council

Staff held bi-weekly meetings with representatives from Kearns & West and MTC to prepare for the Bay Area EV Coordinating Council Meeting and EV Coordinating Council Steering Committee Meeting, which were held on November 1 and December 7, respectively. In addition, staff held a meeting on October 17 with representatives from Kearns & West, ARB, AC Transit, and SFMTA to prepare a panel discussion for the November 1 EV Coordinating Council Meeting. Staff have continued to meet bi-weekly with representatives from Kearns & West and MTC to prepare for the January 2018 EV Coordinating Council Meeting.

▪ Goodwill Electric Truck Project

Staff held four meetings (10/11, 11/8, 11/29, 12/13) with the Goodwill Electric Truck Project team to discuss the energy rate model, charging strategy, and progress. Staff also met with ARB representatives four times (11/8, 11/16, 11/29, 12/13) to discuss the schedule for this project.

▪ Fuel Cell Electric Bus Project

Staff held three meetings (10/3, 11/8, 12/5) with project partners to discuss progress with the AC Transit Fuel Cell Bus Project.

▪ Enhanced Fleet Modernization Plus-up Program (EFMP+Up) Staff continued to develop the new program that is scheduled to open in 2018.

- Teleconferenced with representatives of South Coast Air Quality Management District and San Joaquin Valley Air Pollution Control District to discuss EFMP+Up, 11/17.
- Met with Acterra to discuss the EFMP+Up and EV surveying in East Palo Alto, 12/13.
- Teleconferenced with ARB to discuss EFMP+Up planning, 12/28.

In addition, staff attended and/or hosted the following EV-related meetings:

- Teleconferenced with representatives of the Contra Costa Transportation Agency to discuss issues related to electric vehicle charging station incentive programs, 10/2.
- Met with representatives from Cool the Earth to discuss outreach efforts to accelerate EV adoption, 10/5.
- Presented on the District's EV incentive programs at 30th Electric Vehicle Symposium & Exhibition in Messe Stuttgart, Germany, 10/9-10/11.
- Presented on the District's EV incentive programs at Air & Waste Management Association's Finding Common Ground on Climate Change Mitigation and Adaptation conference in Arlington, VA, 10/9-10/12.
- Met with representatives from Parking Energy, Ltd. to discuss opportunities for electric vehicle charging grants, 11/7.
- Staff met with representatives from the Alliance Consulting Group and the National Strategies to discuss the status of the Blue Bird/DOE zero-emissions vehicle (ZEV) vehicle-to-grid (V2G) school bus project, 12/6.
- Attended Veloz Members Meeting to discuss activities on EV-related outreach and development, 12/13.
- Teleconferenced with representatives of Electrify America and MTC to discuss upcoming EV charging station deployment plans in CARE areas, 12/20.
- Teleconferenced with representatives of MyGreenCar to discuss the scope of work for the sponsorship of the program, 11/16.
- Met with MTC staff to discuss regional priorities for the Volkswagen Environmental Mitigation Trust Funds and Regional Zero Emission Bus Program, 12/12.

○ ***Trip Reduction Programs***

▪ **Existing Shuttle/Feeder Bus and Ridesharing Services Program**

The solicitation for the FYE 2018 Existing Shuttle/Feeder Bus and Ridesharing Services Program closed on September 11, 2017 and eight applications were received. Of these, seven were recommended for awards totaling \$3.1 million, and one is under review.

▪ **Pilot Trip Reduction Grant Program**

Staff held four pre-solicitation public workshops (10/17, 10/23, 11/13, 12/4) to gather input and feedback from interested parties and stakeholders to help inform the development of the Pilot Trip Reduction Program, which opened on January 17, 2018.

- **TFCA County Program Manager (CPM) Fund**

The CPM Fund Expenditure Plan Guidance FYE 2019 was released on December 5. FYE 2018 Project Information Forms and Cost-Effectiveness Worksheets, Biannual Funding Status Reports, Annual Interim Project Reports, and Final Reports due October 31 were received from each county and reviewed by staff. Staff attended the Bay Area Congestion Management Agency (CMA) Directors meeting, San Francisco, 12/1.

- **TFCA Audit:** On December 19, staff teleconferenced with Simpson & Simpson to plan for and discuss the upcoming audit of Transportation Fund for Clean Air projects and programs, including projects funded by the CPM Fund.

Wood Smoke Reduction Incentive Program

- **Winter 2016/2017 Program**

Staff have reviewed more than 2,900 applications for the Wood Smoke Reduction Incentive Program, of which 837 projects have been awarded (totaling \$2.2 million in awards). Approximately \$1.5 million (70%) of the total \$2.2 million awarded has been to homeowners that meet one or more Highly Impacted Residence criteria. Staff are working to close out the remaining 25 active projects from the Winter 2016/2017 Program.

- **Winter 2017/2018 Program**

Staff launched the Winter 2017/2018 Wood Smoke Reduction Incentive Program on January 16, 2018. A total of \$800,000 is available for residents located in CARE and High Wood Smoke Areas. In addition, staff worked with the software developer during the months of November and December to prepare the online system for the Winter 2017/2018 Program. As of January 23, 2018, staff has received 455 applications, 235 of which are on the waitlist. In total, \$1.0 million in funding has been requested.

Grants Development

- Met with City/County of San Francisco and Calstart representatives to discuss possible zero-emission off-road projects for upcoming ARB/CEC solicitations and funding through the Carl Moyer program, 10/3.
- Held a conference call with an EPA representative to discuss best emission reduction practices at ports, 10/5.
- Conducted inspections for the Commercial Lawn & Garden program at City of Albany and UC Village, 10/12.
- Met with representative from TransPower to discuss future off-road and on-road demonstration projects, 10/16.

In addition, staff attended and/or hosted the following general outreach and incentive program coordination meetings:

- Moderated the Government Funding Panel at the CA Hydrogen Business Council's Hydrogen & Fuel Cells in the Ports Workshop held in Vallejo, 10/3.
- Attended the E-Mobility Tour of the Netherlands, 10/11-13.
- Teleconferenced with representatives from the City of San Leandro to discuss potential grant funding opportunities, 10/17.
- Met to discuss opportunities for funding emissions reductions projects at the Port of Oakland with representatives from the Port of Oakland, City of Oakland, MTC, ACTC, ARB, EPA, and County of Alameda Health Department, 10/20.
- Met with project partners to discuss progress on the shared autonomous vehicle (SAV) project, Walnut Creek, 10/26.
- Met with representatives from Caterpillar Inc. and U.S. EPA to discuss the potential of Caterpillar's technologies for reducing emissions in the Bay Area, 10/27.
- Attended the webinar: *U.S. and European Examples of Electrified Urban Freight Fleet Deployments* organized by FHWA's Office of Freight Management and Operations (HOFM) and the European Commission's (EC) Directorate-General for Mobility and Transport, 11/1.
- Met with representatives from GRID Alternatives to discuss opportunities to collaborate, 11/2.
- Attended an online public workshop on the EMFAC2017 emissions model hosted by ARB, 11/9.
- Met with MTC staff to discuss Air District's revenue assumptions that can be used in MTC's regional goods movement investment strategy and the invitation for Air District's to participate in the December 11th Regional Goods Movement Roundtable co-sponsored by ACTC/MTC, 11/21.
- Attended a Funders Forum meeting organized by CALSTART to share and discuss attending organizations' focus areas, funding plans and needs, Pasadena, 11/28.
- Met with representatives from the California Hydrogen Business Council to discuss opportunities for funding and collaboration, 12/8.
- Met with MTC staff to discuss regional priorities for the Volkswagen Environmental Mitigation Trust Funds and Regional Zero Emission Bus Program, 12/12.
- Teleconferenced with Alameda County Public Health Department to discuss potential strategies to mitigate the impact of air pollution on receptors in disadvantaged communities in Alameda, 12/21.

METEOROLOGY, MEASUREMENT & RULES DIVISION
E. STEVENSON, DIRECTOR

Air Quality

The North Bay wildfires started during the late evening of October 8, with strong offshore winds (gusting over 70 mph in the North Bay hills) and low humidity levels. Smoke impacts continued through the morning hours of October 18, when onshore winds and cooler temperatures began to disperse pollutants. Ten Spare the Air Alerts for PM_{2.5} were called due to the potential for smoke impacts from October 10 – 19. Ten days (October 9 – 18) exceeded the PM_{2.5} standard at various sites throughout the entire Bay Area. In fact, five of the top ten 24-hour average PM_{2.5} concentrations ever recorded in the Bay Area were attributable to the North Bay fires, with the highest concentration occurring on October 13 (214 µg/m³ at Napa).

Aside from the exceedances due to the North Bay wildfires air quality impacts in October, sixteen Spare the Alerts were called for PM_{2.5} in December due to more typical high PM conditions. A strong and persistent ridge of high pressure that moved over northern California producing periods of offshore winds followed by light and variable winds, with cold overnight lows in sheltered inland valley locations (upper-20s to mid-30s). During the 4th quarter, 6.31” of rainfall was recorded at Santa Rosa, with only 0.08” being recorded for the entire month of December. There were four days in December (15th, 24th, 30th, and 31st) that exceeded the standard at one or more sites in the Bay Area. The East Oakland site had exceedances on two of these days, and all other sites that exceeded the standard occurred on one of the days. In contrast, there were no days above the standard during the 4th quarter of 2016, with 18.42” of rainfall being recorded at Santa Rosa during November and December of 2016.

During the 4th quarter of 2017, there were no exceedances of the national 8-hour 70 ppb ozone standard. On October 26 and 27, strong high pressure moved over California, producing light winds and inland temperatures in the 90s that resulted in elevated ozone levels, necessitating Spare the Air calls for ozone on these two dates.

Air Monitoring

Thirty-three air monitoring sites were operational from October through December 2017. Air Monitoring Section staff worked with the California Air Resources Board to deploy additional monitoring around the areas impacted by the October Napa-Sonoma wildfires and operated particulate samplers at an elementary school in the area to monitor impacts from post fire cleanup efforts.

The Air Monitoring Section began the evaluation of a small sensor package which might be used for community level monitoring. The evaluation will continue into the first quarter of 2018. In addition, Section staff began the deployment of new toxics samplers to replace aging units currently deployed throughout the network.

Two new Air Quality Instrument Specialists started during the fourth quarter, Eileen Lek and Charity Garland. A recruitment to fill a Supervising Air Quality Instrument Specialist position opened due to the retirement of Mr. Robert Boynton was initiated and is expected to continue into the first quarter of 2018.

Performance Evaluation

The Performance Evaluation Section conducted EPA-mandated performance audits at 27 Air District air monitoring stations, verifying 72 separate parameters during the 4th Quarter of 2017. Performance Evaluation staff identified deficiencies at one air monitoring station which was addressed. The National Air Quality System Database was updated with all audit results.

Ground-Level Monitoring (GLM) audits of Hydrogen Sulfide (H₂S) and Sulfur Dioxide (SO₂) analyzers were conducted near the Shell Refinery. Audits were performed at 4 GLM locations, and 5 gas analyzers were tested. All the GLM gas analyzers tested met Air District's performance audit criteria. A "shut-down, start-up" audit was conducted at the Tesoro Refinery in response to the GLM being moved to a new, approved location. The analyzer, both during the shut-down audit and the start-up audit, met Air District performance audit criteria.

The PE Supervisor attended an Incident Response Drill at Phillips 66 Refinery. This was an active drill in response to simulated, major incident (earthquake) in the Bay Area. Several agencies were present, including: Contra Costa Health Services (Hazardous Materials Program), Solano County Environmental Health, U.S. Coast Guard, several refineries, Crockett-Carquinez Fire Department, California Department of Fish and Wildlife, Contra Costa and Solano County Sheriffs, and the California Highway Patrol. The day's focus was to coordinate a command post, set up communications, coordinate agencies, assign tasks at specific locations, deploy agency personnel, conduct air-monitoring, and report data back to the command post.

Regular departmental duties continued, including: audit report writing; report reviewing; informational inquiries; database management; equipment testing, calibration, verifying calibrations, maintenance and repair; supply and consumable purchasing; budget maintenance; gas cylinder testing, shipping and receiving; training; necessary documentation, and general upkeep of the section.

Laboratory

During the fourth quarter, the laboratory completed the backlogs of analyses caused by the relocation to 375 Beale.

In addition to routine, ongoing analyses, the laboratory performed additional analyses in a joint effort with other agency personnel and CARB's Office of Emergency Response during the initial phases of the cleanup following the Napa-Sonoma fires.

Laboratory	
Sample Analyzed	1571
Inter-Laboratory Analyses	2

Source Test

The Source Test Section provided support to the Rules Section on developing new rule language and definitions. The Section continued to provide ongoing support to Engineering and Compliance & Enforcement on emission data interpretation, permit development and recommendations for further evaluation and violations.

Outside report review and Continuous Emission Monitoring (CEM) programs continued to be transitioned to current Source Test staff engineers due to recent retirements. Efforts to fill vacancies and workload gaps created by retirements proceeded. Source Test staff continued to work on reorganization and training tasks associated with staff retirements.

Routine Source Test Sections duties continued which include:

- Performance of CEM Field Accuracy Tests on monitors installed at large source emission points.
- Performance of source tests to determine emissions of precursor organic compounds, filterable particulate matter and toxic air contaminants.
- Performance of tests to assess the compliance status of gasoline cargo tanks, gasoline dispensing facilities, gasoline terminal loading and vapor recovery systems.
- Evaluation of independent contractor conducted source tests to determine report acceptability and source compliance.
- Evaluation of CEMS installations and ongoing compliance, including monitoring plan review and approval.

STATISTICS

Administrative Services:

Accounting/Purchasing/Comm.

General Checks Issued	1,389
Purchase Orders Issued	336
Checks/Credit Cards Processed	3,695
Contracts Completed	99
RFP's	6

Executive Office:

Meetings Attended	216
Board Meetings Held	6
Committee Meetings Held	10
Advisory Council Meetings Held	2
Hearing Board Meetings Held	1
Variances Received	1

Information Systems

New Installation Completed	13
PC Upgrades Completed	6
Service Calls Completed	853

Human Resources

Manager/Employee Consultation (Hrs.)	350
Management Projects (Hrs.)	400
Employee/Benefit Transaction	600
Training Sessions Conducted	9
Applications Processed	899
Exams Conducted	21
New Hires	7
Promotions	12
Payroll Administration (Hrs.)	600
Safety Administration	150
Inquiries	4,000

Facility/Vehicle

Request for Facility Service	34
Vehicle Request(s)/Maintenance	278/12

Compliance Assistance and Operations Program

Asbestos Plans Received	1,382
Coating and other Petitions Evaluated	4
Open Burn Notifications Received	368
Prescribed Burn Plans Evaluate	4
Tank/Soil Removal Notifications Received	21
Compliance Assistance Inquiries Received	62
Green Business Reviews	3
Refinery Flare Notifications	3

Compliance Assurance Program

Industrial Inspections Conducted	1,071
Gas Station Inspections Conducted	323
Asbestos Inspections Conducted	370
Open Burning Inspections Conducted	17
PERP Inspections Conducted	15
Mobile Source Inspections	127
Grants Inspections Conducted	135

Engineering Division:

Annual Update Packages Completed	752
New Applications Received	252
Authorities to Construct Issued	145
Permits to Operate Issued	184
Exemptions	11
New Facilities Added	86
Registrations (new)	32

Communications and Public Information:

Responses to Media Inquiries	946
Events staffed with Air District Booth	16

Community Engagement:

Presentations Made	53
Visitors and Air District Tours	85/8

STATISTICS (CONTINUED)

Compliance and Enforcement Division:**Enforcement Program**

Violations Resulting in Notices of Violations	286
Violations Resulting in Notice to Comply	5
New Hearing Board Cases Reviewed	2
Reportable Compliance Activity Investigated	107
General Complaints Investigated	1,051
Woodsmoke Complaints Received	1,675
Mobile Source Violations	5

Laboratory

Sample Analyzed	1,571
Inter- Laboratory Analyses	2

Technical Library

Titles Indexed/Cataloged	0
Periodicals Received/Routed	0

Source Test

Cargo Tank Tests Performed	16
Total Source Tests	30
Pending Source Tests	0
Violation Notices Recommended	9
Contractor Source Tests reviewed	4,170
Outside Test Observed	30
Violation Notices Recommended After Review	1

Meteorology Measurements & Rules:**4th Quarter 2017 Ambient Air Monitoring**

Days Exceeding Nat'l 24-hour PM _{2.5} Std	14
Days Exceeding Nat'l 24-hour PM ₁₀ Std	0
Days Exceeding State 24-hour PM ₁₀ Std	3
Days Exceeding the Nat'l 8-hour Ozone Std	0
Days Exceeding the State 1-hour Ozone Std	0
Days Exceeding the State 8-hour Ozone Std	0

Continuous Emissions Monitoring (CEM)

Indicated Excess Emission Report Eval	12
Monthly CEM Reports Reviewed	30
Indicated Excesses from CEM	12
Field Accuracy Tests Performed	2

Ozone Totals, Year to Date 2017

Days Exceeding State 1-hour Ozone Std	6
Days Exceeding Nat'l 8-hour Ozone Std	6
Days Exceeding State 8-hour Ozone Std	6

Particulate Totals, Year to Date 2017

Days Exceeding Nat'l 24-hour PM _{2.5} Std	18
Days Exceeding the Nat'l 24-hour PM ₁₀ Std	0
Days Exceeding State 24-hour PM ₁₀ Std	3

Ground Level Monitoring (GLM)

Oct. – Dec. Ground Level Monitoring SO ₂ Excess Reports	0
Oct. – Dec. Ground Level Monitoring H ₂ S Excess Reports	0

PM_{2.5} Winter Season Totals for 2017-2018

Days Exceeding Nat'l 24-hour PM _{2.5} Std	8
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4th Quarter 2017 Agricultural Burn Days

Oct. – Dec. Permissive Burn Days – North	35
Oct. – Dec. No-Burn Days – North	57
Oct. – Dec. Permissive Burn Days – South	35
Oct. – Dec. No-Burn Days – South	57
Oct. – Dec. Permissive Burn Days – Coastal	35
Oct. – Dec. No Burn Days – Coastal	57

These facilities have received one or more Notices of Violations
Report period: October 1, 2017 – December 31, 2017

Alameda County**Status**

Date	Site #	Site Name	City	Regulation Title
10/16/17	A2258	AC Transit District - Central Maintenance Building	Oakland	Final Emission Limits
10/19/17	E2474	Argent Materials Inc	Oakland	No Authority to Construct
11/20/17	A0062	A B & I Foundry	Oakland	Non-Compliance; Major Facility Review
12/27/17	Z2235	Dustin X Driscoll	Livermore	Mandatory Burn Ban
12/27/17	Z2225	Receptient - Alice M Robbins	Oakland	Mandatory Burn Ban
10/6/17	B4266	Form Factor	Livermore	Failure to Meet Permit Conditions
10/10/17	B4976	Thermo Fisher Scientific	Pleasanton	Initial Demonstration of Compliance
10/10/17	B4976	Thermo Fisher Scientific	Pleasanton	Periodic Testing
11/28/17	E3309	Millwork Solutions Inc	Livermore	Failure to Meet Permit Conditions
10/30/17	V9776	Seminary Gas	Oakland	Failure to Meet Permit Conditions
11/27/17	Z1905	SFD	Union City	Asbestos Operation Fee
11/27/17	Z1905	SFD	Union City	Administrative Requirements; Fees
11/27/17	Z2351	Com	Oakland	Asbestos; Written Plan or Notification

Contra Costa County**Status**

Date	Site #	Site Name	City	Regulation Title
10/26/17	A0010	Chevron Products Company	Richmond	Public Nuisance
10/26/17	A0010	Chevron Products Company	Richmond	Public Nuisance
10/6/17	B2967	TRC	Antioch	Landfill Emission Control System Requirement
10/6/17	B2967	TRC	Antioch	California Code of Regulations
11/17/17	A0745	Plains Products Terminals LLC	Richmond	Vapor Leak Requirement
11/17/17	A0745	Plains Products Terminals LLC	Richmond	Gasoline Bulk Terminal Maintenance and Repair
10/26/17	B2758	Tesoro Refining & Marketing Company LLC	Martinez	Non-Compliance; Major Facility Review
10/26/17	B2758	Tesoro Refining & Marketing Company LLC	Martinez	Non-Compliance; Major Facility Review
10/26/17	B2758	Tesoro Refining & Marketing Company LLC	Martinez	Non-Compliance; Major Facility Review
10/26/17	B2758	Tesoro Refining & Marketing Company LLC	Martinez	Continuous Emission Monitoring and Recordkeeping
10/26/17	B2758	Tesoro Refining & Marketing Company LLC	Martinez	Non-Compliance; Major Facility Review
10/26/17	B2758	Tesoro Refining & Marketing Company LLC	Martinez	Continuous Emission Monitoring and Recordkeeping
10/26/17	B2758	Tesoro Refining & Marketing Company LLC	Martinez	CO Emission Limit
10/26/17	B2758	Tesoro Refining & Marketing Company LLC	Martinez	Continuous Emission Monitoring and Recordkeeping
11/6/17	B2758	Tesoro Refining & Marketing Company LLC	Martinez	No Authority to Construct

These facilities have received one or more Notices of Violations
Report period: October 1, 2017 – December 31, 2017
(continued)

11/6/17	B2758	Tesoro Refining & Marketing Company LLC	Martinez	No Permit to Operate
12/5/17	A0016	Phillips 66 Company - San Francisco Refinery	Rodeo	Equipment required Quarterly Inspections
11/7/17	A3153	County Quarry Products, Inc	Martinez	Excessive Visible Emissions
12/14/17	A1840	West Contra Costa County Landfill	Richmond	Non-Compliance; Major Facility Review
11/3/17	B6203	Bio-Rad Laboratories	Hercules	No Authority to Construct
11/3/17	B6203	Bio-Rad Laboratories	Hercules	No Permit to Operate
12/28/17	Z2299	SFD	Walnut Creek	Mandatory Burn Ban
11/27/17	Z1908	Rossmoor Golf Course	Creek	Failure to Meet Permit Conditions
11/27/17	Y9679	West Contra Costa Unified SD	Richmond	Asbestos; Schedule Changes and Updates
11/17/17	Z1900	SFD	Pleasant Hill	Asbestos; Schedule Changes and Updates
12/1/17	Z1898	SFD	El Cerrito	Asbestos; Schedule Changes and Updates
11/20/17	Z1902	SFD	Richmond	Asbestos; Schedule Changes and Updates
11/29/17	A0010	Chevron Products Company	Richmond	Non-Compliance; Major Facility Review
11/29/17	A0010	Chevron Products Company	Richmond	General Monitoring Requirements Continuous Emission Monitoring and Recordkeeping
11/29/17	A0010	Chevron Products Company	Richmond	CO Emission Limit Continuous Emission Monitoring and Recordkeeping
11/29/17	A0010	Chevron Products Company	Richmond	Emission Limitations for Sulfur Recovery Plants
10/30/17	A0011	Shell Martinez Refinery	Martinez	Limitations on Hydrogen Sulfide
12/5/17	A0011	Shell Martinez Refinery	Martinez	Ignition Monitoring
12/5/17	A0011	Shell Martinez Refinery	Martinez	Standards for New Stationary Sources
12/4/17	Z2150	Pittsburg Unified School District	Pittsburg	Failure to Meet Permit Conditions
12/4/17	Z2150	Pittsburg Unified School District	Pittsburg	All Phase II vapor recovery equipment shall be both leak free and vapor tight
12/12/17	Z2150	Pittsburg Unified School District	Pittsburg	No Authority to Construct
12/12/17	Z2150	Pittsburg Unified School District	Pittsburg	No Permit to Operate
10/19/17	B9169	NRG Marsh Landing, LLC	Antioch	Continuous Emission Monitoring and Recordkeeping
12/29/17	Z2326	SFD	Pinole	Mandatory Burn Ban

These facilities have received one or more Notices of Violations
Report period: October 1, 2017 – December 31, 2017
(continued)

Marin**Status**

Date	Site #	Site Name	City	Regulation Title
12/28/17	Z2304	SFD	Novato	Mandatory Burn Ban
12/28/17	Z2295	SFD	Novato	Mandatory Burn Ban
12/27/17	Z2234	Michael and Sonya Gordon	Fairfax	Mandatory Burn Ban
12/28/17	Z2309	Receipient	Lagunitas	Mandatory Burn Ban

Napa County**Status**

Date	Site #	Site Name	City	Regulation Title
12/27/17	Z2193	Receipient	Calistoga	Mandatory Burn Ban
12/26/17	Z2193	Receipient	Calistoga	Mandatory Burn Ban
11/08/17	Z2343	COM	Napa	Asbestos; Written Plan or Notification

San Francisco County**Status**

Date	Site #	Site Name	City	Regulation Title
10/03/17	A3974	San Francisco General Hospital	San Francisco	Periodic Testing
12/18/17	Z2042	CND	San Francisco	Asbestos; Written Plan or Notification
12/12/17	Z2152	Com	San Francisco	Asbestos; Scheduling of Demolition Acitivities
12/12/17	Z2152	Com	San Francisco	Asbestos; Containment Requirement
12/12/17	Z2152	Com	San Francisco	Asbestos; On-Site Representative
12/12/17	Z2152	Com	San Francisco	Asbestos Containing Waste Disposal
12/12/17	Z2152	Com	San Francisco	Asbestos; Written Plan or Notification

San Mateo County**Status**

Date	Site #	Site Name	City	Regulation Title
11/28/17	Z1915	SFD	Menlo Park	Improper Demolition, Renovation and Removal
11/28/17	Z1915	SFD	Menlo Park	Waste Disposal Procedures
11/28/17	Z1915	SFD	Menlo Park	Asbestos; Reporting Demolition and Renovation
12/11/17	Z1477	SFD	Half Moon Bay	Asbestos; Containment Requirement
12/27/17	Z2258	SFD	East Palo Alto	Mandatory Burn Ban

These facilities have received one or more Notices of Violations
Report period: October 1, 2017 – December 31, 2017
(continued)

Santa Clara County

Status	Date	Site #	Site Name	City	Regulation Title
	12/14/17	Z2153	SFD	Los Altos	Asbestos; Written Plan or Notification
	12/5/17	A0733	City of Sunnyvale Water Pollution Control	Sunnyvale	Parametric Monitoring and Recordkeeping Procedures
	10/3/17	E1277	Zero Waste Energy Development Company, LLC	San Jose	Failure to Meet Permit Conditions
	12/6/17	A0778	San Jose-Santa Clara Regional Wastewater Facility	San Jose	Failure to Meet Permit Conditions
	12/6/17	E1277	Zero Waste Energy Development Company, LLC	San Jose	Failure to Meet Permit Conditions
	10/25/17	B8567	Concrete Designs	Morgan Hill	No Permit to Operate
	11/15/17	Z1925	Chevron #5954	Cupertino	All Phase I vapor recovery systems shall be equipped with a submerged fill pipe
	10/3/17	A4175	City of San Jose (Singleton Road Landfill)	San Jose	Landfill Emission Control System Requirement
	12/29/17	Z2333	SFD	Los Gatos	Mandatory Burn Ban
	11/27/17	A0621	City of Santa Clara	Santa Clara	Non-Compliance; Major Facility Review
	11/27/17	A0621	City of Santa Clara	Santa Clara	Non-Compliance; Major Facility Review
	11/27/17	Z1904	SFD	Morgan Hill	Asbestos Operation Fee
	11/27/17	Z1904	SFD	Morgan Hill	Administrative Requirements; Fees
	10/30/17	Z1485	Monterey Chevron	Gilroy	No Permit to Operate
	12/27/17	Z2254	SFD	San Jose	Mandatory Burn Ban

Solano County

Status	Date	Site #	Site Name	City	Regulation Title
	12/29/17	Z2330	SFD	Vallejo	Mandatory Burn Ban
	12/27/17	Z2237	SFD	Benicia	Mandatory Burn Ban
	12/27/17	Z2236	SFD	Benicia	Mandatory Burn Ban
	12/14/17	B2626	Valero Refining Company - California	Benicia	Open -Ended Line or Valve
	12/20/17	Z1876	Conflo Services Inc.	Vallejo	Asbestos; Wetting Method
	12/20/17	Z1876	Conflo Services Inc.	Vallejo	Asbestos; Containment Requirement
	12/20/17	Z1876	Conflo Services Inc.	Vallejo	Asbestos Containing Waste Disposal
	12/20/17	Z1876	Conflo Services Inc.	Vallejo	Asbestos; Written Plan or Notification

These facilities have received one or more Notices of Violations
Report period: October 1, 2017 – December 31, 2017
(continued)

Sonoma County

Status	Date	Site #	Site Name	City	Regulation Title
	12/4/17	A1403	City of Santa Rosa Wastewater Treatment City of Petaluma, Dept of Water Resources & Convs	Santa Rosa	Non-Compliance; Major Facility Review
	10/16/17	A1071	SFD	Petaluma	Failure to Meet Permit Conditions
	12/29/17	Z2332	Robert K & Margaret A Tunstall	Sebastopol	Mandatory Burn Ban
	1/24/17	Y4771	Receipient - Antonio and Cynthia Gonzalez	Windsor	Mandatory Burn Ban
	12/26/17	Z2192	Norm Yenni	Windsor	Mandatory Burn Ban
	11/7/17	Z2355	SFD	Sonoma	Open Burning; Prohibition of Fires
	12/28/17	Z2261		Petaluma	Mandatory Burn Ban

**Closed Notice of Violations with Penalties by County
October 1, 2017 – December 31, 2017**

Alameda

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
A B & I Foundry	A0062	Oakland	\$13,500	3
Berkeley Gas & Smog	Y5177	Berkeley	\$500	1
Bluewater Environmental	Z0509	San Leandro	\$3,500	2
CertainTeed Corporation	B2749	Fremont	\$1,000	1
Condon Johnson & Associates Inc	Y9525	Oakland	\$5,000	1
Conflo Services, Inc.	Z0924	Hayward	\$14,500	5
Conflo Services, Inc.	Z0924	Hayward	\$250	1
East Bay Municipal Utility District	A0591	Oakland	\$8,000	2
Elegant Cleaners Inc	A5076	Alameda	\$100	1
Environmental Remedies	Q5007	Hayward	\$4,000	2
Figueroa Tank Lines	T0514	Berkeley	\$1,000	1
GX Construction Co.	Z0999	Castro Valley	\$5,000	1
Innovation Construction Inc	Y8498	San Leandro	\$4,000	2
Lawrence Livermore National Laboratory	A0255	Livermore	\$21,600	1
P.W. Stephens Environmental, Inc.	Y5159	Fremont	\$3,000	1
Pinnacle Ag Services	E3722	Oakland	\$1,500	2
PW Stephens, Inc	Y0778	Hayward	\$500	1
Quality Asbestos Control, Inc.	Y9194	Union City	\$500	1
Silver Gas	Z0227	Oakland	\$750	1
Sterling Environmental Corp.	Y3659	Oakland	\$10,000	2
Synergy Enterprises	L3268	Hayward	\$500	2
U S Veterans Administration Medical Center	A0281	Livermore	\$26,000	2
Vikram Enterprises Inc.	Y7759	Pleasanton	\$1,500	2

Total Closed: 38

Closed Notice of Violations with Penalties by County
October 1, 2017 – December 31, 2017
(continued)

Contra Costa

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
A & K Petroleum, Inc dba Arco AM	Z1739	Oakley	\$1,500	1
American Integrated Services	U6173	Richmond	\$500	1
Bridgehead Marine Services	B1302	Antioch	\$3,000	1
Chevron/Chevron Morello Tire Services & Repair	Y6910	Pleasant Hill	\$1,500	4
Concord Ready Mix Inc	E3796	Antioch	\$3,500	4
Contra Costa Topsoil, Inc	B6828	Martinez	\$125	1
Criterion Catalysts Company LP	A0227	Pittsburg	\$75,000	7
Eisen Environmental & Construction	Q7448	Concord	\$2,500	1
Eisen Environmental & Construction	Q7448	Concord	\$500	1
Julian Ascher	Y9894	Clayton	\$500	1
Precision Auto Body	E2462	Antioch	\$1,000	1
R.V. Stich Construction, Inc.	J1452	Richmond	\$500	1
Richard Olsen	V7105	Concord	\$500	1
Shell Martinez Refinery	A0011	Martinez	\$500	1
USS-POSCO Industries	A2371	Pittsburg	\$1,000	1
Total Closed:				27

**Closed Notice of Violations with Penalties by County
October 1, 2017 – December 31, 2017
(continued)**

District Wide

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Central Valley Environmental - Fresno	X7861	Fresno	\$750	1
TMW & Associates	R2071	Stockton	\$250	1
Total Closed:				2

Marin

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Bolinas Fire Department	Y8562	Bolinas	\$250	1
CA Dept. of parks + Recreation	Y6654	Lagunitas	\$250	1
Dixie School District	Y3077	San Rafael	\$1,500	2
Faizan Corporation	Y8144	San Rafael	\$500	1
Grand Gas	W0025	Mill Valley	\$500	1
Hachman Construction Inc	Z0362	San Rafael	\$500	1
Jakela Inc.	K3771	Novato	\$250	1
Lopez Velasquez Company, Inc.	Y3094	Novato	\$500	1
Marin Country Club	Y5924	Novato	\$2,500	1
Marin Sanitary Service	Y6973	San Rafael	\$1,500	2
Olompali State Park	Y7324	Novato	\$500	1
Pasha Hawaii	Y8992	San Rafael	\$1,000	1
Sa Ngasilpa	Y6979	San Rafael	\$1,000	2
Sa Ngasilpa #257384	Y5610	San Rafael	\$8,000	5
The City of Novato	Y6177	Novato	\$500	1
Total Closed:				22

Closed Notice of Violations with Penalties by County
October 1, 2017 – December 31, 2017
(continued)

Napa

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Christopher and Julie Anne Corley	Y4754	Napa	Passed Wood Smoke Test	1

Total Closed: 1

San Francisco

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Albion Partners	Z1659	San Francisco	\$15,000	1
Alice Grifrith Development- Blocks 1,2&4	Y6473	San Francisco	\$12,000	1
Chilton Auto Body	Y8668	San Francisco	\$500	1
Double Rock Ventures, LLC, c/o McCormack Baron Salazar	X5645	San Francisco	\$5,000	1
Downtown Center Garage - Stan Mackewicz	Y6884	San Francisco	\$650	1
Gas and Shop	X2639	San Francisco	\$1,000	1
Hing Wah Construction	Y9806	San Francisco	\$10,000	4
Unocal #5459	Y3493	San Francisco	\$500	1
ACE Drilling	V8953	San Francisco	\$250	1
HPSDEVCO, LP	X7764	San Francisco	\$2,500	1
Landmark Realty	Y8754	San Francisco	\$12,000	2
Martini Cleaners	B8157	San Francisco	\$2,000	1

Total Closed: 16

Closed Notice of Violations with Penalties by County
October 1, 2017 – December 31, 2017
(continued)

San Mateo

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
A & A Gas Mart	Y2984	Burlingame	\$1,000	1
A&M Properties	Y3495	South San Francisco	\$500	1
Auto Pride Wash	Y3499	Redwood City	\$450	2
Burlingame Valero Corp	Z0863	Burlingame	\$500	1
CalTrans Half Moon Bay	Y7793	Half Moon Bay	\$1,500	1
City of Daly City Corp Yard	Y7746	Daly City	\$250	1
Gas at Jefferson	Y2680	Redwood City	\$1,500	1
Hertz	Z0790	South San Francisco	\$250	1
Meng Jen Lui	Y5298	San Mateo	\$125	1
Midpeninsula Regional Open Space District	Y5901	La Honda	\$1,500	1
MPVCA Brisbane LLC	B6576	Brisbane	\$500	1
Peninsula Country Club	Z0456	San Mateo	\$2,000	1
Rhino's Hauling, Inc.	W9707	Redwood City	\$3,500	2
San Francisco Juvenile Court/Log Cabin	Z1469	La Honda	\$700	1
Sharp Park Golf Course	Y4949	Pacifica	\$500	1
Shell Service (7-11 Branded)	Z0978	South San Francisco	\$750	1
State of California - CALTRANS	V7403	Foster City	\$1,750	2
Tosco Marketing Unocal #0670	Z0809	Burlingame	\$250	1

Total Closed: 21

Closed Notice of Violations with Penalties by County
October 1, 2017 – December 31, 2017
(continued)

Santa Clara

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Arco #06223	Y9204	San Jose	\$750	1
Arco Station	Y7197	San Jose	\$800	1
Custom Scaffold	Z0575	Alviso	\$250	1
Fairgrounds Shell	Y8609	San Jose	\$1,500	1
Falco #257001	Z0901	San Jose	\$1,500	1
Ferma Corporation	K6081	Mountain View	\$750	1
George's Auto Repair	Y2998	Sunnyvale	\$1,750	2
L & D Service Station	Z1328	San Jose	\$1,000	1
Nor-Cal Industrial Floors, Inc.	G9747	San Jose	\$1,500	4
Sunnyvale Olympic	Y8338	Sunnyvale	\$1,500	2
Town of Los Gatos	Z1321	Los Gatos	\$1,500	2
United Rentals Northwest, Inc	Z0807	San Jose	\$1,500	1
Unocal #3926	Y9021	San Jose	\$2,000	1
Z-Best Composting Facility	B1531	Gilroy	\$2,000	1
Z-CON Specialty Services, Inc.	N7663	San Jose	\$500	1
Total Closed:				21

Closed Notice of Violations with Penalties by County
October 1, 2017 – December 31, 2017
(continued)

Solano

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
A & A Gas	Z0380	Vallejo	\$750	1
Delta Tech Services	Y7329	Benicia	\$3,000	1
Total Closed:				2

Sonoma

Site Name	Site Occurrence #	City	Penalty Amount	# of Violations Closed
Cotati Gas Mart/Save On Gas	Y8926	Cotati	\$1,000	1
Fountaingrove LLC	Y7835	Santa Rosa	\$1,500	1
Grand Gas	Y9551	Santa Rosa	\$500	1
Keith & Don's Flying A Gas	Y7760	Santa Rosa	\$2,500	1
Rooster Run Golf Club	Z1483	Petaluma	\$3,000	1
Scandia Fun Land Inc.	Z1470	Rohnert Park	\$5,500	2
Unocal #5406	Y7742	Petaluma	\$3,500	1
Whitey's TBA Inc.	Z1540	Santa Rosa	\$3,500	1
Total Closed:				9

Bay Area Air Quality Management District

Board of Directors

LIST OF ACRONYMS

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

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

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

GLM	Ground Level Monitoring
GMW	General Metal Works (PM ₁₀ sampler manufacturer)
GPS	Global Positioning System
GWP	Global Warming Potential
H ₂ S	Hydrogen sulfide
HAL 275	Norsk Hydro Reduction Technology
HAP	Hazardous Air Pollutants
HAZID	Hazard Identification
HC	Hydrocarbon
HCl	Hydrogen chloride
HEI	Health Effects Institute
HF	Hydrogen fluoride
HPLC	High Performance Liquid Chromatograph
HSE	Health, Safety and Environment
HTM	Heating Transfer Medium
Hydro	Norsk Hydro ASA
IACET	International Association for Continuing Education and Training
IADN	Interagency Deposition Network
IC	Ion Chromatography
ICR	Information Collection Request
IEA	Initial Environmental Authorization
IFC	International Finance Corporation
ILSC	Indicative Levels of Serious Contamination
IMPROVE	Interagency Monitoring of Protected Visual Environments
IPP	Independent Power Producer
ISQG	Interim Sediment Quality Standard
ISR	Indirect Source Rule
ITEP	Institute of Tribal Environmental Professionals
ITT	Information Transfer Technology
JV	Joint Venture
K	Kelvin
K	Thousand
km	kilometer
kV	Kilovolt
kt/yr	Thousands of tons per year
kPa	Thousand Pascal
l	Litre
LC-50	Lethal Concentration of a chemical which kills 50% of a sample population
L _{eq}	Unweighted energy-equivalent noise level
LCS	Laboratory Control Sample
LDAR	Leak Detection and Repair
LLD	Lower Limit of Detection
LNB	Low NO _x Burner
LOD	Limit of Detection
LOQ	Limit of Quantitation
lpm	Liters per minute
l/s	Litres per second
L _{WA}	'A' weighted sound power level
M	Million

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

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

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

SARC	Scientific and Applied Research Centre
SB 375	Sustainable Communities and Climate Protection Act of 2008
SCAQMD	South Coast Air Quality Management District
SCENR/SCE	Supreme Council for the Environment & Natural Reserves
SIP	State Implementation Plan
SISO	South Isomax
SLAMS	State or Local Air Monitoring Station
SLTs	State, Local, and Tribal air monitoring agencies
SO ₂	Sulfur dioxide
SOP	Standard operating procedure
SPL	Spent Potlining
SPM	Special Purpose Monitor
SRP	Standard Reference Photometer
SS	Supersite
SSEIA	Scoping Study for Environmental Impact Assessment Report
STAG	State and Tribal Air Grant
STAPPA	State and Territorial Air Pollution Program Administrators
STN	Speciation Trends Network
Strategy	The National Air Monitoring Strategy
SVOC	Semi-Volatile Organic Compound
SWS	Seawater Scrubber
t/d	Tonnes per day
t/h	Tonnes per hour
t/yr	Tonnes per year
TAMS	Tribal Air Monitoring Support (Center)
TAD	Technical Assistance Document
TAR	Tribal Authority Rule
TBD	To Be Determined
TECO	Thermo Electron Corporation, now Thermo Fisher Scientific
TEOM	Tapered Element Oscillation Monitor
THC	Total hydrocarbons
TIP	Tribal Implementation Plan
TNMHC	Total non-methane hydrocarbons
TNMOC	Total non-methane Organic Compound
TOC	Total Organic Carbon
TOM	Total Organic Matter
Tpd	Tons per day
TPH	Total Petroleum Hydrocarbons
TPY	Tons Per Year
TSA	Technical systems audits
TSD	Technical Services Division
TSP	Total suspended particulates
TSS	Total Suspended Solids
T-REX	Traffic Related Exposure Study
TWA	Time Weighted Average
UAM	Urban Airshed Model
UFP	Ultrafine Particulate Matter
UN	United Nations
UNEP	UN Environmental Program

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 14, 2018

Re: Consider Authorization to Execute Contract Amendments for the Production System
Office

RECOMMENDED ACTION

Recommend the Board of Directors authorize the Executive Officer/APCO to execute contract amendments with the following vendors in the amounts listed below:

Vendor	Amount	Service Description
ClayTablet, Inc	\$7,058	Language translation software for transmission, editing and managing content.
Cylogy, Inc	\$59,749	Backend website content management system integration, customization and infrastructure support.
Malinda Lai, LLC	\$10,272	Website content management system and infrastructure support.
C&G Technology Services, Inc.	\$56,458	Software testing services for the permitting and compliance systems software.
Clearsparc, Inc.	\$194,155	Software architecture, design, development, build and release management services.
IT Dependz, Inc.	\$160,551	Business analysis, software development, automated testing and quality assurance services related to the implementation of Production System and registration software.
SoftwareOne, Inc.	\$129,264	SoftwareOne is a Microsoft authorized reseller of Azure cloud services.
TOTAL	\$617,507	

BACKGROUND

Air District staff is recommending contract amendments for existing vendors assisting with the Production System Office to meet 2018 calendar year end goals.

DISCUSSION

The Production System Office

The Production System Office is responsible for the design, implementation, quality assurance, operations and maintenance of the online permitting and compliance system as well as internal and public websites.

During the first half of the 2018 calendar year, the Production System Office aims to complete the following:

- Training and rollout of the Asbestos online program
- Training and rollout of the General Facility Inspection online form
- Registrations of Stationary Internal Combustion Engines
- Integration with the new JD Edwards Financial System
- Expansion of language translation services and commenting systems
- Expansion of the simple message services (SMS) integration to allow mass distribution of text messages to support various programs including Spare the Air
- Ongoing support for permitting, compliance, and incentive programs as well as tertiary website for individual programs

Staff recommends the continued use of vendors proven familiar with Air District systems and processes for the remainder of Fiscal Year End (FYE) 2018. The Air District has a successful collaboration track record with these vendors through prior similar engagements.

Vendor	Type of Services	Initial Contract	Procurement Method
ClayTablet	Language translation software for transmission, editing and managing content.	FYE 2015	Selected the firm and resources through a formal bid process via Request for Proposal (RFP).
Cylogy, Inc	Backend website content management system integration, customization and infrastructure support.	FYE 2013	RFP rebid in FYE 2014. One of four firms to respond that had appropriate staff, expertise, and availability to perform the required scope of work.
Malinda Lai, LLC	Website content management system and infrastructure support.	FYE 2006	Procurement occurred prior to the tenure of the web current team.
C&G Technology Services, Inc	Software testing services for the permitting and compliance systems software.	FYE 2013	Selected the firm and resources through an informal bid process.

Clearsparc, Inc	Software architecture, design, development, build and release management services.	FYE 2015	Request for Qualifications (RFQ). One of three firms to respond. Had staff expertise and availability to perform the required scope of work.
IT Dependz, Inc.	Business analysis, software development, automated testing and quality assurance services related to the implementation of Production System and registration software	FYE 2012	Selected the first and resources through an informal bid process.
SoftwareOne, Inc.	The Districts longstanding Microsoft authorized reseller (CompuCom) was acquired by SoftwareOne.	FYE 2016	Microsoft requires that all software and services purchases be conducted by a designated authorized reseller.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for the vendor contract recommendations is included in the FYE 2018 budget and will be funded from the Production System Office.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Blair Adams
Reviewed by: Damian Breen

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Director

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 9, 2018

Re: Consider Approval of Employee Contract Amendments for the Executive
Officer/APCO and District Counsel

RECOMMENDATION

The Board of Directors will consider approval of the attached Contract Amendments with the Executive Officer/APCO, Jack P. Broadbent, and District Counsel, Brian C. Bunger, reflecting merit-based adjustments to pay and certain benefits for these Board appointed, non-represented employees.

BACKGROUND

On February 7, 2018, the Personnel Committee met in Closed Session, and conducted performance evaluations of the Executive Officer/APCO and the District Counsel. On the basis of those performance evaluations, merit-based adjustments to pay and benefits to the Executive Officer/APCO and the District Counsel in accordance with the terms of the Employment Contracts with these individuals, is recommended. These merit-based changes are reflected in the attached contract amendments. Approval of these contract amendments will constitute final action on these merit-based pay and benefits adjustments for these Board appointed non-represented employees.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. The annual cost associated with these contract amendments is already included in the Fiscal Year Ending 2018 Budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Judy Yu
Reviewed by: Rex Sanders

Attachment 1: Fifth Amendment Employee Agreement between Bay Area Air Quality Management District and Jack P. Broadbent

Attachment 2: Sixth Amendment Employee Agreement between Bay Area Air Quality Management District and Brian C. Bungler

**FIFTH AMENDMENT TO EMPLOYMENT AGREEMENT
BETWEEN
BAY AREA AIR QUALITY MANAGEMENT DISTRICT
AND
JACK P. BROADBENT**

This **AMENDMENT TO EMPLOYMENT AGREEMENT**, is made and entered into this 21st Day of February, 2018 (the “Amendment Date”) between the **Bay Area Air Quality Management District**, herein referred to as “**District**” and **Jack P. Broadbent**, herein referred to as “**Employee**” pursuant to Article VIII, AMENDMENTS, of the Employment Agreement.

WHEREAS, District and Employee have entered into an Employment Agreement effective as of November 2, 2005 (the “Employment Agreement”); and

WHEREAS, District and Employee have previously executed an Amendment to Employment Agreement dated October 3, 2007, a subsequent Amendment to Employment Agreement dated May 4, 2011, a subsequent Third Amendment to Employment Agreement dated June 5, 2013; and a subsequent Fourth Amendment to Employment Agreement dated September 3, 2014; and

WHEREAS, the District and Employee wish to enter into this fifth amendment to the Employment Agreement, effective as of the Amendment Date (the “Amendment”) to modify certain provisions in Article V COMPENSATION and Article VI TERMINATION, of the Employment Agreement;

NOW, THEREFORE, the parties agree to be mutually bound as follows:

1. **Article V, Section A (“Salary”)** of the Employment Agreement is hereby amended in its entirety to read as follows:

“District shall pay Employee an annual salary of \$304,670.14 (Three Hundred Four Thousand, Six Hundred Seventy Dollars and Fourteen Cents) payable in bi-weekly installments in accordance with the Air District’s regular payroll practices, and subject to withholdings required by law. As an exempt manager, Employee shall not be eligible for overtime or compensatory time off.

District shall increase Employee’s salary from time-to-time at the same time and in the same percentage as it increases the salaries of non-represented non-Board appointed District Management staff.

District also agrees to provide Employee with a performance evaluation approximately once each year at or around May 1 of each year, and may as a result, in its sole discretion, provide Employee with a merit-based salary increase.

District in consultation with Employee will determine by no later than December 1 of each calendar year, the amount it will contribute to Employee’s 401(a) retirement plan to take effect beginning on January 1 of the following year. Once District in consultation with Employee determines the contribution amount to Employee’s 401(a) retirement plan, Employee’s annual salary will be reduced by the amount by which such contribution

exceeds the minimum \$24,000 (Twenty-Four Thousand Dollars) to be contributed on Employee's behalf in accordance with Article V, Section D (Deferred Compensation") of the Employment Agreement."

2. **Article V, Section C ("Vacation")** of the Employment Agreement is hereby amended in its entirety to read as follows:

"District shall provide Employee with Annual Leave (vacation) hour accruals at the same rates as approved by the Board for non-represented management employees, except that there is no maximum accumulation of accrued vacation hours. Employee's vacation schedule shall be approved in advanced by the Chairperson of the Board. District shall pay Employee earned unused vacation upon termination of employment.

The Annual Leave (vacation) hour accruals as approved the Board for non-represented management employees is currently:

An employee with ten years or more of employment will earn annual leave (vacation) at the rate of 6.48 hours per pay period (approximately 1-3/4 days per month).

An employee with more than twenty years and up to thirty years of employment will earn annual leave (vacation) at the rate of 7.69 hours per pay period (approximately 2 days per month).

An employee with thirty or more years of employment will earn annual leave (vacation) at the rate of 9.23 hours per pay period (approximately 2-1/2 days per month).

Once per calendar year, Employee may exchange unused annual leave (vacation) hours for the equivalent amount in wages at the Employee's then-current salary. Each such request may not exceed 240 hours.

In addition, District shall provide Employee with 80 hours of annual leave (vacation) hours. Employee may exchange unused hours for the equivalent in wages at the Employee's then-current salary."

3. **Article VI, Section B (Termination Without Regard to Cause / Severance Benefit)** of the Employment Agreement is hereby amended in its entirety to read as follows:

"Employee understands and agrees that the Board may terminate this Agreement and his District employment at any time without regard to cause, upon thirty (30) days written notice. District may, at its option, relieve Employee of his duties with pay during the notice period.

In the event of termination under this Section VI.B., the District agrees to pay Employee a **Severance Benefit** consisting of (1) a **Severance Period** equal to six (6) month's

salary at his salary then in effect and, after the sixth anniversary of the effective date of the Employment Agreement, an additional month of salary (or pro-rata share thereof), to a maximum severance payment of twelve (12) month's salary, and (2) payment of Employee's COBRA premium to continue his District group health, dental, and vision insurance coverage for the Severance Period; provided, however, that no Severance Benefit shall be payable unless Employee first executes a release and covenant not to sue the District. No fringe benefits shall accrue or become payable on account of payment of the Severance Benefit. The Severance Benefit may be paid in regular payroll installments or in a lump sum, at District's option."

4. Except as expressly modified by this Amendment, District and Employee agree that all other terms and conditions of the Employment Agreement shall remain in full force and effect and are hereby ratified, confirmed and approved.

IN WITNESS WHEREOF, this Amendment to Employment Agreement has been executed as of the Amendment Date.

EMPLOYEE

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

By: Jack P. Broadbent

By: Chairperson Dave Hudson
Title: Chairperson of the Board of Directors

**SIXTH AMENDMENT TO EMPLOYMENT AGREEMENT
BETWEEN
BAY AREA AIR QUALITY MANAGEMENT DISTRICT
AND
BRIAN C. BUNGER**

This **AMENDMENT TO EMPLOYMENT AGREEMENT**, is made and entered into this 21st Day of February, 2018 (the “Amendment Date”) between the **Bay Area Air Quality Management District**, herein referred to as “**District**” and District Counsel, **Brian C. Bunger**, herein referred to as “**Bunger**” pursuant to Article IX, AMENDMENTS, of the Employment Agreement.

WHEREAS, District and Bunger have entered into an Employment Agreement dated September 18, 2002 (the “Employment Agreement”);

WHEREAS, District and Bunger have previously executed an Amendment to Employment Agreement dated July 21, 2004, a subsequent Second Amendment to Employment Agreement dated November 2, 2005, a subsequent Third Amendment to Employment Agreement dated October 3, 2007, a subsequent Fourth Amendment to Employment Agreement dated June 5, 2013, and a subsequent Fifth Amendment to Employment Agreement dated September 3, 2014; and

WHEREAS, District and Bunger wish to enter into this sixth amendment to the Employment Agreement, (“Amendment”) to modify Article VI COMPENSATION, of the Employment Agreement;

NOW, THEREFORE, the parties agree to be mutually bound as follows:

1. **Article VI, Section A (“Salary”)** of the Employment Agreement is hereby amended as follows:

“District shall pay Bunger an annual salary of \$286,673.04 (Two Hundred Eighty-Six Thousand, Six Hundred Seventy-Three Dollars, and Four Cents, payable in bi-weekly installments in accord with District’s regular payroll practices, and subject to withholdings required by law. As an exempt manager, Bunger shall not be eligible for overtime or compensatory time off.

District shall increase Bunger’s salary from time-to-time at the same time and in the same percentage as it increases the salaries of non-represented District Management staff.

District also agrees to provide Bunger with a performance evaluation approximately once each year at or around May 1 of each year, and may as a result, in its sole discretion, provide Bunger with a merit-based salary increase.

District in consultation with Bunger will determine by no later than December 1 of each calendar year, the amount it will contribute to Bunger’s 401(a) retirement plan to take

effect beginning on January 1 of the following year. Once District in consultation with Bunger determines the contribution amount to Bunger's 401(a) retirement plan, Bunger's annual salary will be reduced by the amount by which such contribution exceeds the minimum \$12,243.24 (Twelve Thousand, Two Hundred, Forty-Three Dollars and Twenty-Four Cents) to be contributed on Bunger's behalf in accordance with Article VI, Section C (Deferred Compensation") of the Employment Agreement."

2. **Article VI, Section D ("Annual Leave (Vacation)")** of the Employment Agreement is hereby amended as follows:

"District shall provide Bunger with Annual Leave (vacation) hour accruals at the same rates as approved by the Board for non-represented management employees, except that there is no maximum accumulation of accrued vacation hours. Vacation shall be approved in advance by the Chief Executive Officer of the District. District shall pay Bunger earned unused vacation upon termination of employment.

The Annual Leave (vacation) hour accruals as approved the Board for non-represented management employees is currently:

An employee with ten years or more of employment will earn annual leave (vacation) at the rate of 6.48 hours per pay period (approximately 1-3/4 days per month).

An employee with more than twenty years and up to thirty years of employment will earn annual leave (vacation) at the rate of 7.69 hours per pay period (approximately 2 days per month).

An employee with thirty or more years of employment will earn annual leave (vacation) at the rate of 9.23 hours per pay period (approximately 2-1/2 days per month).

Once per calendar year, Bunger may exchange unused annual leave (vacation) for the equivalent in wages at Bunger's then-current salary. Each such request may not exceed 240 hours.

In addition, District shall provide Bunger with 80 hours of annual leave (vacation) hours. Bunger may exchange unused hours for the equivalent in wages at the Bunger's then-current salary."

3. Except as expressly modified by this Amendment, District and Bunger agree that all other terms and conditions of the Employment Agreement shall remain in full force and effect and are hereby ratified, confirmed and approved.

IN WITNESS WHEREOF, this Amendment to Employment Agreement has been executed as of the Amendment Date.

EMPLOYEE

By: Brian C. Bungler

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

By: Chairperson Dave Hudson
Title: Chairperson of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 14, 2018

Re: Notice of Proposed Amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees, Section 6.2: Standing Committees

RECOMMENDED ACTION

The Board of Directors will consider proposed amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees, Section 6.2: Standing Committees

BACKGROUND

These amendments will change/or add the following language:

- Regular Board of Directors meeting start time from 9:45 a.m. to 9:30 a.m.;
- Board members shall not receive compensation for attending meetings of any type unless compensation for attendance at such meeting(s) is approved by the Chairperson in an open session prior to attendance at the meeting; and
- Standing committees size from (9) to (11) committee members.

DISCUSSION

Administrative Code Section 14.1, Amendments Mechanism, requires the noticing of proposed amendments at a preceding meeting of the Board of Directors before adoption can take place. Adoption of these proposed amendments will be considered at a subsequent meeting of the Board of Directors.

The proposed amendments to the Administrative Code are attached for your review and consideration.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Maricela Martinez
Reviewed by: Rex Sanders

Attachment 14A: Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance

Attachment 14B: Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees

AGENDA 14A - ATTACHMENT

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SECTION 1 BOARD OF DIRECTORS, MEETINGS

1.1 MEETING DATES. (Revised 11/06/2002)

Regular meetings of the Bay Area Air Quality Management District Board of Directors shall be held on the first and third Wednesday of each month, beginning at the hour of ~~9:45 a.m.~~, 9:30 a.m., with either meeting being subject to cancellation by the APCO with the concurrence of the Chairperson if there is insufficient District business to warrant such meeting. When the day, or the day preceding the day, fixed for a regular meeting of the District Board falls upon a legal holiday, that meeting shall be held at the same hour seven (7) days later not on a holiday.

1.2 A. COMPENSATION - MEETING ATTENDANCE. (Revised 4/5/2006)

Board members shall receive compensation of one hundred dollars (\$100) for each day attending meetings of the District Board and of Board Committees, or upon authorization of the Board while on official business of the District, but such compensation shall not exceed six thousand dollars (\$6,000) in any one fiscal year. Board members may receive compensation for attendance at the following types of meetings other than Board and Committee meetings:

- (a) educational seminars designed to improve officials' skill and information levels:
- (b) meetings of regional, state and national organizations whose activities affect the Air District's interest with a District staff member in attendance:
- (c) Air District events: and
- (d) meetings to discuss community and/or business concerns with regard to air quality in the region.

Board members shall not receive compensation for attending meetings of any type unless compensation for attendance at such meeting(s) is approved by the Chairperson in an open session prior to attendance at the meeting.

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Report(s) on any meetings that members have attended at the Air District's expense will be given at the next regular board meeting.

To the extent a meeting for which compensation is available includes a meal, a Board member may be reimbursed for the meal expenditures as long as the Board member complies with the limits and reporting requirements of local, state and federal law and the meal expenditure is reasonable and necessary.

1.2 B. LIMITS ON COMPENSATION FOR MEETING ATTENDANCE. (Revised 4/5/2006)

Board members shall not receive compensation for attendance at meetings of any type held outside the State of California unless compensation for attendance at such meeting(s) is approved by the Board in an open session prior to attendance at the meeting.

Unless excused by the Chairperson, a Board member shall receive such compensation for attending meetings of the Board only if:

- (a) the Board member arrives for the meeting within 30 minutes of the scheduled beginning of the meeting; and
- (b) the Board member misses no more than 30 minutes of the meeting plus, in the event a meeting continues beyond noon, the time between noon and adjournment.

1.3 BOARD MEETING LOCATION.

All regular meetings of the Board of Directors and all regular meetings of Board Committees shall be held at the offices of the District located at 375 Beale Street, Suite 600, San Francisco, California, unless at a previous regular Board meeting or committee meeting some other place was designated.

1.4 SPECIAL MEETINGS.

Whenever the business of the District may require special meetings, in the opinion of the Chairperson of the Board of Directors or at the express written request of any three (3) members of the Board, such meetings shall be called. Whenever a special meeting shall be called, notice shall be given to each member of the Board of Directors at least twenty-four (24) hours in advance, and to others as required by law, stating the date and hour of the meeting and the purpose for which such meeting is called. No business shall be transacted thereat except such as is stated in the notice.

1.5 AGENDA.

All reports, communications, resolutions, contract documents or other matters to be submitted to the Directors shall be delivered to the APCO one (1) week prior to the Board meeting. The APCO shall thereupon arrange a list of such matters according to the order of business. The Clerk of the Boards shall furnish each Board Director with a copy of the same no later than the Friday prior to the meeting and as far in advance of the meeting as is feasible.

AGENDA 14B - ATTACHMENT

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SECTION 6 BOARD OF DIRECTORS, COMMITTEES

6.1 SPECIAL COMMITTEES.

All special committees shall be appointed by the Chairperson, unless otherwise directed by the Board.

6.2 STANDING COMMITTEES. (Revised 3/6/2015)

Standing Committees of the Board of Directors shall be the following:

- (a) Executive Committee, consisting of the Chairperson of the Board, who shall be Chairperson of the Committee, the Vice-Chairperson of the Board, the Board Secretary, the last past Chairperson and ~~five~~seven (57) other Directors appointed by the Chairperson.
- (b) Budget and Finance Committee, consisting of ~~nine eleven~~ (911) Directors appointed by the Chairperson.
- (c) Personnel Committee, consisting of ~~nine eleven~~ (911) Directors appointed by the Chairperson.
- (d) Legislative Committee, consisting of ~~nine eleven~~ (911) Directors appointed by the Chairperson.
- (e) Mobile Source Committee, consisting of ~~nine eleven~~ (911) Directors appointed by the Chairperson.
- (f) Public Engagement Committee, consisting of ~~eleven~~ (911) Directors appointed by the Chairperson.
- (g) Stationary Source Committee, consisting of ~~nine eleven~~ (911) Directors appointed by the Chairperson.
- (h) Climate Protection Committee, consisting of ~~nine eleven~~ (911) Directors appointed by the Chairperson.
- (i) The Chairperson shall be an ex-officio member of all Standing Committees of the Board of Directors.
- (j) Each Standing Committee shall have authority to make recommendations to the Board of Directors for action regarding matters within the scope of the Committee's jurisdiction. A standing committee may discuss but may not make recommendations to the Board of Directors regarding issues outside of its jurisdiction and shall refer such matters to the appropriate committee. Except as specified in this Division or as otherwise specified by the Board of Directors, Standing Committees are not delegated decision-making authority.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 15, 2018

Re: Request to Increase Credit Card Limits and Issue Additional Cards

RECOMMENDED ACTION

Consider recommending the Board of Directors approval of request to increase the Executive & Administrative Resources Director credit card limit from \$5,000 to \$10,000 and to issue three (3) additional credit cards to management staff with credit limits of \$5,000. This will increase the District’s total credit card limit from \$55,000 to \$75,000.

DISCUSSION

The District currently has eight (8) credit cards. In order to enhance the operational efficiency of the District, staff recommends that the existing Executive & Administrative Resources Director credit limit be increased to \$10,000 and to issue additional cards for the Chief Financial Officer, Chief Administrative Officer, and Deputy Pollution Control Officer with credit limit of \$5,000 each.

The table below compares the District’s current credit card structure to the proposed structure.

CARD HOLDER	CURRENT CREDIT LIMIT	PROPOSED CREDIT LIMIT
Executive Officer/Air Pollution Control Officer	\$10,000	\$10,000
District Counsel	\$10,000	\$10,000
Manager, Executive Operations	\$10,000	\$10,000
Chief Financial Officer	---	\$5,000
Chief Administrative Officer	---	\$5,000
Deputy Air Pollution Control Officer	---	\$5,000
Deputy Air Pollution Control Officer	\$5,000	\$5,000
Deputy Air Pollution Control Officer	\$5,000	\$5,000
Meteorology & Measurements Director	\$5,000	\$5,000
Information Technology Director	\$5,000	\$5,000
Executive & Administrative Resources Director	\$5,000	\$10,000
Total Credit Limit	\$55,000	\$75,000

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None. Increasing the District's credit card limit and issuing additional cards will have no impact on the District's budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Satnam Hundel
Reviewed by: Rex Sanders

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 24, 2018

Re: Report of the Budget and Finance Committee Meeting of January 24, 2018

RECOMMENDED ACTION

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

BACKGROUND

The Committee met on Wednesday, January 24, 2018, and received the following reports:

- A) Air District Financial Audit Report for the Fiscal Year Ended 2017;
- B) Second Quarter Financial Report – Fiscal Year Ending 2018; and
- C) Air District Financial Overview

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None; receive and file;
- B) None; receive and file; and
- C) None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha de Guzman
Reviewed by: Vanessa Johnson

Attachment 16A: 01/24/2018 – Budget and Finance Committee Agenda #4
Attachment 16B: 01/24/2018 – Budget and Finance Committee Agenda #5
Attachment 16C: 01/24/2018 – Budget and Finance Committee Agenda #6

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: January 10, 2018

Re: Air District Financial Audit Report for the Fiscal Year Ended 2017

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Pursuant to the Section II.2.1 of the Administrative Code, the Air District is required to have an annual independent financial audit. The Independent Auditors, Gilbert Associates, Inc. completed the Financial Statements with Independent Auditor's Report for the Year Ended 2017. The Independent Auditors also completed the Financial Audit Report of the OMB Circular A-133 and Transportation Fund for Clean Air Compliance Reports for the Year Ended 2017.

DISCUSSION

The Air District's independent auditors completed their audit of the Air District's financial records and activities for the year ended June 30, 2017 and issued an "unqualified opinion" or clean opinion on the financial statements. Attached are the audit reports being presented along with a brief summary:

1. *Basic Financial Statements*

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

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

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

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

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Funding for the Auditors' report is included in the FYE 2018 Budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeffrey McKay

Attachment 1: Financial Statements with Independent Auditor's Report for the Year Ended June 30, 2017

Attachment 2: OMB Circular A-133 and Transportation Fund for Clean Air Compliance Report for Year Ended June 30, 2017

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

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

**FOR THE YEAR ENDED
JUNE 30, 2017**

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

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INDEPENDENT AUDITOR'S REPORT



Relax. We got this.

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bay Area Air Quality Management District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bay Area Air Quality Management District, as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

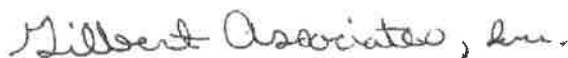
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



GILBERT ASSOCIATES, INC.
Sacramento, California

January 2, 2018

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

This discussion and analysis of the Bay Area Air Quality Management District (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the accompanying basic financial statements.

A. Financial Highlights

To finance ownership interest of its portion of the new facility, the District issued \$30,000,000 in 2013 through a private placement of taxable Certificates of Participation Notes (COPs) with the Bay Area Headquarters Authority. In June 2016, the Bay Area Air Quality Management District relocated its headquarters and operations to the Bay Area Metro Center located at 375 Beale Street and in June 2017, the Bay Area Air Quality Management District exercised its option to prepay \$10,700,000 towards its purchase of its new headquarters. The District will make monthly rental payments to its trustee, who will then apply those payments to pay down the remaining principal and interest payments on the outstanding COPs. Further information can be found on page 30.

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

The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows at the close of the fiscal year 2016-17 by \$165,960,113 (net position).

The District's net position increased by \$19,845,799 from fiscal year 2015-16 due primarily to increased assets resulting from less grant related expenditures in the current year and activities related to the accounting of net pension liabilities in the government-wide financial statements for Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions.

The District's governmental funds reported a fund balance of \$190,366,283. The entire fund balance of the Special Revenue Fund in the amount of \$126,613,509 is reserved for air quality grants and projects. The \$63,752,774 General Fund balance consists of \$19,925,940 representing the assigned fund balance, \$4,328,703 restricted, \$1,655,962 committed or nonspendable and the remaining balance of \$37,842,169 unassigned.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Table 1 presents the General Fund detail of fund balances as of June 30, 2017, and June 30, 2016.

Table 1. General Fund Balances as of June 30, 2017 and 2016

Category	General Fund <u>June 30, 2017</u>	General Fund <u>June 30, 2016</u>	Increase/ <u>(Decrease)</u>
Fund Balances:			
Nonspendable:			
Prepaid Expenses	\$ 655,962	\$ 718,833	\$ (62,871)
Restricted:			
Air Quality Grants and Projects	1,054,899	1,049,949	4,950
Post-Employment Benefits	3,164,259	3,082,390	81,869
Debt service	109,545		
Committed:			
Self-Funded Worker's Compensation	1,000,000	1,000,000	
Future acquisitions of 375 Beale Street		8,500,000	(8,500,000)
Assigned:			
Building and Facilities	4,668,200	5,168,200	(500,000)
PERS Funding and Post Employment Benefits	800,000	1,600,000	(800,000)
Capital Equipment	711,100	2,727,100	(2,016,000)
Air Quality Grants and Projects	12,246,640	11,486,021	760,619
Other Assigned	1,500,000	4,500,000	(3,000,000)
Unassigned:	<u>37,842,169</u>	<u>27,807,111</u>	<u>10,035,058</u>
Total Fund Balance	<u>\$ 63,752,774</u>	<u>\$ 67,639,604</u>	<u>\$ (3,996,375)</u>

B. Overview of the Financial Statements

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

Government-Wide Financial Statements

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

B. Overview of the Financial Statements, Continued

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

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities owed by the District, and deferred inflows of resources on a full accrual basis. The difference between the assets held and deferred outflows of resources, and the liabilities owed and deferred inflows of resources, is reported as *Net Position*. The net position total is comparable to total stockholder's equity presented on the balance sheet of a private enterprise. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position as of June 30, 2017 is presented on page 13.

The Statement of Activities reports the net cost of the District's activities by category and is also prepared on a full accrual basis. Under the full accrual basis of accounting, revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of the related cash flows. The focus of the Statement of Activities is on the cost of various work programs performed by the District. The statement begins with a column that identifies the total cost of these programs followed by columns that summarize the District's program revenues by major category. The difference between expenses and revenues represents the net cost or benefit of the District's work programs. General revenues are then added to the net cost/benefit to calculate the change in net position. The Statement of Activities is presented on page 14.

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

Fund Financial Statements

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

B. Overview of the Financial Statements, Continued

Governmental Funds

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

Balance Sheets prepared under the modified accrual basis of accounting have a short-term emphasis and, for the most part, measure and account for cash and other assets that can be easily converted to cash. Specifically, cash and receivables that are deemed collectible within a very short period of time are reported on the balance sheet. Capital assets such as land and buildings are not reported in governmental fund financial statements. Fund liabilities include amounts that will be paid within a very short period of time after the end of the fiscal year. Long-term liabilities such as outstanding bonds are not included. The difference between a fund's total assets, deferred outflow of resources, total liabilities, and deferred inflows of resources represents the fund balance. The unassigned portion of fund balance represents the amount available to finance future activities. The District's governmental funds balance sheets can be found on page 15.

The Statement of Revenues, Expenditures, and Changes in Fund Balance include only revenues and expenditures that were collected in cash or paid with cash during the fiscal year or very shortly after the end of the fiscal year. The governmental funds Statements of Revenues, Expenditures, and Changes in Fund Balances can be found on page 17.

Since a different basis of accounting is used to prepare these statements, reconciliation is required to facilitate the comparison between the government-wide statements and the fund financial statements. The reconciliation of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position is on page 16. The reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities can be found on page 18.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 to 41.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Air District's retirement pension liabilities held by California Public Employees Retirement System (PERS), other post-employment benefit (OPEB) liabilities, general fund and special revenue fund budget comparison schedules, and TFCA and Carl Moyer program expenditures on pages 42 to 48.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

C. Government-Wide Financial Analysis

The government-wide financial analyses focus on net position and changes in net position of the District's governmental activities. Table 2 below shows a condensed Statement of Net Position as of June 30, 2017 compared to the fiscal year ended June 30, 2016.

Table 2. Statement of Net Position as of June 30, 2017 and June 30, 2016

	Governmental Activities <u>June 30, 2017</u>	Governmental Activities <u>June 30, 2016</u>	Increase/ (Decrease)
Current & Other Assets	\$ 217,832,163	\$ 230,128,605	\$ (12,296,442)
Capital Assets	59,446,052	29,310,870	30,135,182
Total Assets	<u>277,278,215</u>	<u>259,439,475</u>	<u>17,838,740</u>
Deferred Outflows of Resources	<u>16,879,611</u>	<u>5,365,344</u>	<u>11,514,267</u>
Current Liabilities	30,069,103	19,778,043	10,291,060
Noncurrent Liabilities	<u>94,700,122</u>	<u>92,444,318</u>	<u>2,255,804</u>
Total Liabilities	<u>124,769,225</u>	<u>112,222,361</u>	<u>12,546,864</u>
Deferred Inflows of Resources	<u>3,428,488</u>	<u>6,468,144</u>	<u>(3,039,656)</u>
Net Position			
Invested in Capital Assets	38,603,469	27,104,084	11,499,385
Restricted	130,942,212	118,462,637	12,479,575
Unrestricted net position	<u>(3,585,568)</u>	<u>547,593</u>	<u>(4,133,161)</u>
Total Net Position	<u>\$165,960,113</u>	<u>\$146,114,314</u>	<u>\$ 19,845,799</u>

At June 30, 2017 the District's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$165,960,113, an increase of \$19,845,799 over the previous fiscal year.

As a result of GASB 68, the District is required to report its deferred outflows/inflows and pension liability related to its pension plan with CalPERS. The \$19.8 million increase in net position is due to a cumulative net increase of \$29.4 million in Total Assets and Deferred Outflows offset by a cumulative increase in Total Liabilities and Deferred Outflows of \$9.5 million. Additional information can be found on page 38.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

C. Government-Wide Financial Analysis, Continued

As noted earlier, total net position may serve over time as a useful indicator of the District's financial position. Restricted net position is to be used for specific programs and purposes according to legal terms and conditions. The remaining portion of the District's net position is unrestricted and at the end of the fiscal year had a negative balance of \$3,585,568 which is a direct result of reporting the District's pension obligation related to GASB 68.

Table 3 below provides changes in net position for the fiscal year ending June 30, 2017 compared with the fiscal year ended June 30, 2016.

Table 3. Statement of Activities for Fiscal Years 2016-17 and 2015-16

	Governmental Activities FY 2016-17	Governmental Activities FY 2015-16	Dollar Increase / (Decrease)	Percentage Increase / (Decrease)
Revenues:				
TFCA/MSIF DMV Fees	\$ 39,323,535	\$ 37,750,566	\$ 1,572,969	4%
Carl Moyer	5,922,319	11,204,627	(5,282,308)	-47%
California Goods Movement	1,114,929	3,042,705	(1,927,776)	-63%
Permit Fees	38,740,730	37,369,120	1,371,610	4%
State Subvention	1,727,036	1,726,549	487	0%
Federal Grants	4,605,265	5,544,615	(939,350)	-17%
Penalties & Variance Fees	3,341,371	6,133,501	(2,792,130)	-46%
Asbestos Fees	4,210,603	3,869,468	341,135	9%
Interest Revenue	669,209	800,086	(130,877)	-16%
Other Revenues	464,034	677,045	(213,011)	-31%
State Grants	612,465	885,916	(273,451)	-31%
Special Environmental Projects	4,950	7,665	(2,715)	-35%
County Apportionments	<u>30,541,028</u>	<u>28,218,285</u>	<u>2,322,743</u>	8%
Total Revenues	<u>131,277,474</u>	<u>137,230,148</u>	<u>(5,952,674)</u>	-4%
Expenses:				
General Government	77,633,143	67,863,055	9,770,088	14%
TFCA/MSIF, CMP, & Other	32,366,282	40,907,327	(8,541,045)	-21%
California Goods Movement	1,381,955	3,498,005	(2,116,050)	-60%
Debt Service	50,295	52,821	(2,526)	-5%
Total Expenses	<u>111,431,675</u>	<u>112,321,208</u>	<u>(889,533)</u>	-1%
Change in Net Position	19,845,799	24,908,940	(5,063,141)	-20%
Net Position-beginning of year	<u>146,114,314</u>	<u>121,205,374</u>	<u>24,908,940</u>	21%
Net Position-ending of year	<u>\$ 165,960,113</u>	<u>\$ 146,114,314</u>	<u>\$ 19,845,799</u>	14%

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

C. Government-Wide Financial Analysis, Continued

Governmental Activities

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

The Statement of Activities presents information showing how the District's net position changed during the fiscal year 2016-2017. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

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

At June 30, 2017, the District's governmental activities reported ending net position of \$165,960,113, an increase of \$19,845,799 in comparison to the prior year. The primary reason is due to increased restricted cash as a result of less grant related expenditures in the current year and increase in pension liability due to GASB 68 pension accounting.

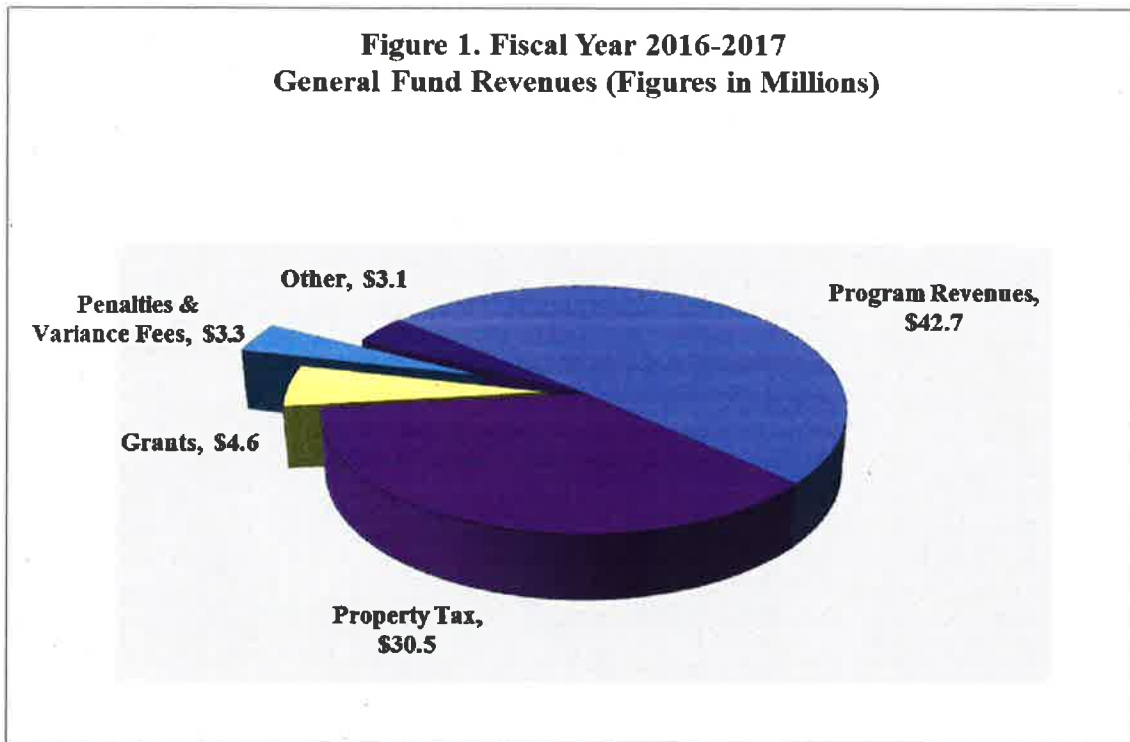
- Overall governmental revenues are \$131,277,474; a decrease of \$5,952,674 from the prior year. The primary reason for the decrease is due to less grant program activities and reduction in penalties and settlements in the current year; offset by increases in county apportionment and permitting fees related to higher assessed valuations and construction activities in the Bay Area.
- Overall governmental expenditures are \$111,431,675; a decrease of \$889,533 over the prior year. The primary reason for this decrease is due to less grant program activities in the current year as compared to the prior year. Carl Moyer and Goods Movement had less program distribution for projects in the current year. This decrease is offset by increased expenditures related to down payment towards purchase of District's new headquarters at 375 Beale Street.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

D. General Fund Financial Analysis

Figure 1 below provides a pie chart of the District's General Fund revenues (net of other financing sources) for fiscal year 2016-2017. The General Fund received total revenue of \$84,257,486 in fiscal year 2016-17, an increase of \$864,854 over fiscal year 2015-16. This increase is mainly comprised of increased revenues of \$4.6 million in property tax, asbestos, and permits fees resulting in an average rate increase of approximately 6.4% over the prior year, as well as, increased economic activities. This increase is offset by \$3.7 million decrease in one-time revenues related to penalties and one-time grant revenues. Program Revenues include: Permit, AB2588, Title V, and Asbestos fees. Program revenues are the largest General Fund revenue source in fiscal 2016-17 (\$42.7 million), followed by Property Tax (\$30.5 million), Grants (\$4.6 million), Penalties (\$3.3 million), and Other revenues (\$3.1 million).

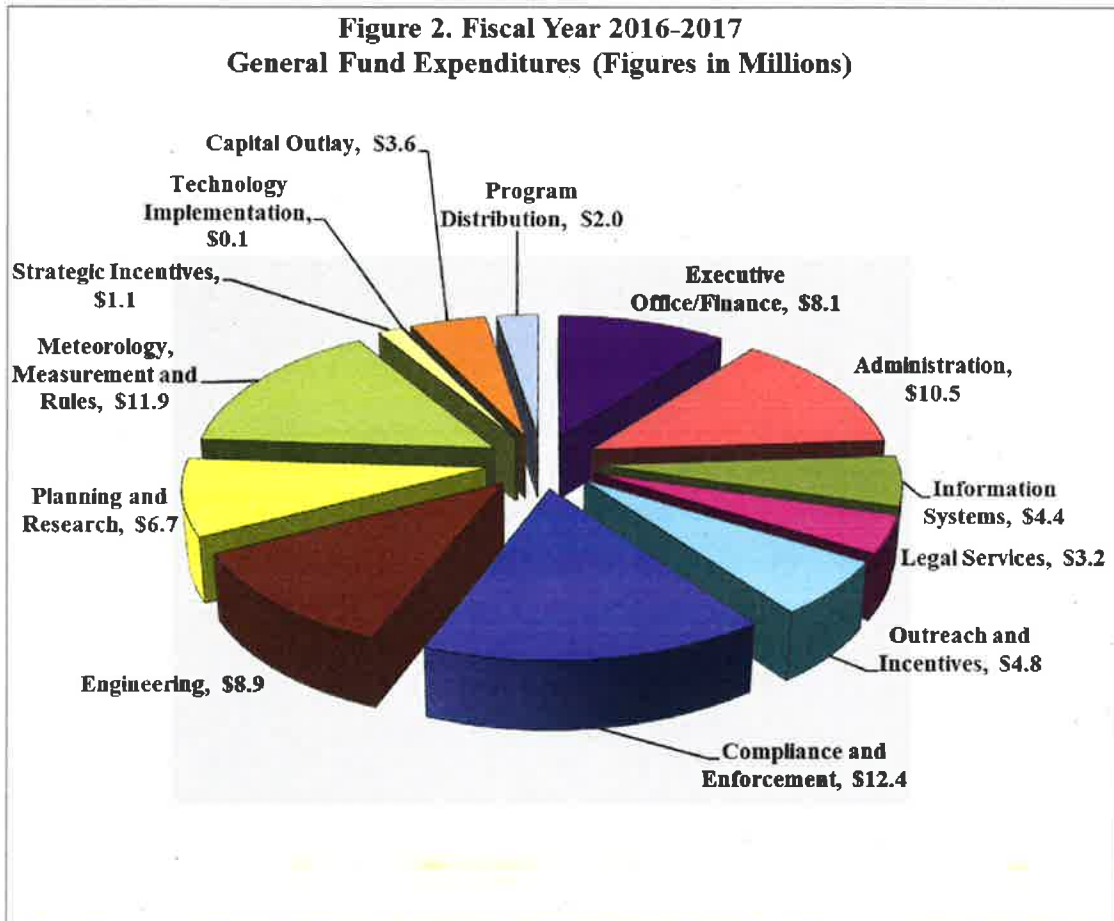


BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

D. General Fund Financial Analysis, Continued

Figure 2 below provides a graph of General Fund operating expenditures (net of other financing uses) for fiscal year 2016-17. General Fund operating expenditures totaled \$88,686,084 which is an increase of \$11,333,845 over fiscal year 2015-16. This increase resulted from a combined increase of down payment towards the purchase of District's new headquarters; related share services; and personnel & benefit cost associated with increase in staffing levels. General Fund expenditures represent the District's general government operating costs categorized into the following operating divisions: Compliance and Enforcement (\$12.4 million), Engineering (\$8.9 million), Administration (\$10.5 million), Information Systems (\$4.4 million), Meteorology, Measurements and Rules (\$11.9 million), Executive (\$8.1 million), Planning & Research (\$6.7 million), Outreach & Incentives (\$4.8 million), Strategic Incentives (\$1.1 million) and Legal Services (\$3.2 million). Capital Outlay (3.6 million), Debt Service (\$11.1 million) and Program Distribution (\$2.0 million) are not operating divisions, but rather categories capturing expenditures related to capital assets, COPs financing and special projects, respectively. General Fund operating expenditures exceeded operating revenues creating an operating deficit of \$4.4 million in fiscal year 2016-17. This operating deficit was caused by the down payment on the new District headquarters which was offset by a transfer from fund balance.



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

D. General Fund Financial Analysis, Continued

The General Fund is the operating fund of the District and at the end of the fiscal year, the total fund balance of the General Fund was \$63.8 million. The assigned fund balance was \$19.9 million, committed \$1 million, restricted \$4.3 million, non-spendable \$0.7 million, and the remaining \$37.8 million is unassigned. The unassigned fund balance represents 41.8% of the total General Fund expenditures, while the total fund balance represents 71.8% of the total fund expenditures. The District has available funds for unanticipated emergencies.

The FY 2016-17 adopted budget as compared to the actual expenditures and revenues reflects an increase in appropriations of \$11.2 million and an increase in revenues of \$7.5 million. The changes to the budget appropriations were the result of Governing Board actions, and carryover of unspent funds from FY 2015-16. The increase in actual revenues resulted increased economic activities related to property tax receipts, settlement/penalties and asbestos fees. The increase in actual expenditures resulted in the down payment towards purchase of District's new headquarters.

E. Capital Assets

Capital assets include land, buildings, laboratory equipment, air monitoring stations, computers, office furniture and District fleet vehicles. As of June 30, 2017, the District's investment in capital assets was \$59.4 million net of accumulated depreciation. This was an increase of \$30.1 million from the prior year and mainly relates to purchase of fully furnished office space at 375 Beale (headquarters) and equipment at other satellite office locations.

F. Capital Projects Fund

The Capital Projects Fund was established to account for financial resources that are specifically related to the acquisition of the District's new office. In the current fiscal year, the District exercised its option to acquire its new headquarters at 375 Beale, no longer requiring reporting as a capital project fund, but rather recognizing the acquisition as an asset of the District. Additional information can be found on pages 30-31 of the notes to the financial statements.

G. Economic Factors and Next Year's Budget

The District receives approximately 36% of its General Fund revenue from property taxes levied in nine Bay Area counties and 51% from permit fees charged to local businesses. Consequently, District revenues are impacted by changes in the state and local economy. The District takes a fiscally conservative approach to its budget and it strives to balance its budget within available current revenues. In an effort to recover a greater share of the costs of maintaining air quality, the District increased its permitting fees by approximately 6% in FY 2017-18. The District will continue to focus on long term financial planning to ensure the vitality and effectiveness of its programs.

H. Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Stephanie Osaze, Finance Manager, at 375 Beale Street, Suite 600, San Francisco, CA 94105.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 55,336,304
Restricted cash and cash equivalents	146,022,187
Receivables	13,344,942
Due from other governments	2,326,797
Prepays, deposits, and other current assets	<u>801,933</u>
Capital assets:	
Non-depreciable	3,727,568
Depreciable, net	<u>55,718,484</u>
Total capital assets	<u>59,446,052</u>
Total assets	<u>277,278,215</u>
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	
	<u>16,879,611</u>
LIABILITIES	
Accounts payable	7,450,857
Accrued liabilities	1,174,795
Other current liabilities	408,155
Unearned revenue	16,086,212
Long-term liabilities:	
Due within one year:	
Compensated absences, current	3,400,000
COP liability	1,200,000
Capital lease obligation, current	349,084
Due in more than one year:	
Compensated absences, noncurrent	1,354,707
Certificates of participation	18,100,000
Other postemployment benefits	4,121,829
Capital lease obligation, noncurrent	1,193,499
Net pension liability	<u>69,930,087</u>
Total liabilities	<u>124,769,225</u>
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS	
	<u>3,428,488</u>
NET POSITION	
Net investment in capital assets	38,603,469
Restricted for air quality grants and projects	127,668,408
Restricted for post-employment benefits	3,164,259
Restricted for debt service	109,545
Unrestricted net position	<u>(3,585,568)</u>
Total net position	<u>\$ 165,960,113</u>

See accompanying notes to financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Primary government	\$ 77,633,143	\$ 46,297,658	\$ 6,812,836	\$ (24,522,649)
California Goods Movement program	1,381,955		1,042,148	(339,807)
Interest	50,295			(50,295)
TFCA/MSIF, CMP, & other programs:				
TFCA/MSIF & other program distribution	26,443,963		39,528,246	13,084,283
Carl Moyer Program	5,922,319		5,922,319	
Total TFCA/MSIF, CMP, & other programs	<u>32,366,282</u>		<u>45,450,565</u>	<u>13,084,283</u>
Total governmental activities	<u>\$ 111,431,675</u>	<u>\$ 46,297,658</u>	<u>\$ 53,305,549</u>	<u>(11,828,468)</u>
General revenues:				
County apportionment				30,541,028
Investment income not restricted for a specific program				669,209
Donated Assets				196,226
Other				<u>267,804</u>
Total general revenues				<u>31,674,267</u>
Change in net position				19,845,799
Net position-beginning of year				<u>146,114,314</u>
Net position-end of year				<u>\$ 165,960,113</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 55,336,304			\$ 55,336,304
Restricted cash and cash equivalents	3,273,804	\$ 142,748,383		146,022,187
Receivables	5,879,680	7,465,262		13,344,942
Due from other governments	2,326,797			2,326,797
Due from other funds	3,454,137			3,454,137
Prepays, deposits, and other assets	801,933			801,933
Total assets	<u>\$ 71,072,655</u>	<u>\$ 150,213,645</u>	<u>\$</u>	<u>\$ 221,286,300</u>
LIABILITIES				
Accounts payable	\$ 2,462,442	\$ 4,988,415		\$ 7,450,857
Accrued liabilities	1,189,603			1,189,603
Due to other funds		3,454,137		3,454,137
Other liabilities	408,155			408,155
Unearned revenue	928,628	15,157,584		16,086,212
Total liabilities	<u>4,988,828</u>	<u>23,600,136</u>	<u>\$</u>	<u>28,588,964</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>2,331,053</u>			<u>2,331,053</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	655,962			655,962
Restricted:				
Air quality grants and projects	1,054,899	126,613,509		127,668,408
Postemployment benefits	3,164,259			3,164,259
Debt Service	109,545			109,545
Committed:				
Self-funded workers' compensation	1,000,000			1,000,000
Assigned:				
Pension and Postemployment	800,000			800,000
Building and facilities	4,668,200			4,668,200
Capital equipment	711,100			711,100
Air quality grants and projects	12,246,640			12,246,640
GHG Abatement Technology Study	1,500,000			1,500,000
Unassigned	37,842,169			37,842,169
Total fund balances	<u>63,752,774</u>	<u>126,613,509</u>	<u>\$</u>	<u>190,366,283</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 71,072,655</u>	<u>\$ 150,213,645</u>	<u>\$</u>	<u>\$ 221,286,300</u>

See accompanying notes to financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RECONCILIATION OF THE FUND BALANCES - TOTAL GOVERNMENTAL FUNDS WITH THE STATEMENT OF NET POSITION JUNE 30, 2017

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

Total fund balances - total governmental funds	\$ 190,366,283
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Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds.	59,446,052
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Other long-term assets (receivables) are not available to pay for current-period expenditures and therefore, are reported as unavailable revenue in the funds.	2,331,053
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The liabilities below are not due and payable in the current period and therefore are not reported in the funds:

Compensated absences	(4,739,899)
Certificates of participation	(19,300,000)
Other postemployment benefits	(4,121,829)
Capital lease obligation	(1,542,583)
Net pension liability	(69,930,087)

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

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

Deferred outflows of resources related to pensions	16,879,611
Deferred inflows of resources related to pensions	<u>(3,428,488)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 165,960,113</u>
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BAY AREA AIR QUALITY MANAGEMENT DISTRICT

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
TFC / MSIF DMV fees		\$ 39,323.535		\$ 39,323,535
Permit fees	\$ 38,482,466			38,482,466
County apportionment	30,541,028			30,541,028
California Goods Movement revenue		1,114,929		1,114,929
Carl Moyer Program		5,922,319		5,922,319
Federal grants	4,596,397	8,868		4,605,265
Penalties and variance fees	3,341,371			3,341,371
Asbestos fees	4,210,603			4,210,603
State subvention	1,727,036			1,727,036
State grants	416,622	195,843		612,465
Other revenues	267,804			267,804
Interest and investment gain (loss)	669,209			669,209
Special environmental projects	4,950			4,950
Total revenues	84,257,486	46,565,494		130,822,980
EXPENDITURES				
General government:				
Program distribution	2,002,846			2,002,846
Executive office and finance	8,093,683			8,093,683
Administration	10,478,822			10,478,822
Information systems	4,355,571			4,355,571
Legal services	3,236,436			3,236,436
Outreach and incentives	4,758,577			4,758,577
Compliance and enforcement	12,439,435			12,439,435
Engineering	8,877,373			8,877,373
Planning and research	6,679,171			6,679,171
Meteorology, measurement and rules	11,880,260			11,880,260
Strategic incentives division	1,106,412			1,106,412
Technology Implementation	51,629			51,629
TFC/MSIF, Carl Moyer, & other programs:				
Program distribution		23,832,152		23,832,152
Intermittent control		1,349,091		1,349,091
TFC administration		890,927		890,927
Vehicle buy-back		5,196,874		5,196,874
Mobile source incentive		629,874		629,874
CarSharing incentive		15,771		15,771
Regional electric vehicle deployment		119,144		119,144
Enhanced mobile source inspection		332,183		332,183
California Goods Movement Program & other programs:				
Grant administration		502,123		502,123
Truck Program/LESBP		879,753		879,753
Debt Service:				
Principal	11,049,084			11,049,084
Interest	50,295			50,295
Capital outlay	3,626,490		\$ 29,677,504	33,303,994
Total expenditures	88,686,084	33,747,892	29,677,504	152,111,480
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,428,598)	12,817,602	(29,677,504)	(21,288,500)
OTHER FINANCING SOURCES (USES)				
Transfers in	541,768			541,768
Transfers (out)		(534,391)	(7,377)	(541,768)
Total other financing source (uses)	541,768	(534,391)	(7,377)	
NET CHANGE IN FUND BALANCES	(3,886,830)	12,283,211	(29,684,881)	(21,288,500)
BEGINNING FUND BALANCES	67,639,604	114,330,298	29,684,881	211,654,783
ENDING FUND BALANCES	\$ 63,752,774	\$ 126,613,509	\$	\$ 190,366,283

See accompanying notes to financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RECONCILIATION OF THE NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (21,288,500)

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

Capitalized expenditures are added back to fund balance	33,334,245
Depreciation expense is deducted from fund balance	(3,376,223)
Net book value of capital asset disposals is deducted from fund balance	(19,068)
Donated assets are added back to fund balance	196,226

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

Permit and other miscellaneous fees	(6,327)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	258,268
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The amounts below included in the statement of activities do not require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Change in the liability for compensated absences	(558,086)
Change in the liability for other postemployment benefits	717,913
Change in the liability for capital lease obligation	349,084
Change in the liability for Certificates of participation	10,700,000

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

(461,733)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 19,845,799

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. REPORTING ENTITY AND SIGNIFIGANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

The Health and Safety Code requires the District to pass-through no less than 40% (forty percent) of the TFCA revenues raised within a particular county to that county's eligible, designated Program Manager. The remaining 60% (sixty percent) is for Regional Fund grants and is being allocated to projects on a competitive basis. Projects are evaluated using the District's Board adopted evaluation and scoring criteria. The District may receive reimbursement from TFCA funds, not to exceed 6.25% (six and a quarter percent) of total funds, for administration of the program. TFCA activities are accounted for in the District's Special Revenue Fund.

The District includes seven counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara; and portions of two other counties: Southwestern Solano and Southern Sonoma. The District is governed by a 24 (twenty-four) member Board of Directors that includes representatives from all of the above counties.

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

B. Basis of Presentation

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

C. Funds Presented

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

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

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

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

D. Basis of Accounting

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

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

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

E. Compensated Absences

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

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

F. Pensions

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

G. Use of Management Estimates

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

H. Receivables

During the course of normal operations, the District carries various receivable balances for taxes, interest, and permitting operations. The District considers receivables to be fully collectible; accordingly no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations when that determination is made. During the year ending June 30, 2017, management deemed \$6,327 of outstanding receivables to be uncollectible.

I. Capital Assets

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

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

J. Deferred Outflows/Deferred Inflows

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

K. Net Position / Fund Balance

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

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

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

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

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

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

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

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

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

L. Future GASB Statement Implementation

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

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash and Investments

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

Cash, cash equivalents, and investments as of June 30, 2017, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 55,336,304
Restricted cash and cash equivalents	<u>146,022,187</u>
Total cash, cash equivalents, and investments	<u>\$ 201,358,491</u>

Cash, cash equivalents, and investments as of June 30, 2017, consist of the following:

Cash and investments in San Mateo	
Pooled Fund Investment Program	\$ 198,084,687
Cash, cash equivalents, and investments with fiscal agent	<u>3,273,804</u>
Total cash and cash equivalents	<u>\$ 201,358,491</u>

Cash in County Treasury

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

Investments Authorized by the District's Investment Policy

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

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

Investments Authorized by Debt Agreements

The District's cash, cash equivalents, and investments with fiscal agent in the General Fund in the amount of \$109,259 represent funds which are restricted for specific purposes under terms of the debt agreement at June 30, 2017.

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

Derivative Investments

The District did not directly enter into any derivative investments, and the County Pool was not holding derivative investments at June 30, 2017.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Disclosures Related to Interest Rate Risk and Credit Risk

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

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

The District's cash, cash equivalents, and investments were categorized as follows at June 30, 2017:

	<u>Ratings</u>		<u>Maturities</u>	<u>Fair Value</u>
	<u>Moody's</u>	<u>S&P</u>		
AIG fixed annuity	Not Rated	Not Rated	Current	\$ 3,164,259
Dreyfus Treasury Securities	Aaa-mf	AAAm	Current	109,545
Investments in San Mateo Pooled Fund Investment Program	Aa1/P-1	AA/A-1	1.01 years	<u>198,084,687</u>
Total cash, cash equivalents, and investments				<u>\$ 201,358,491</u>

Restricted Cash, Cash Equivalents, and Investments

The District's restricted cash, cash equivalents, and investments are \$146,022,187 at June 30, 2017. Included in this restricted balance is \$142,748,383 for air quality grants and projects, \$109,545 for debt service, and \$3,164,259 restricted for postemployment benefits.

Fair Value Measurement

GASB 72 requires the District to use valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach or an income approach. Statement No. 72 establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs other than quoted prices included within level 1, which are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The investment in San Mateo Pooled Fund Investment Pool is subject to fair value measurement; however, it is not subject to the fair value hierarchy. The Dreyfus Treasury Securities are classified as Level 2 because they are observable but do not have quoted prices in active market. The AIG Fixed Annuity is classified as Level 3 of the fair value hierarchy because it is a contract with AIG related to the restricted portion of OPEB funding.

3. RECEIVABLES

At June 30, 2017, the District had the following accounts receivable:

General Fund:		
Permit and other fees	\$ 4,083,722	
County apportionments	1,549,130	
Interest	178,620	
Other	68,208	
Total General Fund		\$ 5,879,680
 Special Revenue Fund:		
TFCA DMV fees	4,812,278	
MSIF DMV fees	2,279,328	
Interest	373,656	
Total Special Revenue Fund		7,465,262
Total Accounts Receivable		\$ 13,344,942

4. INTERFUND TRANSACTIONS

Current interfund balances arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures which are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received. At June 30, 2017, the General Fund was owed \$3,454,137 by the Special Revenue Fund.

With Board approval, resources are transferred from one fund to another. The purpose of the majority of transfers is to move approved administrative revenue charged to restricted programs in the Special Revenue Fund to the General Fund. Interfund transfers for the year ended June 30, 2017 were as follows:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>
General Fund	Special Revenue Fund	\$ 541,768

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

5. CAPITAL ASSETS

The District's capital assets were comprised of the following at June 30, 2017:

	<u>Balance at 7/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance at 6/30/2017</u>
Non-depreciable assets:					
Land	\$ 1,018,521				\$ 1,018,521
Construction in progress	2,762,069	\$ 2,279,494		\$(2,332,516)	2,709,047
Total non-depreciable assets	<u>3,780,590</u>	<u>2,279,494</u>		<u>(2,332,316)</u>	<u>3,727,568</u>
Depreciable assets:					
Building and grounds	1,756,064	29,707,755			31,463,819
Leasehold improvements	2,908,329				2,908,329
Computers and network equipment	9,366,038	325,000			9,691,038
Production system	16,582,143			2,332,516	18,914,659
Motorized equipment	569,543	244,763	\$ (381,352)		432,954
Lab and monitoring equipment	8,970,686	949,896			9,920,582
Furniture and other equipment	3,675,725	23,565			3,699,290
Total depreciable assets	<u>43,828,528</u>	<u>31,250,979</u>	<u>(381,352)</u>	<u>2,332,516</u>	<u>77,030,671</u>
Accumulated depreciation:					
Building and grounds	194,904	221,704			416,608
Leasehold improvements	2,705,205	12,321			2,717,526
Computers and network equipment	4,148,315	988,958			5,137,273
Production system	1,015,182	1,105,477			2,120,659
Motorized equipment	478,664	36,122	(362,284)		152,502
Lab and monitoring equipment	7,122,024	615,831			7,737,855
Furniture and other equipment	2,633,954	395,810			3,029,764
Total accumulated depreciation	<u>18,298,248</u>	<u>3,376,223</u>	<u>(362,284)</u>		<u>21,312,187</u>
Total depreciable assets, net	<u>25,530,280</u>	<u>27,874,250</u>	<u>(19,068)</u>	<u>2,332,516</u>	<u>55,718,484</u>
Total capital assets, net	<u>\$ 29,310,870</u>	<u>\$ 30,154,250</u>	<u>\$ (19,068)</u>	<u>\$</u>	<u>\$ 59,446,052</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Donated capital assets are recorded at their estimated fair value at the date of donation.

Depreciation expense by function for capital assets for the year ended June 30, 2017, is as follows:

Primary Government:		
Executive office	\$	254,527
Administrative services		127,894
Legal services		121,244
Public information and outreach		98,043
Compliance enforcement		562,964
Engineering		398,154
Planning		285,995
Meteorology measurements and rules		967,539
Information services		513,487
Strategic incentives		<u>46,376</u>
Total depreciation expense	\$	<u>3,376,223</u>

6. UNEARNED / UNAVAILABLE REVENUE

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

At June 30, 2017, components of unearned and unavailable revenues reported were as follows:

	Unearned Revenue	Unavailable Revenue	Total
General Fund:			
Permits and licenses		\$ 2,331,053	\$ 2,331,053
Carl Moyer Program Administration	\$ 899,831		899,831
Lawn and Garden	28,797		28,797
Subtotal General Fund	928,628	2,331,053	3,259,681
Special Revenue Fund:			
GMB – Administration	532,127		532,127
GMB – On-Road Projects	6,794,461		6,794,461
Shore Power Projects	38		38
TRUs	48,049		48,049
Locomotive	946,184		946,184
Carl Moyer Program	5,767,678		5,767,678
Retro Level 3	1,069,047		1,069,047
Subtotal Special Revenue Fund	15,157,584		15,157,584
Total unearned and unavailable revenue	\$ 16,086,212	\$ 2,331,053	\$ 18,535,881

7. LONG-TERM LIABILITIES

On November 7, 2013, the District issued \$30,000,000 through a private placement of taxable Certificates of Participation (Certificates) with Bay Area Headquarters Authority (BAHA) to finance its ownership interest of approximately 75,000 square feet of office space at 375 Beale Street. The Certificates were held by the Bank of New York Mellon Trust Company, N.A., as Trustee, in an escrow account until the acquisition of the premises by the District which occurred in May 2017. The escrow account paid interest due during the escrow period, at an annual rate of 0.247%, using proceeds of the Certificates. Upon acquisition date, the escrow period ended and the District will begin making base rental payments of \$100,000 starting July 1, 2017. At Acquisition Date the District exercised its option to prepay \$10,700,000 towards the outstanding balance of the Certificates. This prepayment was provided by \$9,000,000 from the sale of its previous office building at 939 Ellis Street and \$1,700,000 from rental payments paid after moving into 375 Beale Street.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Beginning November 2018, the District is subject to mandatory sinking fund account payments as follows:

<u>Payment Date (November 1)</u>	<u>Amount</u>	<u>Payment Date (November 1)</u>	<u>Amount</u>
2018	\$ 400,000	2032	\$ 700,000
2019	400,000	2033	700,000
2020	400,000	2034	800,000
2021	400,000	2035	800,000
2022	500,000	2036	800,000
2023	500,000	2037	800,000
2024	500,000	2038	800,000
2025	500,000	2039	900,000
2026	500,000	2040	900,000
2027	600,000	2041	900,000
2028	600,000	2042	1,000,000
2029	600,000	2043	1,000,000
2030	600,000	2044	1,000,000
2031	700,000	2045	1,000,000

The District and BAHA had entered into a financing lease/sublease arrangement whereby at the date of acquisition the District leased its office space to BAHA and BAHA subleased office space back to the District to secure payment on the Certificates. Under the terms of the agreement, total monthly payments have been predetermined and the amount of such payments that relates to interest will be calculated based on the Adjustable Rate Mode accrued at the Adjusted Interest Rate as provided in the lease/sublease agreement with BAHA. Total payments of principal and interest are structured as follows:

<u>Fiscal Year</u>	<u>Total Annual Payments</u>
2018	\$ 1,200,000
2019	1,200,000
2020	1,200,000
2021	1,200,000
2022	1,200,000
2023-2027	6,000,000
2028-2032	6,850,000
2033	450,000
	<u>\$ 19,300,000</u>

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

A schedule of changes in general long-term debt for the year ended June 30, 2017, is shown below:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Governmental Activities					
Certificates of participation	\$ 30,000,000		\$ (10,700,000)	\$ 19,300,000	\$ 1,200,000
Compensated absences	4,181,813	\$ 3,962,395	(3,389,501)	4,754,707	3,400,000
Capital lease	1,891,667		(349,084)	1,542,583	349,084
Total	\$ 36,073,480	\$ 3,962,395	\$ (14,472,834)	\$ 25,563,041	\$ 4,983,333

The certificates of participation and long-term portion of compensated absences is liquidated by the General Fund.

Capital lease is related to hardware, software and services for IT infrastructure located at the new building at 375 Beale Street which includes but is not limited to servers, storage, Voice Over IP, computer networks, and security systems. The capital lease agreement had a total principal amount of \$2,300,000 of which the District borrowed \$2,275,000 with an annual payment of principal and interest of \$399,379 over 6 years. The fair value of fixed assets purchased with the capital lease is \$2,275,000. The capital lease expense during the year ended June 30, 2017 was \$349,084.

8. OPERATING LEASES

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

<u>Year ended June 30,</u>	
2018	\$ 745,639
2019	491,444
2020	351,127
2021	164,886
2022	140,712
2023-2027	397,535
2028-2032	82,000
	\$ 2,373,343

Air-monitoring station leases are renewable with minor escalations.

Rental expense for lease agreements above during the year ended June 30, 2017, was \$1,464,350.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

9. COUNTY APPORTIONMENT REVENUE

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

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

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

County apportionment revenue recognized as of June 30, 2017, is as follows:

Alameda	\$ 5,353,331
Contra Costa	3,480,957
Marin	1,433,759
Napa	965,897
Santa Clara	8,443,882
San Francisco	4,523,815
San Mateo	4,179,210
Solano	759,102
Sonoma	1,401,075
Total county apportionment revenue	<u>\$ 30,541,028</u>

10. PENSION PLAN

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

Benefits Provided – Benefit provisions under the Plan are established by State statute and District resolution. The benefits are based on members' years of service, age, final compensation, and benefit formula. The California Public Employees' Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the Plan has two benefit

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

structures: 1) CalPERS Miscellaneous Employee “2% at 55” for members first hired prior to January 1, 2013, to perform CalPERS creditable activities (Classic members), and 2) CalPERS Miscellaneous Employee “2% at 62” for members first hired on or after January 1, 2013, to perform CalPERS creditable activities (PEPRA members). The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits, while PEPRA members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Classic	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.500%
Required employee contribution rates	7.0%	5.5%
Required employer contribution rates	16.063%	16.063%

Employees Covered – At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

Inactive employees or beneficiaries currently receiving benefits	311
Inactive employees entitled to but not yet receiving benefits	95
Active employees	251
Total	657

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

Net Pension Liability – The District’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. A summary of the principal assumptions and methods used to determine the net pension liability is shown below.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Assumptions – The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase ⁽¹⁾	3.2% - 12.2%
Investment Rate of Return ⁽²⁾	7.50%
Mortality ⁽³⁾	Derived using CalPERS' Membership Data

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

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

⁽³⁾ The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, see the 2010 Experience Study on the CalPERS website.

Change in Assumption – GASB 68, states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from CalPERS website.

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1 – 10^(a)</u>	<u>Real Return Years 11+^(b)</u>
Global Equity	51.0%	5.25%	5.71%
Global Debt Securities	20.0%	0.99%	2.43%
Inflation Assets	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	(0.55)%	(1.05)%
Total	<u>100%</u>		

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2016	\$ 264,662,853	\$ 209,748,424	\$ 54,914,429
Changes recognized for the measurement period:			
Service cost	4,402,254		4,402,254
Interest on the total pension liability	19,929,254		19,929,254
Changes of assumptions			
Differences between expected and actual experience	(584,236)		(584,236)
Contributions - employer		5,253,802	5,253,802
Contributions - employee		2,502,885	2,502,885
Net investment income		1,102,999	1,102,999
Benefit payments, including refunds of employee contributions	(11,526,958)	(11,526,958)	
Administrative expense		(127,831)	127,831
Net changes	12,220,555	(2,795,103)	15,015,658
Balance at June 30, 2017	\$ 276,883,408	\$ 206,953,321	\$ 69,930,087

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

	Discount Rate –1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate +1% (8.65%)
District’s net pension liability	\$ 104,736,376	\$ 69,930,087	\$ 40,790,702

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2017, the District recognized pension expense of \$6,147,319. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ 5,685,584	
Change in assumptions		\$ (2,239,716)
Differences between expected and actual experience		(1,188,772)
Net differences between projected and actual earnings on plan investments	11,194,027	
Total	\$ 16,879,611	\$ (3,428,488)

\$5,685,584 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2017	\$ (84,958)
2018	84,956
2019	4,988,860
2020	2,946,593

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Funding Policy – The District funds on a pay-as-you-go basis with additional discretionary funding payments as approved by the Board. The District paid health care and life insurance benefit contributions based on when insurance premium payments were made, which were \$2,300,913 for the year ended June 30, 2017. The additional discretionary funding payment approved by the Board for the year ended June 30, 2017, was \$4,000,000. During the year ended June 30, 2017, two hundred eighteen (218) retirees participated in the health insurance plan, one hundred eighty-nine (189) retirees participated in the dental plan, one hundred seventy-four (174) retirees participated in the vision plan, and one hundred sixty four (164) retirees participated in the life insurance plan.

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

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

Annual OPEB Cost and Net OPEB Obligation – The ARC was determined as part of the June 30, 2015 actuarial valuation. The ARC rate was 17.4% of annual covered payroll. For the year ended June 30, 2017, the District’s annual other postemployment benefit cost (expense) is \$5,583,000. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the District’s net OPEB obligation to the plan:

Annual required contribution	\$ 5,885,000
Interest on net OPEB obligation	385,000
Amortization of net OPEB obligation	<u>(687,000)</u>
Annual OPEB cost (expense)	5,583,000
Contributions made	<u>(6,300,913)</u>
Decrease in net OPEB obligation	(717,913)
Net OPEB obligation-beginning of year	<u>4,839,742</u>
Net OPEB obligation-end of year	<u>\$ 4,121,829</u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017, and the two preceding years was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/15	\$ 4,212,000	116.1%	\$ 5,809,299
6/30/16	\$ 4,218,000	123.0%	\$ 4,839,742
6/30/17	\$ 5,583,000	112.9%	\$ 4,121,829

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Funded Status and Funding Progress – The funded status of the plan as of the most recent actuary valuation date, June 30, 2015, was as follows:

Actuarial accrued liability (AAL)	\$ 62,103,000
Actuarial value of plan assets	29,149,000
Unfunded actuarial accrued liability (UAAL)	<u>\$ 32,954,000</u>
Funded ratio (actuarial value of plan assets/AAL)	46.9%
Covered payroll (active plan members)	\$ 32,674,000
UAAL as a percentage of payroll	100.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The schedule of funding progress included in the required supplementary information presents multiyear information regarding whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

In the June 30, 2015, actuarial valuation, the Entry Age Normal (EAN) cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), an annual medical cost trend rate of 5.0% - 7.2%, dental and vision trend rate of 3%, Medicare Part B trend rate of \$104.90, and an inflation assumption of 3%. The EAN cost method spreads plan costs for each participant from the entry date to the expected retirement date. Under the EAN cost method the plan's normal cost is developed as a level amount over the participant's working lifetime. The actuarial value of plan assets was \$29,149,000. The plan's unfunded actuarial accrued liability is being amortized using the level percentage of pay method over 20 (twenty) years with 11 (eleven) years remaining as of June 30, 2017.

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District manages and finances these risks by purchasing commercial insurance and has a \$1,000 to \$10,000 deductible for general and special property liability with limits of \$10 million and \$350 million, respectively. The District has a \$500,000 deductible for workers' compensation with a \$1 million limit. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the District's commercial insurance coverages in any of the past three years.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

As of June 30, 2017, the District had no material claims outstanding for general liability or for workers' compensation cases.

13. COMMITMENTS AND CONTINGENCIES

The District is subject to litigation arising in the normal course of business. In the opinion of the District's Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

The District receives Federal and State grant funds. The amounts, if any, of the District's grant expenditures which may be disallowed upon audit by the granting agencies cannot be determined at this time, although the District expects any such amounts to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2017

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

<u>Actuarial Valuation Date</u>	<u>Actuarial Asset Value (a)</u>	<u>Entry Age Actuarial Accrued Liability (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
6/30/2011	\$ 12,450,000	\$ 53,436,000	\$ 40,986,000	23.3%	\$ 31,896,000	128.5%
6/30/2013	\$ 19,636,000	\$ 49,660,000	\$ 30,024,000	39.5%	\$ 32,085,000	93.6%
6/30/2015	\$ 29,149,000	\$ 62,103,000	\$ 32,954,000	46.9%	\$ 32,674,000	100.9%

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY
AND RELATED RATIOS
LAST 10 YEARS*

Bay Area Air Quality Management District Miscellaneous Plan

	Measurement Date		
	2016	2015	2014
Total pension liability			
Service cost	\$ 4,402,254	\$ 4,405,494	\$ 4,509,169
Interest	19,929,495	19,019,896	18,144,590
Changes of assumptions		(4,479,434)	
Difference between expected and actual experience	(584,236)	(1,508,680)	
Benefit payments, including refunds of employee contributions	(11,526,958)	(10,371,769)	(9,459,410)
Net change in total pension liability	12,220,555	7,065,507	13,194,349
Total pension liability – beginning	<u>264,662,853</u>	<u>257,597,346</u>	<u>244,402,997</u>
Total pension liability – ending (a)	<u>\$ 276,883,408</u>	<u>\$ 264,662,853</u>	<u>\$ 257,597,346</u>
Plan fiduciary net position			
Contributions – employer	\$ 5,253,802	\$ 4,268,315	\$ 3,815,653
Contributions – employee	2,502,885	2,372,392	2,622,951
Net investment income	1,102,999	4,871,767	31,178,442 ⁽¹⁾
Benefit payments, including refunds of employee contributions	(11,526,958)	(10,371,769)	(9,459,410)
Administrative Expense	(127,831)	(236,125)	
Net change in fiduciary net position	(2,795,103)	904,580	28,157,636
Plan fiduciary net position – beginning	<u>209,748,424</u>	<u>208,843,844</u>	<u>180,686,208</u>
Plan fiduciary net position – ending (b)	<u>\$ 206,953,321</u>	<u>\$ 209,748,424</u>	<u>\$ 208,843,844</u>
District's net pension liability – (a) - (b)	<u>\$ 69,930,087</u>	<u>\$ 54,914,429</u>	<u>\$ 48,753,502</u>
Plan fiduciary net position as a percentage of the total pension liability	74.74%	79.25%	81.07%
District's covered-employee payroll	\$ 34,119,169	\$ 33,133,499	\$ 32,010,647
District's net pension liability as a percentage of covered-employee payroll	204.96%	165.74%	152.30%

⁽¹⁾ Net of administrative expenses.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY
AND RELATED RATIOS (continued)
LAST 10 YEARS*

Notes to Schedule:

Change of benefit terms – There were no changes to the benefit terms.

Changes in assumptions – In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS LAST 10 YEARS*

Bay Area Air Quality Management District Miscellaneous Plan

	Fiscal Year		
	2017	2016	2015
Actuarially determined contribution	\$ 5,685,584	\$ 5,365,344	\$ 4,268,315
Contributions in relation to the actuarially determined contributions	<u>(5,685,584)</u>	<u>(5,365,344)</u>	<u>(4,268,315)</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>
District's covered-employee payroll	\$ 35,433,438	\$ 34,119,169	\$ 33,133,499
Contributions as a percentage of covered-employee payroll	16.053%	15.73%	12.88%

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Permit fees	\$ 33,089,586	\$ 33,089,586	\$ 33,249,992	\$ 160,406
Title V permit fees	4,687,437	4,687,437	5,021,094	333,657
AB 2588 income	392,953	239,348	211,380	(27,968)
County apportionment	26,869,727	26,869,727	30,541,028	3,671,301
Federal grant - EPA	1,886,016	1,886,016	2,658,675	772,659
Federal grant - DHS	1,288,461	1,288,461	1,114,628	(173,833)
CMAQ Spare the Air	885,000	885,000	823,094	(61,906)
Penalties and variance fees	2,200,000	2,200,000	3,335,649	1,135,649
Hearing board fees	20,000	20,000	5,722	(14,278)
Asbestos fees	2,600,000	2,600,000	4,210,603	1,610,603
State subvention	1,722,000	1,722,000	1,727,036	5,036
State grants	446,555	446,555	416,622	(29,933)
Portable equipment registration program (PERP)	400,000	400,000		(400,000)
Special environmental projects			4,950	4,950
Interest	200,000	200,000	669,209	469,209
Miscellaneous	150,000	150,000	267,804	117,804
Total revenues	76,837,735	76,684,130	84,257,486	7,573,356
EXPENDITURES				
Executive office and finance	7,835,923	9,017,375	8,093,683	923,692
Administration	11,819,075	14,268,834	10,478,822	3,790,012
Information systems	4,543,191	4,943,045	4,355,571	587,474
Legal services	3,102,594	3,109,017	3,236,436	(127,419)
Outreach and incentives	4,903,263	5,981,709	4,758,577	1,223,132
Compliance and enforcement	12,292,052	12,347,599	12,439,435	(91,836)
Engineering	10,372,323	10,700,594	8,877,373	1,823,221
Planning and research	6,727,082	7,734,092	6,679,171	1,054,921
Meteorology, measurement and rules	13,030,692	14,080,002	11,880,260	2,199,742
Strategic incentives division	663,117	860,398	1,106,412	(246,014)
Technology Implementation Office	459,588	459,588	51,629	407,959
Program distribution			2,002,846	(2,002,846)
1% vacancy savings	(2,171,153)	(2,171,153)		(2,171,153)
Total current expenditures	73,577,748	81,331,100	73,960,215	7,370,885
Principal			11,049,084	(11,049,084)
Interest			50,295	(50,295)
Capital outlay	3,965,934	8,720,618	3,626,490	5,094,128
Total expenditures	77,543,682	90,051,718	88,686,084	1,365,634
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(705,947)	(13,367,588)	(4,428,598)	8,938,990
OTHER FINANCING SOURCES (USES)				
Proceeds from capital lease				
Transfers in	384,829	384,829	541,768	156,939
NET CHANGE IN FUND BALANCE	\$ (321,118)	\$(12,982,759)	(3,886,830)	\$ 9,095,929
BEGINNING BUDGETARY FUND BALANCE			67,639,604	
ENDING BUDGETARY FUND BALANCE			\$ 63,752,774	

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - SPECIAL REVENUE FUND FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
TFCA/MSIF DMV fee	\$ 35,056,950	\$ 57,704,436	\$ 26,068,171	\$ (31,636,265)
CA Goods Movement revenue & other programs	16,936,210	1,968,902	1,319,640	(649,262)
Carl Moyer Program	6,698,331	6,737,182	5,922,319	(814,863)
AB 434/923 others	840,290	840,290	972,153	131,863
Total revenues	59,531,781	67,250,810	34,282,283	(32,968,527)
EXPENDITURES				
TFCA/MSIF, Carl Moyer, & other programs:				
Program distribution	28,770,478	48,375,102	23,832,152	24,542,950
Intermittent control	1,370,868	2,441,022	1,349,091	1,091,931
TFCA administration	1,251,687	1,564,959	890,927	674,032
Vehicle buy-back	7,300,674	7,671,304	5,196,874	2,474,430
Mobile source incentive	611,798	666,075	629,874	36,201
CarSharing incentive program	151,186	197,518	15,771	181,747
Regional electric vehicle deployment	976,109	2,203,156	119,144	2,084,012
Enhanced mobile source inspection	1,322,481	1,322,482	332,183	990,299
California Goods Movement Program & other programs:				
Grant administration	936,210	971,167	502,123	469,044
Truck Program/LESBP	16,000,000	997,735	879,753	117,982
Total expenditures	58,691,491	66,410,520	33,747,892	32,662,628
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	840,290	840,290	534,391	(305,899)
OTHER FINANCING USES				
Transfers out	(840,290)	(840,290)	(534,391)	305,899
NET CHANGE IN FUND BALANCE	\$	\$	\$	\$
BEGINNING BUDGETARY FUND BALANCE			\$	
ENDING BUDGETARY FUND BALANCE			\$	

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2017

Budgetary Principles

Through the budget process, the Board of Directors sets the direction of the District. The annual budget assures the most efficient and effective use of the District's economic resources, and establishes the priority of objectives that are to be accomplished during the fiscal year.

The annual budget covers the period from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees, and other public agencies. In addition, it establishes the foundation of effective financial planning by providing resource allocation, performance measures and controls that permit the evaluation and adjustment of the District's performance.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a) The Board of Directors adopts an annual budget by resolution prior to July 1 of each fiscal year. The annual budget indicates appropriations by fund and by program. The Board of Directors may also adopt supplemental appropriations during the year. At the fund level, expenditures may not legally exceed appropriations. The Air Pollution Control Officer (APCO) is authorized to transfer budgeted amounts between divisions and programs within any fund.
- b) Budgets are adopted on a basis that is consistent with Generally Accepted Accounting Principles (GAAP) with the exception of recognition of certain revenues, as discussed below. Annual appropriated budgets are adopted for the General and Special Revenue funds.
- c) Supplementary budgetary revenue and expenditure appropriations were adopted by the Board of Directors during the fiscal year. These supplemental appropriations have been included in the Budgeted Amounts - Final column of the Budgetary Comparison Schedules.

Reconciliation to the Statement of Revenues, Expenditures, and Changes in Fund Balances

The District's budgetary basis is consistent with Generally Accepted Accounting Principles (GAAP), with the exception of certain revenues that are recognized when earned in the GAAP-basis financial statements, but deferred until expended on the budgetary basis. Revenues in the Budget and Actual schedules have been presented on the budgetary basis to provide a more meaningful comparison of actual results with the budget. The following is a reconciliation between revenues on the budgetary basis and the GAAP basis reflected in the statement of revenues, expenditures, and changes in fund balance.

	<u>Special Revenue Fund</u>
Revenues – Budgetary Basis	\$ 34,282,283
Revenue recognition adjustments	<u>12,283,211</u>
Revenues – GAAP Basis	<u>\$ 46,565,494</u>

SUPPLEMENTARY INFORMATION

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROGRAM, MOBILE SOURCE INCENTIVE PROGRAM, CARL MOYER PROGRAM, & OTHER PROGRAMS SCHEDULE OF EXPENDITURES FOR THE YEAR ENDED JUNE 30, 2017

<u>Programs</u>	<u>Salaries and Benefits</u>	<u>Services and Supplies</u>	<u>Program Distribution</u>	<u>Total</u>
Program distribution			\$ 23,832,152	\$ 23,832,152
Intermittent control	\$ 653,355	\$ 695,736		1,349,091
TFCA administration	792,832	98,095		890,927
Vehicle buy-back	40,313	5,156,561		5,196,874
Mobile source incentive	616,709	13,165		629,874
CarSharing incentive program	15,771			15,771
Regional electric vehicle deployment	65,143	54,001		119,144
Enhanced inspection program	<u>328,805</u>	<u>3,378</u>		<u>332,183</u>
Total expenditures	<u>\$ 2,512,928</u>	<u>\$ 6,020,936</u>	<u>\$ 23,832,152</u>	<u>\$ 32,366,016</u>

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**UNIFORM GUIDANCE AND
TRANSPORTATION FUND FOR CLEAN AIR
COMPLIANCE REPORTS**

FOR THE YEAR ENDED JUNE 30, 2017

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

FOR THE YEAR ENDED JUNE 30, 2017

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BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Pass-Through / Grant Identifying Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Environmental Protection Agency:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	PM99T08001-4	66.034		\$ 173,253
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	PM99T08001-7	66.034		121,448
National Air Toxics Trend Study	XA99T39801	66.034		103,274
Total CFDA 66.034				<u>397,975</u>
Air Pollution Control Program Support	A00905616	66.001		204,303
Air Pollution Control Program Support	A00905617	66.001	\$ 629,892	2,056,397
Total CFDA 66.001			<u>629,892</u>	<u>2,260,700</u>
Total U.S. Environmental Protection Agency			<u>629,892</u>	<u>2,658,675</u>
U.S. Department of Homeland Security:				
Homeland Security Biowatch Program	2006-ST-91-2	97.091		<u>1,114,627</u>
U.S. Department of Transportation:				
Passed through California Department of Transportation: Highway Planning and Construction	CML-6297(003)	20.205		823,094
Highway Planning and Construction	CML-6297(007)	20.205		8,869
Total CFDA 20.205 and U.S. Department of Transportation				<u>831,963</u>
Total Expenditures of Federal Awards			<u>\$ 629,892</u>	<u>\$ 4,605,265</u>

See accompanying notes to schedule of expenditures of federal awards.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

1. REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the Bay Area Air Quality Management District (the District). The District's reporting entity is defined in Note 1 of the District's basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the SEFA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – Funds received under the various grant programs have been recorded within the general fund and the special revenue fund of the District. The accompanying SEFA is presented using the modified accrual basis of accounting for expenditures that are accounted for in the general fund and the special revenue fund, which are both governmental funds, as described in Note 1 of the District's basic financial statements.

Relationship to Financial Statements – Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the District's basic financial statements.

Catalog of Federal Domestic Assistance (CFDA) – The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant or contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

3. PASS-THROUGH ENTITIES' IDENTIFYING NUMBERS

When federal awards are received from a pass-through entity, the SEFA indicates, if assigned, the identifying grant or contract number that has been assigned by the pass-through entity.

4. INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND THE
TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROGRAM**

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bay Area Air Quality Management District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Our audit was further made to determine that Transportation Fund for Clean Air (TFCA) funds allocated to and received by the District were expended in conformance with applicable statutes, rules, and regulations of the Health and Safety Code Sections 44220 through 44225 and 44229 through 44242. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California**

January 2, 2018

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Bay Area Air Quality Management District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities and each major fund of the District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated January 2, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial

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

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

Gilbert Associates, Inc.

**GILBERT ASSOCIATES, INC.
Sacramento, California**

January 2, 2018

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes No

Significant deficiencies identified?

_____ Yes None Reported

Noncompliance material to financial statements noted?

_____ Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes No

Significant deficiencies identified?

_____ Yes None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes No

Identification of major programs

CFDA Number(s)

Name of Federal Program or Cluster

66.001

Air Pollution Control Program

Dollar threshold used to distinguish between Type A and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

Yes _____ No

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

SECTION II - FINANCIAL STATEMENT FINDINGS

There were no financial statement findings reported.

SECTION III - FEDERAL COMPLIANCE

There were no federal compliance findings reported.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

There were no findings in the prior year.

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: January 10, 2018

Re: Second Quarter Financial Report – Fiscal Year Ending 2018

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District’s financial results for the second quarter of the Fiscal Year Ending (FYE) 2018. 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	2ND QTR FY 2017	2ND QTR FY 2018	FY 2018 - % of BUDGETED REVENUE
County Receipts	\$9,674,398	\$12,630,318	40%
Permit Fee Receipts	\$22,992,414	\$27,841,019	76%
Title V Permit Fees	\$3,516,484	\$4,531,526	83%
Asbestos Fees	\$2,119,771	\$1,956,790	78%
Toxic Inventory Fees	\$504,891	\$375,639	103%
Penalties and Settlements	\$2,311,725	\$1,121,691	41%
Interest Revenues	\$256,543	\$165,106	58%
Miscellaneous Revenues	\$31,887	\$19,994	40%
Total Revenue	\$41,408,112	\$48,642,082	61%

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

EXPENDITURE TYPE	2ND QTR FY 2017	2ND QTR FY 2018	FY 2018 - % of BUDGETED REVENUE
Personnel - Salaries*	\$18,032,010	\$18,965,893	47%
Personnel - Fringe Benefits*	\$7,726,650	\$9,847,850	44%
Operational Services / Supplies	\$8,509,724	\$8,771,834	28%
Capital Outlay	\$1,716,979	\$3,244,123	57%
Total Expenditures	\$35,985,363	\$40,829,700	41%

*Consolidated (includes Special Funds)

CASH INVESTMENTS IN COUNTY TREASURY – Account Balances as of 2nd Quarter

CASH/INVESTMENTS	2ND QTR FY 2017	2ND QTR FY 2018
General Fund	\$63,975,487	\$65,115,333
TFCA	\$84,300,652	\$89,137,168
MSIF	\$34,418,112	\$40,382,365
Carl Moyer	\$6,232,847	\$5,075,327
CA Goods Movement	\$8,958,517	\$10,553,891
Bike Share	\$1,061,153	\$1,072,305
Total	\$198,946,769	\$211,336,388

	6/30/2016	6/30/2017	6/30/2018
FUND BALANCES	Audited	Audited	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 second 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 - Dec 2017)	Explanation
1. Alliant Insurance Services	\$447,829	Various Business Insurance Policies
2. Benefits Coordinators Corp.	\$451,463	Life Insurance Plan & LTD Insurance
3. CA Public Employee Retirement System	\$3,031,012	Health Insurance Plan
4. CA Public Employee Retirement System	\$1,723,094	Retirement Benefits & 457 Supplemental Plan
5. CAPCOA	\$630,892	Pass through EPA grants
6. Cubic Transportations Systems	\$182,056	Clipper Transit Subsidy
7. Hartford Life Ins Co.	\$339,100	457 Supplemental Insurance
8. Preferred Benefit Insurance AD	\$306,048	Dental Insurance Plan
9. SoftwareOne Inc.	\$332,209	Microsoft Subscription Service

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeffrey 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: January 10, 2018

Re: Air District Financial Overview

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will provide a financial overview that will include a discussion of the strategies employed during the FYE 2018 budget cycle and implications for the coming FYE 2019 budget process. This will be the first of a two-part presentation, with the second presentation scheduled for the February Budget and Finance Committee Meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 26, 2018

Re: Report of the Mobile Source Committee Meeting of January 25, 2018

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 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 grant agreements for the recommended projects.
- B) Participation in Year 20 of the Carl Moyer Program and Approval of the 2018 Caltrain Funding Plan
 - 1) Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (ARB) relating to the Air District's receipt of Carl Moyer Program (CMP) funds for fiscal year 2017-2018 (Program Year 20);
 - 2) Allocate \$3 million in Mobile Source Incentive Funding to provide the required match funding and additional monies for projects eligible for funding under the CMP guidelines;
 - 3) Authorize the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with Carl Moyer Program and Mobile Source Incentive Funds, with individual grant award amounts up to \$500,000; and
 - 4) Approve the proposed 2018 funding plan for the Caltrain Electrification project.
- C) Overview of Air District Trip Reduction Program
 - 1) None; receive and file.

BACKGROUND

The Committee met on Thursday, January 25, 2018, and received the following reports:

- A) Projects and Contracts with Proposed Grant Awards over \$100,000;
- B) Participation in Year 20 of the Carl Moyer Program and Approval of the 2018 Caltrain Funding Plan; and
- C) Overview of Air District Trip Reduction Programs

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) 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;
- B) None. Through the CMP and MSIF grant programs the Air District distributes “pass-through” funds to public agencies and private entities on a reimbursement basis. Administrative costs for all programs are provided by each funding course; and
- C) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha Galimba
Reviewed by: Vanessa Johnson

Attachment 17A: 01/25/2018 – Mobile Source Committee Meeting Agenda #4
Attachment 17B: 01/25/2018 – Mobile Source Committee Meeting Agenda #5
Attachment 17C: 01/25/2018 – Mobile Source Committee Meeting Agenda #6

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 11, 2018

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

RECOMMENDED ACTION

Recommend Board of Directors:

1. Approve Carl Moyer Program 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 grant agreements for the recommended projects.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the California Air Resources Board (ARB), since the program began in fiscal year 1998-1999. The CMP provides grants to public and private entities to reduce emissions of oxides of nitrogen (NOx), reactive organic gases (ROG) and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Eligible heavy-duty diesel engine applications include on-road trucks and buses, off-road equipment, marine vessels, locomotives, and stationary agricultural pump engines.

Assembly Bill 923 (AB 923 - Firebaugh), enacted in 2004 (codified as 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 grant applications based upon the respective governing policies and guidelines established by the ARB and the Board. During this review period, there were no eligible TFCA projects over \$100,000 recommended for approval.

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 January 4, 2018, the Air District had received 87 project applications for the CMP Year 19 cycle. Of the applications that have been evaluated between November 17, 2017 and January 4, 2018, five eligible projects have proposed individual grant awards over \$100,000. These projects will replace 2 off-road tractors, 26 off-road scraper engines, 4 school buses, 2 marine engines, and reduce over 13.5 tons of NOx, ROG and PM per year. Staff recommends the allocation of \$3,208,760 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 January 4, 2018, and summarizes the allocation of funding by equipment category, and county. Approximately 86% 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 \$146 million awarded to 827 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 January 4, 2018, the Air District has received 62 project applications for TFCA funding. Of the applications that were evaluated between November 17, 2017 and January 4, 2018, there were no eligible projects that proposed an individual grant award over \$100,000.

Attachment 4 lists the 43 eligible TFCA projects that were evaluated between July 1, 2017 and January 4, 2018. In total, these projects represent more than \$7.51 million in funds awarded, and will annually reduce approximately 31.28 tons of NO_x, ROG, and PM and 19,237 tons of tailpipe greenhouse gas emissions. Approximately 26% of the TFCA funding awarded to date will directly reduce emissions in highly impacted Bay Area communities.

Attachment 5 summarizes the allocation of TFCA funding for the 43 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
Reviewed by: Karen Schkolnick

- 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 7/1/17-1/4/18)
- Attachment 5: Summary of distribution of TFCA funds by county and project category (evaluated 7/1/17-1/4/18)

AGENDA 4 - ATTACHMENT 1

Table 1 - Summary of Carl Moyer Program/ Mobile Source Incentive Fund projects with grant awards greater than \$100k (Evaluated between 11/17/17 and 1/4/18)

Project #	Applicant name	Equipment category	Project description	Proposed contract award	Total project cost	Emission Reductions (Tons per year)			County
						NOx	ROG	PM	
19MOY47	William Y. Gil dba Grass Farm	Ag/ off-road	Replacement of one diesel tractor	\$ 247,240.00	\$ 309,051.00	1.535	0.074	0.042	Santa Clara
19MOY7	Warrior Poet Sportfishing	Marine	Replacement of two diesel marine engines	\$ 140,000.00	\$ 176,307.00	0.679	0.011	0.026	San Francisco
19MOY72	Independent Construction, Co.	Off-road	Replacement of 26 diesel engines in 13 dual-engine scrapers	\$ 2,084,200.00	\$ 8,125,000.00	9.410	0.499	0.269	Contra Costa
19SBP53	Fairfield-Suisun Unified School District	School bus	Replacement of four diesel school buses	\$ 558,120.00	\$ 558,120.00	0.259	0.019	0.000	Solano
19MOY59	Kabeela, Inc.	Ag/ off-road	Replacement of one diesel tractor	\$ 179,200.00	\$ 224,000.00	0.625	0.060	0.033	Santa Clara
5 Projects				\$ 3,208,760.00		12.508	0.664	0.370	

AGENDA 4 - ATTACHMENT 2

Summary of all Yr 19 CMP and MSIF approved/ eligible projects (between 10/12/17 and 1/4/18)

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	12/20/2017	Sonoma
19MOY38	Locomotive	Equipment replacement	1	\$ 1,080,500.00	Oakland Global Rail Enterprise	1.801	0.108	0.042	12/20/2017	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	12/20/2017	Contra Costa
19MOY15	Marine	Engine replacement	1	\$ 114,000.00	F/V Rose Marie Inc. (Commercial fishing)	0.254	-0.003	0.014	12/20/2017	San Francisco
19MOY1	Marine	Engine replacement	2	\$ 2,590,000.00	Amnav Maritime Corporation (Vessel: Sandra Hugh)	42.718	1.947	1.456	12/20/2017	Alameda
19SBP49	School bus	School bus replacement	4	\$ 496,459.22	San Jose Unified School District	0.480	0.047	0.000	12/20/2017	Santa Clara
19MOY4	Marine	Engine replacement	2	\$ 2,590,000.00	Amnav Maritime Corporation (Vessel: Revolution)	42.718	1.947	1.456	12/20/2017	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
19MOY35	On-road	Equipment replacement	1	\$ 40,000.00	Manuel Portela Trucking	0.635	0.073	0.028	APCO	Santa Clara

AGENDA 4 - ATTACHMENT 2

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
19MOY28	Ag/ off-road	Equipment replacement	1	\$ 27,885.00	Scott T Murphy (Ranch/ farmer)	0.037	0.034	0.009	APCO	Sonoma
19MOY44	Ag/ off-road	Equipment replacement	2	\$ 62,800.00	Willowbrook Stables LLC	0.039	0.034	0.011	APCO	Sonoma
19MOY43	On-road	Equipment replacement	1	\$ 60,000.00	Khaira Trucking, LLC	1.297	0.196	0.000	APCO	Alameda
19MOY22	Marine	Engine replacement	1	\$ 59,000.00	Flash Sport Fishing, DBA, Flash Sport Fishing	0.176	0.001	0.009	APCO	San Francisco
19MOY19	On-road	Equipment replacement	1	\$ 60,000.00	G & C Trucking	1.032	0.138	0.045	APCO	Solano
19MOY39	Ag/ off-road	Equipment replacement	1	\$ 20,270.00	Cabrillo Farms Agriculture, Inc	0.096	0.015	0.008	APCO	San Mateo
19MOY67	On-road	Equipment replacement	1	\$ 60,000.00	Pawar Brothers Trucking	1.455	0.220	0.011	APCO	Santa Clara
19MOY36	On-road	Equipment replacement	1	\$ 50,000.00	Guru Nanak Trucking	1.028	0.155	0.008	APCO	Alameda
19MOY70	On-road	Equipment replacement	1	\$ 60,000.00	E.P.A Trucking LLC	0.894	0.119	0.039	APCO	San Mateo
19MOY48	Ag/ off-road	Equipment replacement	1	\$ 56,100.00	Corona Vineyard Management LLC	0.056	0.010	0.007	APCO	Napa
19MOY42	Ag/ off-road	Equipment replacement	1	\$ 51,700.00	Bains Farms LLC	0.335	0.044	0.025	APCO	Solano
19MOY47	Ag/ off-road	Equipment replacement	1	\$ 247,240.00	William Y. Gil dba Grass Farm	1.535	0.074	0.042	TBD	Santa Clara
19MOY7	Marine	Engine replacement	2	\$ 140,000.00	Warrior Poet Sportfishing	0.679	0.011	0.026	TBD	San Francisco
19MOY72	Off-road	Engine replacement	26	\$ 2,084,200.00	Independent Construction, Co.	9.410	0.499	0.269	TBD	Contra Costa
19SBP53	School bus	School bus replacement	4	\$ 558,120.00	Fairfield-Suisun Unified School District	0.259	0.019	0.000	TBD	Solano
19MOY59	Ag/ off-road	Equipment replacement	1	\$ 179,200.00	Kabeela, Inc.	0.625	0.060	0.033	TBD	Santa Clara
33 Projects			69	\$ 11,458,438.22		114.572	6.433	3.847		

AGENDA 4 - ATTACHMENT 2

Figure 1: CMP and MSIF Funding Distribution by Equipment Category as of 1/4/18

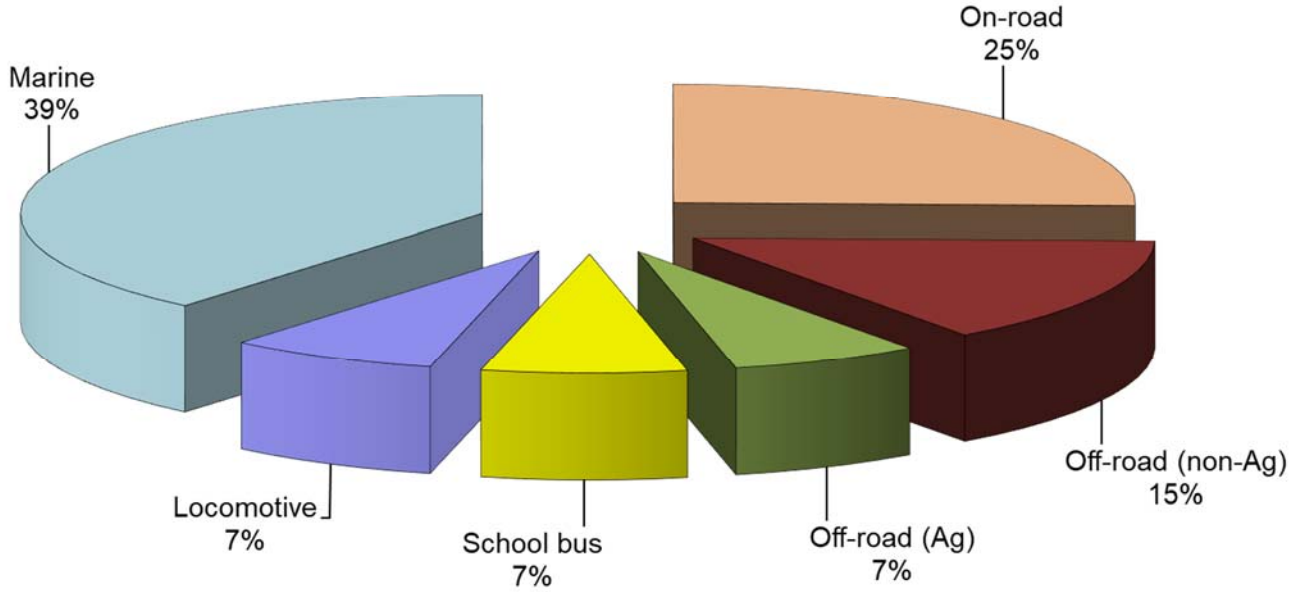
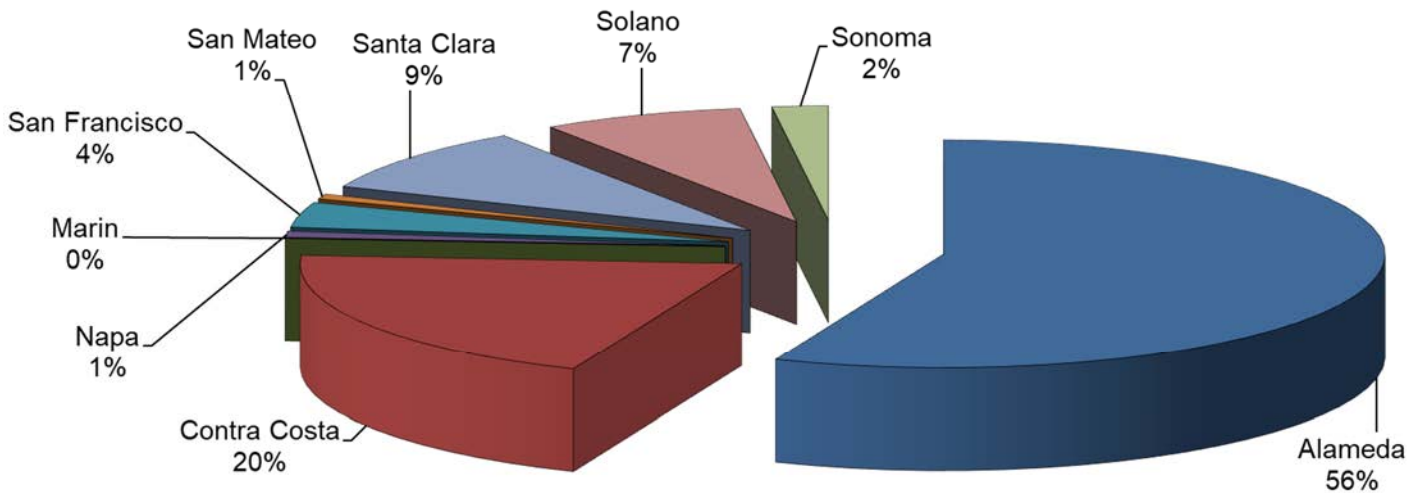


Figure 2: CMP and MSIF Funding Distribution by County as of 1/4/18



AGENDA 4 - ATTACHMENT 3

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

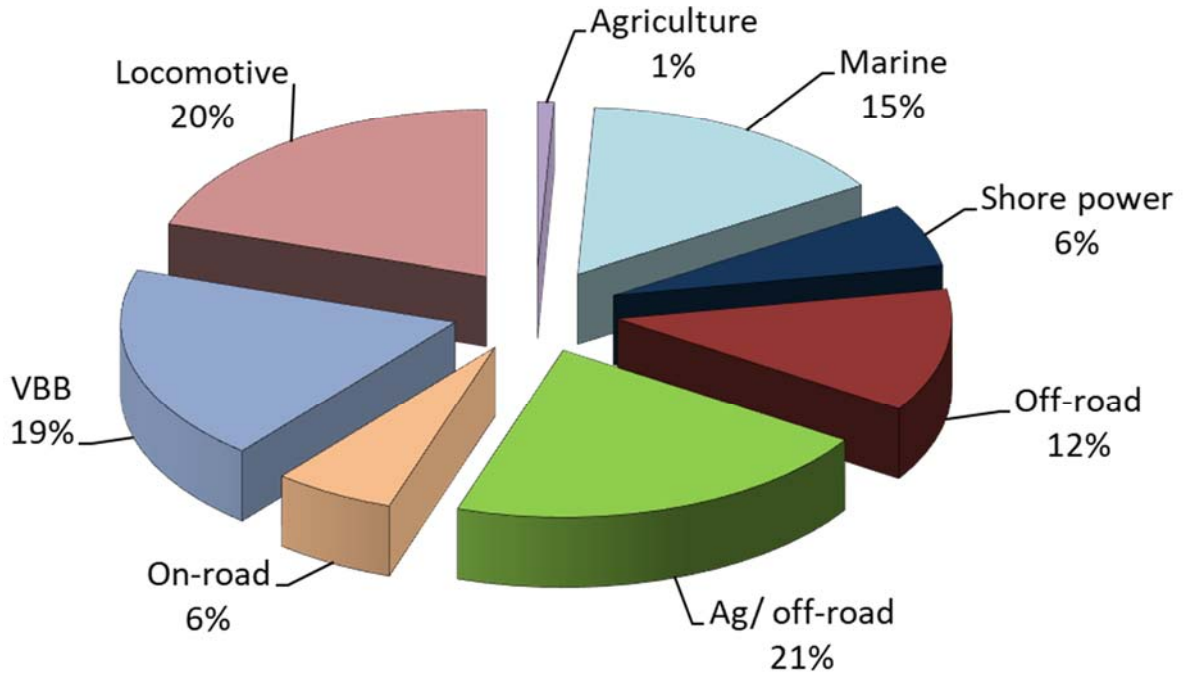
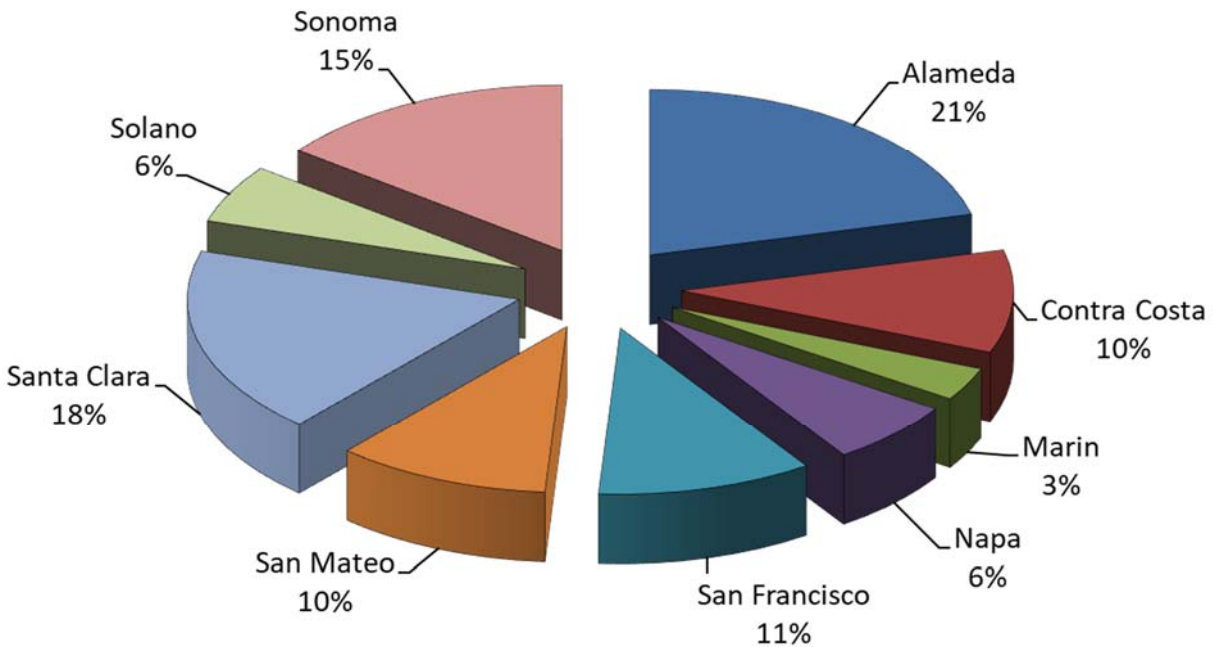


Figure 4: CMP and MSIF funding since 2009 by county



AGENDA 4 - ATTACHMENT 4

Summary of all TFCA approved and eligible projects (evaluated between 7/1/17 and 1/4/18)

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										
None										
Projects Approved										
17EV005	Electric Vehicle (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 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
17EV027	EV Charging Stations	Install 8 dual-port Level 2 (high) charging station in San Jose	\$32,000	Santa Clara Valley Transportation Authority	0.023	0.017	0.000	10/11/17	Yes	Santa Clara
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
18EV001	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	12/20/17	No	Santa Clara
18EV005	EV Charging Stations	Install and operate 2 dual-port Level 2 (high) and 1 single-port Level 2 (high) charging stations in Napa	\$11,000	Napa County Superintendent of Schools	0.006	0.008	0.000	1/3/18	No	Napa

AGENDA 4 - ATTACHMENT 4

Summary of all TFCA approved and eligible projects (evaluated between 7/1/17 and 1/4/18)

Project #	Project Category	Project Description	Award Amount	Applicant Name	Emission Reductions (Tons per year)			Board Approval Date	CARE Area	County
					NO _x	ROG	PM			
18EV011	EV Charging Stations	Install and operate 24 single-port level 2 (high) charging stations in San Jose	\$72,000	Vocera Communications, Inc.	0.039	0.051	0.001	11/22/17	Yes	Santa Clara
18EV012	EV Charging Stations	Install and operate 4 dual-port Level 2 (high) charging stations in San Jose	\$16,000	Pan Cal Corporation	0.009	0.011	0.000	1/3/18	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
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	PresidioGo 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
43 Projects			\$7,511,082		7.835	9.866	13.575			

*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 1/4/18)

Figure 1: TFCA Projects Awarded
Distributed by Project Category

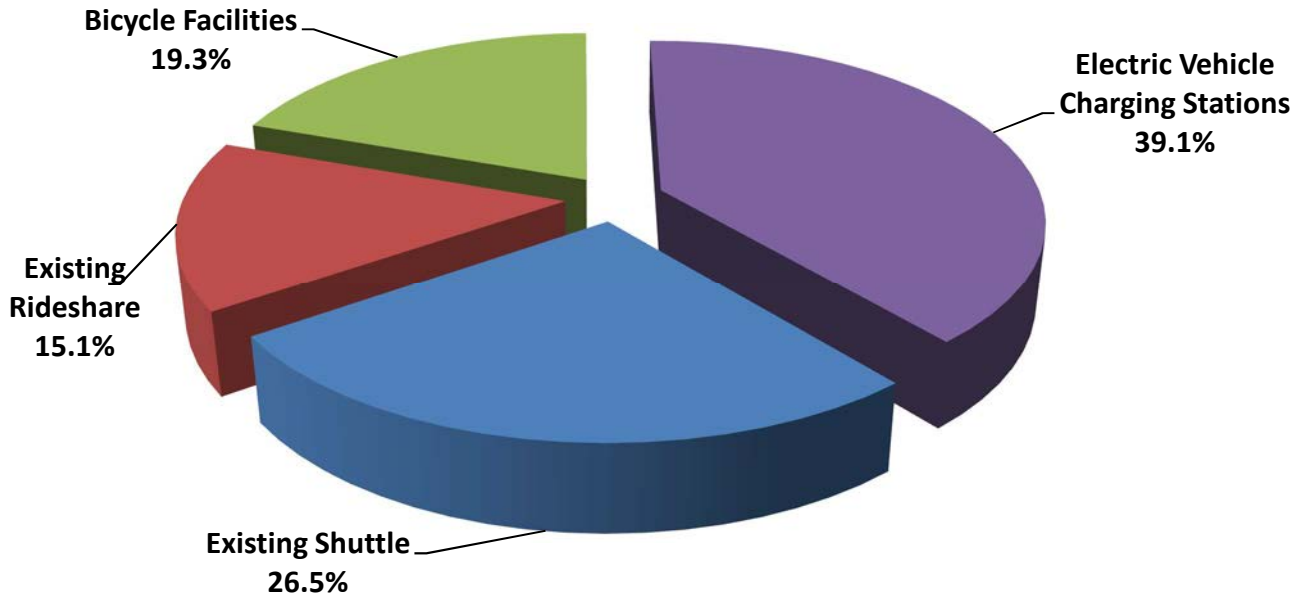
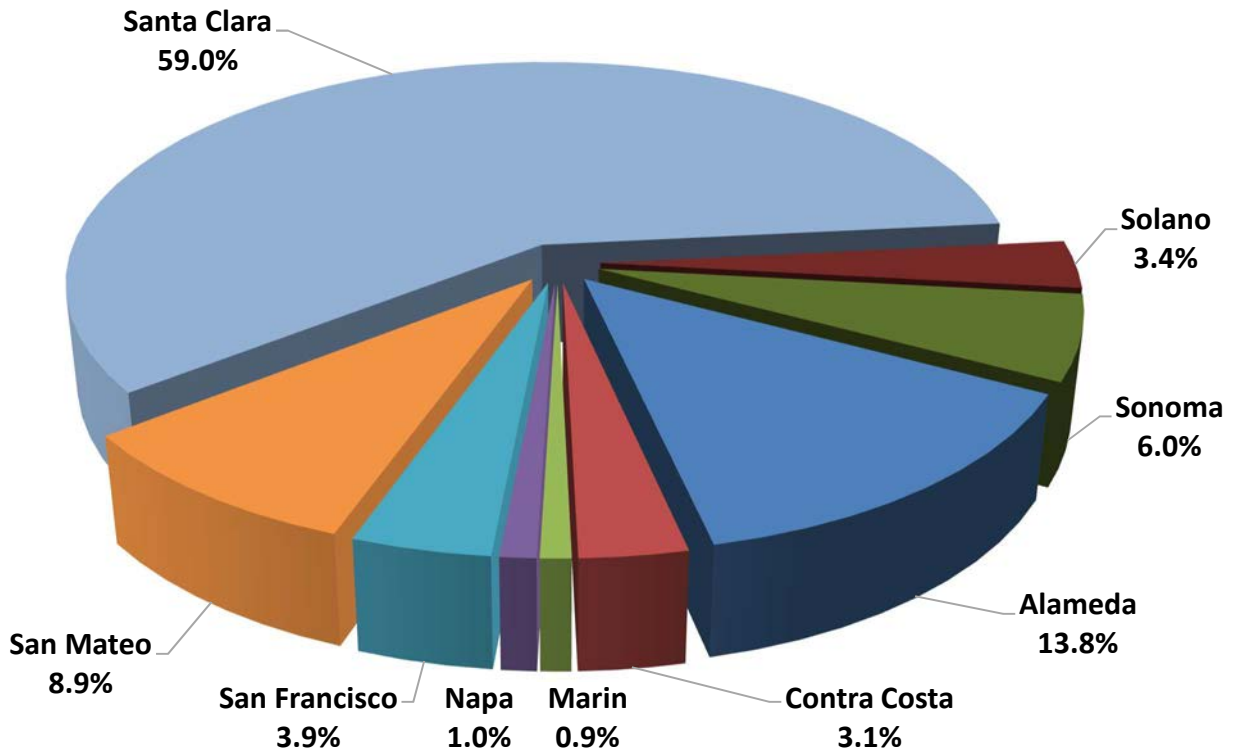


Figure 2: TFCA Projects Awarded
Distributed by County



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 11, 2018

Re: Participation in Year 20 of the Carl Moyer Program and Approval of the 2018 Caltrain
Funding Plan

RECOMMENDATIONS

Recommend Board of Directors:

1. Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (ARB) relating to the Air District's receipt of Carl Moyer Program (CMP) funds for fiscal year 2017-2018 (Program Year 20);
2. Allocate \$3 million in Mobile Source Incentive Funding to provide the required match funding and additional monies for projects eligible for funding under the CMP guidelines;
3. Authorize the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with Carl Moyer Program and Mobile Source Incentive Funds, with individual grant award amounts up to \$500,000; and
4. Approve the proposed 2018 funding plan for the Caltrain Electrification project.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the CMP since the program began in Fiscal Year Ending (FYE) 1999. Through the CMP the Air District 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 trucks and buses, mobile off-road equipment, marine vessels, locomotives, stationary agricultural pump engines, and forklifts.

Assembly Bill 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 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.

DISCUSSION

In January 2018, the Air District submitted an application to ARB requesting \$11,000,000 in funding for the implementation of the CMP Year 20 CMP funding cycle (FYE 2018). Up to 6.25% of the total funds awarded to the Air District will be used to pay for administrative expenses related to the implementation of the CMP. As part of the application, the Air District has proposed a commitment of up to \$1,650,000 in matching funds for Year 20. Staff is therefore requesting the Board meet this required match, and expand the program for additional eligible emissions reductions projects by allocating \$3 million in MSIF funds to the CMP Year 20 funding cycle.

Staff plans to begin accepting CMP Year 20 applications in mid-2018 and to evaluate applications on a first-come, first-served basis until all funds have been allocated. Staff is requesting a continuation of the Board's direction to grant the Executive Officer/APCO authorization to execute contracts and amendments for projects with individual grant awards up to \$100,000. Awards for projects seeking grant award amounts over \$100,000 will continue to be brought to the Mobile Source Committee quarterly.

The Air District will use the 2017 ARB CMP Guidelines, and subsequent updates for the Year 20 CMP cycle. Year 20 funding will be obligated to eligible projects by June 30, 2019, and be expended by June 30, 2020. In accordance with AB 1390, 50% of all CMP funding allocated by the Air District must be awarded to projects in impacted communities. The process that will be used for identifying and prioritizing CMP Year 20 projects with the most significant exposure will be similar to the process used for the previous CMP funding cycles with priority being given to projects that reduce emissions in communities based on data from the Air District's Community Air Risk Evaluation (CARE) program.

Caltrain Electrification Project

On July 29, 2015, the Air District allocated \$20 million in MSIF funds to the Peninsula Corridor Joint Powers Board for the Caltrain Electrification Project and authorized the Executive Officer/APCO to enter into the necessary agreements for the project. As part of approval of this project, the Board requested a five-year funding plan (between 2016 and 2020) be prepared and brought to the Board annually for approval. On January 7, 2016, the Air District entered into agreement with the Peninsula Corridor Joint Powers Board for the Caltrain Electrification project. On March 16, 2016 the Air District's Board of Directors approved the initial \$13 million funding plan for the project. The 2017 funding plan added \$3 million in MSIF revenues for this project. Staff is proposing a 2018 funding plan that includes \$3 million in new 2018 MSIF revenues for this project. Staff will return in future years with updates to the funding plan until the entire \$20 million allocation has been authorized.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. Through the CMP and MSIF grant programs the Air District distributes "pass-through" funds to public agencies and private entities on a reimbursement basis. Administrative costs for all programs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anthony Fournier
Reviewed by: Karen Schkolnick and Damian Breen

Attachment 1: Resolution to accept Carl Moyer Program Year 20 funds from ARB

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2018 -

**A Resolution Accepting Carl Moyer Program Funds
From the California Air Resources Board**

WHEREAS, California Health and Safety Code Division 26, Part 5, Chapter 9, empowers the California Air Resources Board (ARB) to allocate Carl Moyer Program funds to local air quality districts to provide financial incentives to both the public and private sector to implement eligible projects to reduce emissions from on-road, marine, locomotive, agriculture, and off-road engines;

WHEREAS, California Health and Safety Code section 44287, authorizes ARB to provide an air district with funds if that district provides matching funds in an amount established by ARB;

WHEREAS, the Bay Area Air Quality Management District (District) submitted an application to ARB requesting \$11,000,000 in Carl Moyer Program funds to implement the Carl Moyer Program within the District for the fiscal year ending (FYE) 2018 (Year 20) cycle;

WHEREAS, the District proposed to commit up to \$1,650,000 in matching funds as part of the Year 20 Carl Moyer Program cycle, in accordance with the requirements of California Health and Safety Code section 44287;

WHEREAS, ARB will authorize a grant to the District to implement the Carl Moyer Program Year 20, upon approval by the Board of Directors to accept such grant of funds;

WHEREAS, ARB will award a grant in the amount of as much as \$11,000,000, with the District-required match of up to \$1,650,000.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District's continued participation in the Carl Moyer Program and acceptance of the FYE 2018, Carl Moyer Program funds, to be awarded to eligible District projects in accordance with the ARB Carl Moyer Program guidelines.

BE IT FURTHER RESOLVED, the District will provide the required matching funds for District projects by allocating local motor vehicle surcharge revenues to eligible emission reduction projects that qualify for Carl Moyer Program matching purposes.

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 _____, 2018, by the following vote of the Board:

AYES:

NOES:

ABSENT:

Dave Hudson
Chairperson of the Board of Directors

ATTEST:

Rod Sinks
Secretary of the Board of Directors

DRAFT

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Mitchoff and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 11, 2018

Re: Overview of Air District Trip Reduction Programs

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In support of the Air District's mission to improve air quality, and protect public health and the climate, for over 25 years, the Air District has offered grants to support projects that reduce single-occupancy on-road motor vehicle trips through its Transportation Fund for Clean Air (TFCA) Program. Funding has been used to support projects that encourage the use of public transit by providing commuters with first- and last-mile connections between mass transit and employment centers, projects that encourage the use of carpool and vanpool services, and projects that encourage the use of active transportation (bicycling and walking) by the construction of bikeways and the installation of secure bicycle parking.

Since 2008, the TFCA has awarded over \$60 million to support trip reduction efforts in the region and these projects have played an important role in reducing emissions from the region's transportation sector as well as other benefits such as the relief of congestion. However, as the region's light-duty vehicle fleet has become cleaner more quickly than the medium- and heavy-duty vehicles used in shuttle service, the air quality benefits of these projects, especially for shuttle service projects, have declined over time.

Authorized by California State Legislature in 1991, TFCA is funded by 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 to various eligible project/program categories, such as clean air vehicle and trip reduction projects, and adopts policies and evaluation criteria that govern the expenditure of TFCA funding.

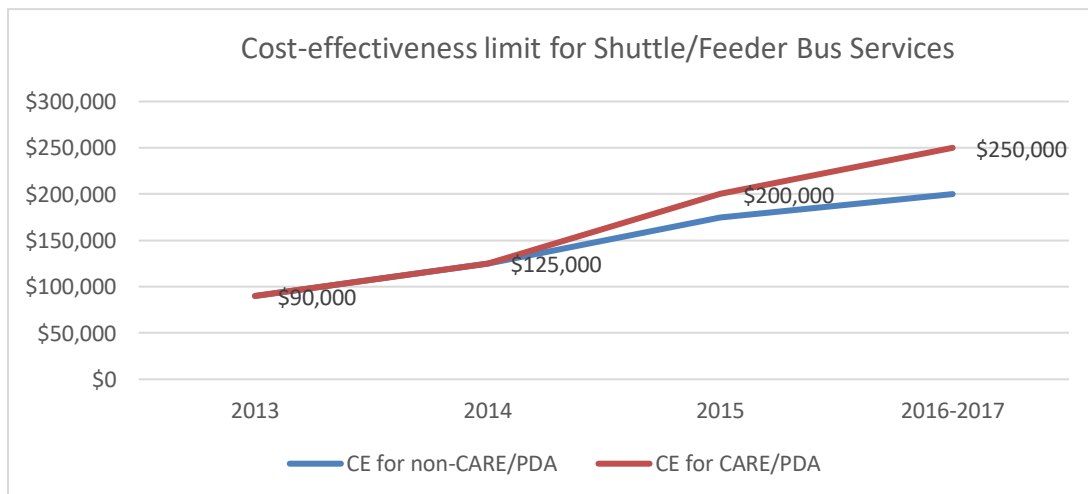
DISCUSSION

Cost-Effectiveness of Trip Reduction Projects

The Air District uses the California Air Resources Board's (CARB) EMFAC model to estimate emissions reductions from on-road motor vehicles including cars, trucks, and buses. CARB updates the EMFAC model about every three years to reflect the updates in regulations, emissions standards, the change in vehicle activity, and the advancement and adoption of vehicle technologies. Overall, the baseline emission rates for the region's cars and trucks derived from the EMFAC model has been decreasing over time, which reflects the trend that the on-road motor vehicle fleet has become increasingly cleaner.

As the region's light-duty passenger fleet has become cleaner, the marginal cost to reduce one extra ton of emissions has increased. Consequently, it has become increasingly challenging to fund certain trip reduction projects. The Air District has worked with stakeholders to explore the options, such as using cleaner heavy-duty vehicles to provide shuttle service, to improve the effectiveness of trip reduction projects and thus to continue the funding of qualifying projects. In addition, the Air District has expanded the options to fund more innovative and efficient trip reduction projects in the Bay Area.

The Air District's Board has also authorized increases in the limit of cost-effectiveness (C/E) for trip reduction projects in order to allow projects to qualify for funding at historical levels. C/E is calculated as the maximum TFCA funding that can be spent to reduce one ton of emissions of reactive organic gases (ROG), nitrogen oxides (NOx), and PM10 (particulate matter 10 microns in diameter and smaller) over a project's operational period. Consistent with the Carl Moyer Program guidelines, the exhaust PM10 is currently weighted by a factor of 20 to reflect its greater impact on health. The chart below shows the increase of cost-effectiveness limit for shuttle projects over the past 5 years.



In Fiscal Year Ending (FYE) 2013, shuttle projects were required to meet a cost-effectiveness limit of \$90,000 per ton of emissions reduced and in the current FYE 2018 cycle this limit has been increased to \$200,000 for existing projects and \$250,000 for existing projects in impacted communities identified by the Air District's Community Air Risk Evaluation (CARE) Program and in Priority Development Areas (PDA), which are places identified by Bay Area communities as areas for investment, new homes and job growth.

On December 22, 2017, CARB released the latest version of the model, EMFAC2017, which is pending the United States Environmental Protection Agency's (USEPA) approval for use in State Implementation Plan and transportation conformity analyses. Following USEPA's approval, CARB will be updating emissions rates used to evaluate the cost-effectiveness of Carl Moyer projects. CARB will also be updating the EMFAC web database, which provides access to emission rates that are used to evaluate the emissions reductions from trip reduction projects. Staff will be following up once the update is approved to determine to impact to the cost-effectiveness for Air District sponsored trip reduction projects.

Options and Opportunities

Even with the increase of C/E limit over time, some shuttle projects that were previously funded have become unable to meet the established C/E limit, and thus either qualify only for a reduced amount of funding or become altogether ineligible for funding from the TFCA program. As the region's fleet becomes cleaner over time, staff anticipates more of the existing projects will fall into one of these categories. Therefore, in addition to recommending increases in the cost-effectiveness limit to continue to be able to provide funding to existing shuttle and ridesharing projects, staff has worked with local transit agencies and other stakeholders to explore innovative options to more cost-effectively reduce single-occupancy vehicle trips in the Bay Area.

For projects that cannot meet the C/E limit, the Air District has recently provided bridge funding through the Spare the Air Program for a limited time period, during which project sponsors can secure alternative funding sources. For example, in July 2016, the Air District Board of Directors authorized \$235,000 in Spare the Air funding to the City of Oakland to help offset the cost of AC Transit's operation of the Broadway B Shuttle Service. This funding allowed the shuttle operator to seek a new source of revenue to pay for the existing service. This project also provided the Air District with valuable advertising for its Spare the Air program in return for the bridge funding. Under the Spare the Air Program, cost-effectiveness is measured for the program as a whole, allowing more flexibility for projects to qualify for funding.

The Air District has also been exploring opportunities provided by new technologies, such as the shared autonomous vehicles (SAVs), to encourage the use of mass transit with better first- and last-mile connection service at a lower overall cost. For example, the Air District awarded \$2 million to fund a pilot project, which will test and deploy zero-emissions electric SAVs in Contra Costa and Alameda Counties to connect people from their origins and/or destinations to mass transit hubs. If successful, this first- and last-mile solution can be expanded to the whole Bay Area and other regions.

In order to support the region's transit agencies in exploring new cost-effective solutions to connect mass transit riders to their origins and/or final destinations, the Air District recently opened a new grant program to support the development of pilot trip reduction projects in CARE impacted communities and PDA areas. The goal of this program is to help agencies test the deployment of innovative last- and first-mile connection solutions in the Bay Area to encourage the reduction of trips, and thus emissions, through the use of mass transit. These pilot projects are supposed to be expandable and replicable in other areas of the region at low or no cost to public agencies.

At the Mobile Source Committee meeting, staff will be providing additional background information program options and will be soliciting Director's input in preparation for the development of next year's cycle of policies for trip reduction projects.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Chengfeng Wang
Reviewed by: Karen Schkolnick

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 8, 2018

Re: Report of the Personnel Committee Meeting of February 7, 2018

RECOMMENDED ACTION

The Personnel Committee (Committee) received only informational items and have no recommendations of approval by the Board of Directors (Board).

BACKGROUND

The Committee met on Wednesday, February 7, 2018 and received the following reports:

- A) Update of the Air District's Diversity, Equity and Inclusion Program.

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: Vanessa Johnson

Attachment 18A: 02/07/2018 – Mobile Source Committee Meeting Agenda #4

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: January 25, 2018

Re: Update of the Air District's Diversity, Equity and Inclusion Program

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Air District endeavors to be thorough, rigorous, and accurate in our work and we seek diverse perspectives to guide our decisions. The work of the Agency requires these diverse perspectives, talents, and life experiences to solve some of the most complex technical air quality issues that we face. Diversity and inclusion help us to attract and retain an extraordinary workforce and to fully engage and utilize the talents and backgrounds of our employees and the communities we serve. Our commitment to these values allow us to create and maintain a work environment that is professionally supportive, intellectually stimulating, and fully respectful of diverse ideas and makes our engagement with our stakeholders richer, more complete and more transparent.

DISCUSSION

The Air District strongly values diversity and inclusion and has implemented a number of policies, programs and processes to put these values into practice. As part of our ongoing efforts to meet these commitments, the Air District will continue seeking ways to outreach and engage with communities throughout the Bay Area.

Hiring and Employment Practices

The 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 in employment or in the services the Agency provides to the regulated community and the public.

The Air District has in place an Equal Employment Opportunity Policy and Discrimination Complaint Procedures (attached) which governs employment and complaints of employment-related discrimination.

When hiring, the Air District places recruitment bulletins and announcements in front of as many job seekers as possible to reach the most diverse candidate pool. The Air District also targets diverse candidates through various outlets, including internet, print publications, and in-person. In addition to Bay Area-wide websites such as craigslist.org, indeed.org, linkedin.com, governmentjobs.com, and others, the Air District contracts with diversityjobs.com and sanfranjobs.com to post and announce all job openings to local nonprofits organizations, community organizations, and professional associations. These organizations represent minority communities, women, non-native English speakers, veterans, disabled individuals, low income individuals, and youth. Additionally, the Air District advertises job openings in newspapers targeted to diverse communities, such as the Sacramento Observer, El Mundo SF, and Philippine News SF. The Air District's staff has a presence at local university and college career fairs as well as career fairs that target diverse candidates, including the San Francisco Diversity Employment Day Career Fair and a Bilingual Career Fair.

The Air District's Human Resources Office also provides ongoing training to staff to assist in development and career growth opportunities. Some regular training topics include ethics, sexual harassment prevention, situational leadership, leadership development, improving communication skills, managing conflict, and others.

The Diversity, Equity and Inclusion Office

The Diversity, Equity and Inclusion Office reflects the Air District's commitment to diversity, equity and inclusion within the agency and in our work.

The Vision and Guiding Principles of the program include:

- Commitment to diversity, equity, and inclusion both internally and in our work;
- Equity and inclusion in decision-making strategies for policies, procedures, regulations, funding initiatives, public outreach, planning and hiring and employment practices.

The 2018 goals of the program include, organizing and operationalizing DE&I goals and objectives; continue participation in the GARE curriculum; conduct employee listening sessions; work to drive diversity initiatives and actionable items within organization; provide ongoing trainings on unconscious bias and develop a woman in leadership panel session.

The Government Alliance on Race and Equity

The Air District, Bay Conservation and Development Commission, and Metropolitan Transportation Commission participate in the Government Alliance on Race and Equity (GARE).

GARE is a national network of government jurisdictions working to achieve racial equity and advance opportunity for all and was launched by the Haas Institute for a Fair and Inclusive Society

(HIFIS) at the University of California Berkeley in 2014. In 2015, GARE was established as a joint project of the Hass Institute and the Center for Social Inclusion.

GARE provides a year-long training curriculum to support local and regional governments at the forefront of work to advance racial equity. The curriculum focuses on building pathways to begin racial equity work; sharing best practices, tools, and resources to put theory into practice; and developing support networks with other agencies

The Air District recognizes that while we enjoy a diverse and inclusive work environment and while we have undertaken many efforts to increase the diversity of the Agency; it is an ongoing challenge. The Air District is fully engaged in that challenge and continues to seek diversity and foster inclusion in our culture and in our work.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Judy Yu and Mary Ann Okpalaugo
Reviewed by: Rex Sanders

Attachment 4A: Air District Equal Employment Opportunity Policy
Attachment 4B: Community Organization Job Posting

The Bay Area Air Quality Management District**Administrative Code****PERSONNEL POLICIES & PROCEDURES, SECTION 3 RIGHTS AND OBLIGATIONS**

SECTION 2 EQUAL EMPLOYMENT OPPORTUNITY POLICY (REVISED 4/10/14)

The Board of Directors of the Bay Area Air Quality Management District affirms its policy to provide equal employment opportunities for all persons to be recruited, employed, placed, selected for training, trained, evaluated, promoted, demoted, laid off, terminated, compensated, assigned work and otherwise treated without regard to race, religious creed, color, national origin, ancestry, disability, medical condition, marital status, sex, age or sexual orientation.

The District is committed to maintaining a meaningful Equal Employment Opportunity Plan. It is the responsibility of the Human Resources Office, under the direction of the Director of Administrative Services and under the general direction of the Executive Officer/Air Pollution Control Officer, to ensure the spirit and intent of the Equal Employment Opportunity Plan is carried out.

2.1 OBJECTIVES. (Revised 4/10/2014)

- (a) The District will insure that each employee and applicant is afforded an equal opportunity in all aspects of the employment process without regard to race, religious creed, color, national origin, ancestry, disability, medical condition, marital status, sex, age or sexual orientation.
- (b) The District will analyze its work force and the population of the Bay Area.
- (c) The District will focus its equal opportunity efforts on enhanced outreach and training programs.
- (d) The District will establish and administer programs for employment, training and promotion of all employees without regard to race, religious creed, color, national origin, ancestry, disability, medical condition, marital status, sex, age or sexual orientation.
- (e) The District will be responsible for Equal Employment Opportunity Plan and designate an Equal Employment Opportunity Officer.
- (f) The District is committed to making a good faith effort to successfully achieve Equal Employment Opportunity.
- (g) Sexual harassment is contrary to basic standards of conduct between individuals and is prohibited by EEOC regulations. The District will therefore insure that the workplace is free from sexual harassment. Sexual harassment is defined in EEOC regulations, and includes, but is not limited to, the following: unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when such conduct is made explicitly or implicitly a term or condition of employment, is used as a basis for employment decisions, or has the purpose or effect of interfering with work performance or creating an otherwise offensive working environment.
- (h) The District will insure that no qualified person will be discriminated against on the basis of a disability. All qualified persons that can perform the essential functions of the job, with or without reasonable accommodation that does not create "undue hardship" for the District, shall be provided an equal opportunity for employment and promotion. All terms used in this section are defined in the regulations implementing the Federal Americans with Disabilities Act.

2.2 RESPONSIBILITY FOR EQUAL EMPLOYMENT OPPORTUNITY. (Revised 10/5/11)

- (a) The Air Pollution Control Officer of the District has the overall responsibility to the Board of Directors for actions by the staff in planning, coordinating, implementing, evaluating and reporting on all phases of the Equal Employment Opportunity Plan.
- (b) The responsibilities of the Equal Employment Opportunity Officer are listed in the Equal Employment Opportunity Plan.

2.3 DISCRIMINATION COMPLAINT PROCEDURE (Revised 4/10/2014)

Unlawful discrimination refers to discrimination based on race, religious creed, color, national origin, ancestry, disability, medical condition, marital status, sex, age, or sexual orientation.

An employee or group of employees who believes an incident involving a violation of the District's equal employment opportunity policy has arisen, may submit the complaint (in writing) to the Equal Employment Opportunity Officer.

STEP 1 The written complaint must be received by the Equal Employment Opportunity Officer within 30 days of the alleged discrimination and must specify the particulars of the alleged discrimination, including specific acts and/or statements. Although the specific act must have occurred within 30 days, supplementary or background information supporting the complaint may be included. If a complaint is received in an incomplete form, the Equal Employment Opportunity Officer will advise the complainant that help in its preparation can be arranged. A group of employees filing at the same time must allege acts of similar nature to be considered for class action.

STEP 2 The Equal Employment Opportunity Officer will evaluate the complaint and, if necessary, conduct an investigation.

STEP 3 Discrimination complaints found by the Equal Employment Opportunity Officer to be valid will be forwarded to the APCO for appropriate action. Complaints found by the Equal Employment Opportunity Officer to be invalid may be appealed to the APCO within ten (10) working days of the Equal Employment Opportunity Officer's decision. Any complaint decision forwarded or appealed to the APCO shall be acted upon within ten (10) working days of receipt.

Organizations that Receive Air District Job Announcements

- Community Organization Recipient
- Disabled American Veterans - Oakland
- Grace Urban Ministries, Inc.
- National Council on Aging - Senior Community Service Employment Program (SCSEP)
- Rainbow Community Center
- Transcen, Inc. - WorkLink
- Young Community Developers, Inc.
- Japanese Cultural and Community Center of Northern California
- San Francisco Lesbian Gay Bisexual Transgender Community Center
- Upwardly Global - San Francisco
- California Pacific Medical Center - Sutter health
- Vocational Rehabilitation - Menlo Park
- Vocational Rehabilitation Svc
- Vocational Rehabilitation-Berkeley Branch
- Vocational Rehabilitation-Oakland Branch
- Career Link - Mission Center
- North Cities One-Stop Career Center
- ICDC College
- Saint Mary's College Of California
- Soka University of America
- University of California - Santa Cruz
- University of the Pacific, Stockton Campus
- Employment Development Department - Santa Barbara
- Oakland Vet Center
- Society of American Military Engineers - San Francisco Post
- Caminos Pathways Learning Center
- Glide Foundation
- LIFETIME
- YWCA Berkeley /Oakland
- Army Career and Alumni Program (ACAP) - Fort Irwin
- Catholic Charities CYO
- National Council on Aging - Senior Community Service Employment Program (SCSEP)
- African American Community Service Agency
- Vocational Rehabilitation - Menlo Park
- Vocational Rehabilitation Svc
- Vocational Rehabilitation-Fremont Branch
- Eden Area One Stop Career Center
- Disabled American Veterans - Oakland
- Peninsula Vet Center
- Glide Foundation
- Central City Hospitality House
- Community Youth Center
- Compass Community Services
- Compass Community Services
- Edgewood Family Center
- Excelsior Family Connections
- Family Connections - San Francisco
- Grace Urban Ministries, Inc.
- Hamilton Family Center - Transitional Housing
- Juma Ventures
- Laguna Honda Hospital & Rehabilitation Center - PREP Program
- Larkin Street Youth Services - Education & Employment
- Life's Work Center
- Mission Hiring Hall
- Northeast Workforce Development Center
- Northern California Service League
- Opportunity Junction
- Potrero Hill Neighborhood House
- Recovery Survival Network
- Renaissance Parents Of Success
- San Francisco Conservation Corps
- San Francisco Dept. of Human Services - CalWORKs
- San Francisco Works
- South San Francisco Adult Education
- Tenderloin Housing Clinic (THC)
- The Family School - STRIVE Employment Program
- The Stride Center
- Treasure Island Homeless Development Initiative
- Treasure Island Job Corps Center
- Walden House, Inc.
- Workforce Services - Contra Costa County

- Young Workers United
- 100 Black Men of the Bay Area, Inc.
- African Immigrant and Refugee Resource Center
- Arab Cultural and Community Center
- Arriba Juntos
- Asian, Inc.
- California Black Chamber of Commerce
- Ingleside Community Center, Inc. (ICC)
- Jewish Community Center Of San Francisco Inc
- Korean Center, Inc.
- La Casa de la Madres
- Mission Language and Vocational School
- New Leaf: Services For Our Community
- Southeast Asian Community Center
- Spectrum LGBT Center
- The Greenlining Institute
- The Greenlining Institute
- The Pacific Center
- VYDC Employment Program
- Richmond WORKS
- BAY AREA COMMUNITY SERVICES
- Career Link Center - Goodwill
- Center For Independent Living, Inc.
- Horizons Unlimited
- Independent Living Resource Center San Francisco (..
- Lighthouse for the Blind & Visually Impaired
- Lions Blind Center of Oakland
- Marin Center for Independent Living
- Regional Center Of The East Bay
- San Francisco Department of Rehabilitation
- San Francisco Department of Rehabilitation
- Social Vocational Services - Emeryville
- The Arc of San Francisco
- The Disability Programs and Resource Center - SFSU
- The Hatlen Center for The Blind
- The Janet Pomeroy Center
- Tool Works
- Vocational Rehabilitation - Novato Branch
- Vocational Rehabilitation - Richmond Branch
- Vocational Rehabilitation-Greater East Bay District
- Public Allies - Silicon Valley
- Alameda County Vocational Program
- Career Link Center - Civic Center
- Career Link Center - Southeast
- Northeast Workforce Development Center
- San Francisco Dept. of Human Services - CalWORKs
- Sonoma County Job Link
- Workforce Services - Contra Costa County
- Heald College
- Lincoln University - Oakland
- 2d Battalion 23d Marines Family Readiness Officer
- Department of Veterans Affairs - Oakland
- Disabled American Veterans - Alameda Chapter 8
- Disabled American Veterans - Oakland Chapter 7
- Disabled American Veterans - Ozie Boler Chapter 21
- Disabled American Veterans - WM R Hearst Chapter 144
- Employment Development Department - Santa Barbara
- Marin County Veterans Services
- Oakland Vet Center
- San Francisco County Veterans Association
- Society of American Military Engineers - San Francisco Post
- Sonoma County Veterans Services
- Veterans Equity Center
- Veterans for Peace - San Francisco
- Asian Women's Shelter
- Global Fund for Women
- Maitri
- SAGE Project

- San Francisco Women's Centers
- YWCA of San Francisco & Marin

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 8, 2018

Re: Report of the Executive Committee Meeting of February 7, 2018

RECOMMENDED ACTION

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

A) Hearing Board Quarterly Report: October – December 2017

1) None; receive and file.

B) Proposed Amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees, Section 6.2: Standing Committees

1) The Committee will consider recommending the Board of Directors adopt amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees, Section 6.2: Standing Committees

C) Update on Assembly Bill 617 (AB 617) and Related Incentives Funding Program

1) None; receive and file.

BACKGROUND

The Committee met on Wednesday, February 7, 2018, and received the following reports:

A) Hearing Board Quarterly Report: October – December 2017;

B) Proposed Amendments to the Air District’s Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees, Section 6.2: Standing Committees; and

C) Update on Assembly Bill 617 (AB 617) and Related Incentives Funding Program

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

A) None;

B) None; and

C) The implementation of AB 617 and the AB 134 will require a substantial investment from the Air District. The financial implications will be partially offset by state funding. This topic was addressed at the end of 2017 with the Board approval of 22 additional staff. The topic will be further addressed through the budget process for the next fiscal year.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha Galimba
Reviewed by: Vanessa Johnson

Attachment 19A: 01/25/2018 – Mobile Source Committee Meeting Agenda #4
Attachment 19B: 01/25/2018 – Mobile Source Committee Meeting Agenda #5
Attachment 19C: 01/25/2018 – Mobile Source Committee Meeting Agenda #6

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson David Hudson and Members
of the Executive Committee

From: Chairperson Valerie J. Armento, Esq., and Members
of the Hearing Board

Date: January 23, 2018

Re: Hearing Board Quarterly Report: October – December 2017

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

During the fourth calendar quarter of 2017 (October - December), the Hearing Board:

- Held one Hearing; and
- Processed a total of two Orders; and
- Collected a total of \$6,906.00 in filing fees.

Below is a detail of Hearing Board activity during the same period:

Location: Sonoma County; City of Petaluma

Docket: 3698 - APCO vs. Spring Hill Jersey Cheese, Inc., et al – *Accusation*

Regulation(s): Regulation 2, Rule 1; and Regulation 9, Rule 7

Synopsis: Complainant was informed and believed and thereon alleged that since 2004, Respondents had owned or been operating a facility in Petaluma, California without a District permit to operate two boilers and a milk dryer required pursuant to District Regulation 2, Rule 1, despite knowing about this requirement. Further, despite the prohibition to do so, Respondents had been operating the boilers, which violated requirements of District Regulation 9, Rule 7. Complainant sought an order that Respondents cease operating the unpermitted and non-compliant equipment until they complied with District Regulation 2, Rule 1 and Regulation 9, Rule 7.

Status: Accusation filed on February 28, 2017; Pre-Hearing Conference was scheduled for March 28, 2017, but was cancelled due to a schedule conflict of the Respondent; Hearing held on April 18, 2017; Stipulated Conditional Order for Abatement filed on April 19, 2017, requiring Respondent to:

- install new, or retrofit existing boilers at the Facility that comply with all applicable requirements of District Regulation 9, Rule 7 by September 30, 2017; and
- complete all necessary tasks to obtain a permit to operate the Facility, including Facility boilers, which permit shall comply with District permitting requirements, including those set forth in Regulation 2, Rule 1, by September 30, 2017; and
- operate the Facility in accordance with a District permit to operate and in accordance with District Regulation 9, Rule 7, by October 2, 2017.

A Continued Hearing was scheduled for October 24, 2017, but Respondent was unable to attend, due to travel delay beyond his control, so Continued Hearing was postponed until November 28, 2017; Complainant experienced medical emergency on November 28, 2017, so Continued Hearing was moved to January 9, 2018.

Location: Contra Costa County; City of Antioch

Docket: 3701 – APCO vs. Bridgehead Marine Services LLC, et al - *Accusation*

Regulation(s): Regulation 2, Rule 1

Synopsis: Respondents have owned or operated a facility in Antioch, California, where they conduct a boat painting operation using solvent evaporating sources, for which they have held a District permit to operate pursuant to District Regulation 2, Rule 1. Since at least January 2014, Respondents have been operating the facility without a valid or current permit, despite their knowledge of the permit requirements. Complainant seeks an order that Respondents cease conducting these operations until they obtain a District permit to do so.

Status: Accusation filed on August 29, 2017; Hearing scheduled for October 17, 2017; on October 3, 2017, Complainant filed Request to Dismiss Action; Order for Dismissal filed on October 9, 2017.

Location: Contra Costa County; City of Richmond

Docket: 3702 – Chevron Products Company – *Request for Interim/Regular Variance*

Regulation(s): Regulation 2, Rule 1, Section 307; and Regulation 2, Rule 6, Section 307

Synopsis: In March of 2017 Chevron discovered that a furnace at its Richmond oil refinery was intermittently failing to comply with Air District-imposed emission limits for Nitrogen Oxides and Carbon Monoxide. Chevron immediately began trouble-shooting and tried substituting new burners in the furnace but was not able to solve the problem. Chevron sought a variance that would enable it to continue operating the furnace while it searched for a technical solution. The Air District and Chevron were subsequently able to negotiate an agreement allowing Chevron to continue operating while switching the furnace to natural gas, thereby at least temporarily avoiding the need for a variance. The negotiated agreement is being provided to the Hearing Board for informational purposes.

Status: Applicant submitted application for interim/regular variance on October 30, 2017; Interim Variance Hearing originally scheduled for January 16, 2018, and Regular Variance Hearing originally scheduled for January 23, 2018; Interim Variance Hearing rescheduled for January 23, 2018, and Regular Variance Hearing originally scheduled for February 13, 2018.

Period of Variance: October 27, 2017 to October 28, 2018

Estimated Excess Emissions: 1.5 lbs/day of NOx (nitrogen oxides); 8 lbs/day of CO (Carbon Monoxide) (net emissions after mitigation)

Fees collected this quarter: \$6,906.00

Location: Santa Clara County; City of Milpitas

Docket: 3703 – APCO vs. Arif Rana, et al - *Accusation*

Regulation(s): Regulation 2, Rule 1, Section 302

Synopsis: Respondents own or operate a gasoline dispensing facility in Milpitas, California, for which a District permit to operate is required pursuant to District Regulation 2, Rule 1. Complainant alleges that Respondents are conducting gasoline dispensing operations at this facility knowingly without a current or valid District permit to do so, despite Complainant's prior efforts to end the violation through September 1, 2017 through a prior abatement action before this Hearing Board and a judgment from Santa Clara County Superior Court in 2016. Complainant seeks an order that Respondents cease violation of District Regulation 2, Rule 1 continuing as of September 1, 2017.

Status: Accusation filed on December 29, 2017; Hearing scheduled for February 6, 2018.

Respectfully submitted,



Valerie J. Armento, Esq.
Chair, Hearing Board

Prepared by: Marcy Hiratzka

Reviewed by: Maricela Martinez

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 25, 2018

Re: Proposed Amendments to the Air District's Administrative Code, Division I:
Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section
1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A:
Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees,
Section 6.2: Standing Committees

RECOMMENDED ACTION

The Committee will consider recommending the Board of Directors adopt amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance, and Section 6: Board of Directors, Committees, Section 6.2: Standing Committees

BACKGROUND

These amendments will change/or add the following language:

- Regular Board of Director meeting start time from 9:45 a.m. to 9:30 a.m.;
- Board members shall not receive compensation for attending meetings of any type unless compensation for attendance at such meeting(s) is approved by the Chairperson in an open session prior to attendance at the meeting; and
- Standing committees size from (9) to (11) committee members;

In accordance with provisions of the Administrative Code governing amendments to the Code, notice of these proposed amendments will be given at the Board of Directors regular meeting of February 21, 2018.

The proposed amendments to the Administrative Code are attached for your review and consideration.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Maricela Martinez
Reviewed by: Rex Sanders

Attachment 5A: Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 1: Board of Directors, Meetings, Section 1.1: Meeting Dates, Section 1: Board of Directors, Meetings, Section 1.2A: Compensation – Meeting Attendance

Attachment 5B: Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees

AGENDA 5A - ATTACHMENT

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SECTION 1 BOARD OF DIRECTORS, MEETINGS

1.1 MEETING DATES. (Revised 11/06/2002)

Regular meetings of the Bay Area Air Quality Management District Board of Directors shall be held on the first and third Wednesday of each month, beginning at the hour of ~~9:45 a.m.~~, 9:30 a.m., with either meeting being subject to cancellation by the APCO with the concurrence of the Chairperson if there is insufficient District business to warrant such meeting. When the day, or the day preceding the day, fixed for a regular meeting of the District Board falls upon a legal holiday, that meeting shall be held at the same hour seven (7) days later not on a holiday.

1.2 A. COMPENSATION - MEETING ATTENDANCE. (Revised 4/5/2006)

Board members shall receive compensation of one hundred dollars (\$100) for each day attending meetings of the District Board and of Board Committees, or upon authorization of the Board while on official business of the District, but such compensation shall not exceed six thousand dollars (\$6,000) in any one fiscal year. Board members may receive compensation for attendance at the following types of meetings other than Board and Committee meetings:

- (a) educational seminars designed to improve officials' skill and information levels:
- (b) meetings of regional, state and national organizations whose activities affect the Air District's interest with a District staff member in attendance:
- (c) Air District events: and
- (d) meetings to discuss community and/or business concerns with regard to air quality in the region.

Board members shall not receive compensation for attending meetings of any type unless compensation for attendance at such meeting(s) is approved by the Chairperson in an open session prior to attendance at the meeting.

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Report(s) on any meetings that members have attended at the Air District's expense will be given at the next regular board meeting.

To the extent a meeting for which compensation is available includes a meal, a Board member may be reimbursed for the meal expenditures as long as the Board member complies with the limits and reporting requirements of local, state and federal law and the meal expenditure is reasonable and necessary.

1.2 B. LIMITS ON COMPENSATION FOR MEETING ATTENDANCE. (Revised 4/5/2006)

Board members shall not receive compensation for attendance at meetings of any type held outside the State of California unless compensation for attendance at such meeting(s) is approved by the Board in an open session prior to attendance at the meeting.

Unless excused by the Chairperson, a Board member shall receive such compensation for attending meetings of the Board only if:

- (a) the Board member arrives for the meeting within 30 minutes of the scheduled beginning of the meeting; and
- (b) the Board member misses no more than 30 minutes of the meeting plus, in the event a meeting continues beyond noon, the time between noon and adjournment.

1.3 BOARD MEETING LOCATION.

All regular meetings of the Board of Directors and all regular meetings of Board Committees shall be held at the offices of the District located at 375 Beale Street, Suite 600, San Francisco, California, unless at a previous regular Board meeting or committee meeting some other place was designated.

1.4 SPECIAL MEETINGS.

Whenever the business of the District may require special meetings, in the opinion of the Chairperson of the Board of Directors or at the express written request of any three (3) members of the Board, such meetings shall be called. Whenever a special meeting shall be called, notice shall be given to each member of the Board of Directors at least twenty-four (24) hours in advance, and to others as required by law, stating the date and hour of the meeting and the purpose for which such meeting is called. No business shall be transacted thereat except such as is stated in the notice.

1.5 AGENDA.

All reports, communications, resolutions, contract documents or other matters to be submitted to the Directors shall be delivered to the APCO one (1) week prior to the Board meeting. The APCO shall thereupon arrange a list of such matters according to the order of business. The Clerk of the Boards shall furnish each Board Director with a copy of the same no later than the Friday prior to the meeting and as far in advance of the meeting as is feasible.

SECTION 6 BOARD OF DIRECTORS, COMMITTEES

6.1 SPECIAL COMMITTEES.

All special committees shall be appointed by the Chairperson, unless otherwise directed by the Board.

6.2 STANDING COMMITTEES. (Revised 3/6/2015)

Standing Committees of the Board of Directors shall be the following:

- (a) Executive Committee, consisting of the Chairperson of the Board, who shall be Chairperson of the Committee, the Vice-Chairperson of the Board, the Board Secretary, the last past Chairperson and ~~five~~~~seven~~ (57) other Directors appointed by the Chairperson.
- (b) Budget and Finance Committee, consisting of ~~nine~~ ~~eleven~~ (911) Directors appointed by the Chairperson.
- (c) Personnel Committee, consisting of ~~nine~~ ~~eleven~~ (911) Directors appointed by the Chairperson.
- (d) Legislative Committee, consisting of ~~nine~~ ~~eleven~~ (911) Directors appointed by the Chairperson.
- (e) Mobile Source Committee, consisting of ~~nine~~ ~~eleven~~ (911) Directors appointed by the Chairperson.
- (f) Public Engagement Committee, consisting of ~~eleven~~ (911) Directors appointed by the Chairperson.
- (g) Stationary Source Committee, consisting of ~~nine~~ ~~eleven~~ (911) Directors appointed by the Chairperson.
- (h) Climate Protection Committee, consisting of ~~nine~~ ~~eleven~~ (911) Directors appointed by the Chairperson.
- (i) The Chairperson shall be an ex-officio member of all Standing Committees of the Board of Directors.
- (j) Each Standing Committee shall have authority to make recommendations to the Board of Directors for action regarding matters within the scope of the Committee's jurisdiction. A standing committee may discuss but may not make recommendations to the Board of Directors regarding issues outside of its jurisdiction and shall refer such matters to the appropriate committee. Except as specified in this Division or as otherwise specified by the Board of Directors, Standing Committees are not delegated decision-making authority.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chair Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 31, 2018

Re: Update on Assembly Bill 617 (AB 617) and Related Incentives Funding Program

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The California Legislature passed, and Governor Jerry Brown signed, a climate change package that included two separate bills - Assembly Bill 398, which extended the life of California's Cap-and-Trade program until 2030 while also making some modifications to how the Cap-and-Trade market operates; and, Assembly Bill 617, addressing concerns about local air quality by requiring:

- Additional air monitoring in impacted communities;
- A state-wide strategy to reduce toxic air contaminants and criteria pollutants in impacted communities;
- A state-wide clearing house for Best Available Retrofit Control Technology (BARCT);
- Adoption of rules requiring the latest BARCT for all criteria pollutants for which an area has not achieved attainment of California Ambient Air Quality Standards; and
- Uniform state-wide reporting of emissions inventories.

In addition to AB 617, the Legislature passed, and the Governor signed AB 134 which provided an additional \$50 million of Cap-and-Trade revenue to BAAQMD to be used for grants that reduce mobile source emissions, including diesel particulate matter.

DISCUSSION

Staff will update the Board on work to-date on AB617 implementation, including discussions with the California Air Resources Board, other local air districts in the state, and local community groups and industry stakeholders. Staff will also provide a schedule for next steps in AB 617 implementation with a focus on milestones in 2018.

Key discussion points will include the following:

- Identification of priority communities

- Development of Community Action Plans to reduce air pollution in priority communities
- Updated Best Available Control Technology review and role of the Air Resources Board
- Community Monitoring
- Allocation of grant funding
- Improving Emissions Inventory processes and role of the Air Resources Board

BUDGET CONSIDERATIONS/FINANCIAL IMPACTS

The implementation of AB 617 and the AB 134 will require a substantial investment from the Air District. The financial implications will be partially offset by state funding. This topic was addressed at the end of 2017 with the Board approval of 22 additional staff. The topic will be further addressed through the budget process for the next fiscal year.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Greg Nudd

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Dave Hudson and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 15, 2018

Re: Update of the Air District's Diversity, Equity and Inclusion Program

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

As the Air District endeavors to be thorough, rigorous, and accurate in our work, we also seek diverse perspectives to guide our decisions. The Agency uses these diverse perspectives, talents, and life experiences to solve the most complex technical air quality issues that we face as part of our mission. Diversity and inclusion also helps us to attract and retain an extraordinary workforce and to fully engage and utilize the talents and backgrounds of our employees for the communities we serve. Our commitment to these values allow us to create and maintain a work environment that is professionally supportive, intellectually stimulating, and fully respectful of diverse ideas; it also makes our engagement with our stakeholders richer, more complete and more transparent.

DISCUSSION

The Air District collects voluntary information and regularly audits its demographic data on the race and gender of candidates for employment and those currently employed by the agency. This data assists the Air District in targeting its outreach and recruitment efforts to underrepresented groups in order to obtain the most diverse candidate pool for any given position. When hiring, the Air District strategically places recruitment bulletins and announcements in front of as many job seekers as possible. The Air District targets these diverse candidates in multiple ways, including outreach via internet and social media posts, print publications, professional associations and in-person engagement at job and career fairs. In addition to Bay Area-wide websites, the Air District also conducts outreach on niche job boards that serve underrepresented groups.

In recognition of the importance of a diverse workforce and the need for additional efforts in this area, the Air District established the Office of Diversity, Equity & Inclusion (DE&I) in 2017. The creation of the Office of DE&I reflects the Air District's drive to further integrate diversity, equity and inclusion into the core tool set it uses to achieve its goals and objectives.

The Vision and Guiding Principles of this office are a commitment by the Air District to:

- Valuing diversity, equity, and inclusion at the Agency and throughout the Bay Area;
- Using diversity, equity, and inclusion as part of: decision-making strategies, policies, procedures, regulations, funding initiatives, public outreach, planning and hiring;
- A Zero tolerance of all forms of discrimination and harassment; and
- Workplace and programmatic practices that exemplify these principles.

Key activities of the Office of DE&I to date include:

- **Development of a Strategic Framework for the Office:** The Strategic Framework document is a blueprint that aligns the efforts of DE&I with the goals and objectives of the Air District. The document will be presented to the executive management team for input later in Q1, 2018.
- **Launch of Agency Diversity Culture Assessment:** An assessment of the Air District's culture relative diversity, equity, and inclusion is currently underway. Informal interviews of the executive and management teams were conducted from October – December 2017, with employee listening sessions scheduled for February and March 2018. Following the listening sessions, the input given will be integrated to provide an assessment of staff's perspective on the Agency's diversity culture.
- **Launch of Speaker Series and Training Sessions:** A speaker series and training sessions have begun at the Air District to build further capacity around diversity, equity, and inclusion and to normalize these principles as core tools in accomplishing the agency's mission.
- **GARE Program:** Air District staff participated in the Government Alliance on Race and Equity Learning Year 2017 program along with staff members from the Bay Conservation and Development Commission (BCDC), and Metropolitan Transportation Commission.
- **DE&I Brochure:** Staff developed a brochure to define the mission of the DE&I Office and distributed it to Air District staff and management. This brochure will be highlighted in the onboarding materials used for new hires at the agency and will be included as part of the materials used in events that seek to broaden the Air District's employee pool.

Moving forward, the DE&I Office will continue to drive diversity initiatives agency-wide; enhance training and leadership development of all staff around diversity, equity, and inclusion; continue to facilitate employee participation in the GARE 2018 Learning and Implementation Curriculum. As part of this agenda item staff will present current demographic data and trends on the race and gender makeup of the Air District's employees and discuss the efforts of the DE&I Office.

BUDGET CONSIDERATIONS/FINANCIAL IMPACT

None.

Respectfully submitted,

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Executive Officer/APCO

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