



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS REGULAR MEETING

February 6, 2019

A meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:30 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 9:30 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 www.baaqmd.gov/bodagendas 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 6, 2019
9:30 A.M.

BOARD ROOM
1ST FLOOR

CALL TO ORDER

Chairperson, Katie Rice

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

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

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

COMMENDATIONS/PROCLAMATIONS/AWARDS

3. *The Board of Directors will recognize outgoing Board Member Hillary Ronen for her leadership and dedication to protecting air quality in the Bay Area.*
4. *The Board of Directors will recognize outgoing Executive Director Steve Heminger with the Metropolitan Transportation Commission, for his leadership and dedication to protecting air quality in the Bay Area.*

CLOSED SESSION

5. CONFERENCE WITH LEGAL COUNSEL

EXISTING LITIGATION (Government Code Section 54956.9(a))

Pursuant to Government Code Section 54945.9(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. N17-2300**

OPEN SESSION

Please be advised all remaining items will not be heard prior to 10 a.m.

CONSENT CALENDAR (ITEMS 6-9)

Staff/Phone (415) 749-

6. Minutes of the Board of Directors Special Meeting/Retreat of January 16, 2019
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 16, 2019.

7. Board Communications Received from January 16, 2019 through February 5, 2019
J. Broadbent/5052
jbroadbent@baaqmd.gov

A copy of communications directed to the Board of Directors received by the Air District from January 16, 2019 through February 5, 2019, if any, will be at each Board Member's place.

8. Notice of Proposed Amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees and Section 6.10: Public Engagement Committee
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 6: Board of Directors, Committees, Section 6.2: Standing Committees and Section 6.10: Public Engagement Committee.

9. Request to Increase Credit Card Limits
J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider approving an increase to the Executive Officer/Air Pollution Control Officer's credit card limit from \$10,000 to \$15,000 and an increase to the Deputy Air Pollution Control Officer of Technology's credit card limit from \$5,000 to \$10,000.

COMMITTEE REPORTS

10. Report of the **Budget and Finance Committee** Meeting of January 23, 2019

CHAIR: C. Groom

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Fourth Quarter Financial Report – Fiscal Year Ending (FYE) 2018

1) None; receive and file.

B) First Quarter Financial Report – Fiscal Year Ending (FYE) 2019

1) None; receive and file.

C) Air District Financial Plan Overview

1) None; receive and file.

For the full Committee agenda packet and materials, click on the link below:

www.baaqmd.gov/bodagendas

11. Report of the **Mobile Source Committee** Meeting of January 24, 2019

CHAIR: S. Haggerty

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee received the following reports:

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

1) Approve recommended projects with proposed grant awards over \$100,00 as shown in Attachment 1; and

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

B) Participation in Year 21 of the Carl Moyer Program and Approval of the 2019 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 2018-2019 (Program Year 21);

2) Allocate \$3 million in Mobile Source Incentive Funding (MSIF) 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 CMP and MSIF, with individual grant award amounts up to \$100,000; and

- 4) *Approve \$1 million in 2019 MSIF Monies for the proposed 2019 funding plan for the Caltrain Electrification project.*

C) Air District Grant Programs Overview

- 1) *None; receive and file.*

For the full Committee agenda packet and materials, click on the link below:

www.baaqmd.gov/bodagendas

12. Report of the **Ad Hoc Building Oversight Committee** Meeting of February 6, 2019

CHAIR: M. Ross

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee will receive the following report:

A) Financial Participation in Creation of a Large Multi-Use Space at 375 Beale Street

- 1) *The Committee will consider recommending that the Board of Directors approve the Bay Area Air Quality Management District's (Air District) financial participation in the build out of the northwest corner of the first floor of 375 Beale Street, and designate the space as Jointly Shared Space, with an agreement substantially in the form of Attachment A, Term Sheet, for a total cost not to exceed \$3,000,000, and authorize the Executive Officer to negotiate and execute the Agreements and Instructions with the Bay Area Headquarters Authority (BAHA), and to negotiate and execute amended Covenants, Conditions, and Restrictions (CC&Rs).*

For the full Committee agenda packet and materials, click on the link below:

www.baaqmd.gov/bodagendas

PRESENTATIONS

13. Update on Light Duty Electric Vehicle Adoption and Request to Accept Funding for the Clean Cars for All Program

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Board of Directors will consider adopting a resolution authorizing the Air District to accept up to \$10 Million from the California Air Resources Board and adopt a resolution authorizing the Air District to accept \$30,000 from GRID Alternatives for the Clean Cars for All Program and authorizing the Executive Officer/APCO to enter into all necessary agreements to accept, obligate, and expend this funding.

14. Update on Clean Air Shelters Legislative Strategy

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Board will receive an update on the status of the Bay Area Air Quality Management District sponsored bill to increase the number of publicly accessible clean air spaces during emergency events such as wildfires.

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

Speakers who did not have the opportunity to address the Board in the first round of comments on non-agenda matters will be allowed two minutes each to address the Board on non-agenda matters.

BOARD MEMBERS' COMMENTS

16. *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

17. Report of the Executive Officer/APCO

18. Chairperson's Report

19. Time and Place of Next Meeting:

Wednesday, March 6, 2019, at 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

20. Adjournment

The Board meeting shall be adjourned by the Board Chair.

CONTACT:

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) 749-4941**

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

FEBRUARY 2019

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Ad Hoc Building Oversight Committee	Wednesday	6	9:00 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting	Wednesday	6	9:30 a.m.	1 st Floor Board Room
Board of Directors Personnel Committee	Wednesday	20	9:30 a.m.	1 st Floor Board Room
Board of Directors Technology Implementation Office Steering Committee – RESCHEDULED TO MONDAY, MARCH 25, 2019 AT 9:30 A.M.	Thursday	21	9:30 a.m.	1 st Floor Board Room
Board of Directors Public Engagement Committee	Thursday	21	9:30 a.m.	1 st Floor Board Room
Board of Directors Legislative Committee <i>(At the Call of the Chair)</i> – RESCHEDULED TO THURSDAY, FEBRUARY 28, 2019 AT 9:30 A.M.	Monday	25	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee	Wednesday	27	9:30 a.m.	1 st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee - CANCELLED	Thursday	28	9:30 a.m.	1 st Floor Board Room
Board of Directors Legislative Committee	Thursday	28	9:30 a.m.	1 st Floor Board Room

MARCH 2019

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting	Wednesday	6	9:30 a.m.	1 st Floor Board Room
Advisory Council Mtg.	Monday	11	10:00 a.m.	1 st Floor Board Room
Board of Directors Stationary Source Committee	Monday	18	9:30 a.m.	1 st Floor Board Room
Board of Directors Executive Committee	Wednesday	20	9:30 a.m.	1 st Floor Board Room
Board of Directors Climate Protection Committee	Thursday	21	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee	Friday	22	9:30 a.m.	1 st Floor, Yerba Buena Room #109

MARCH 2019

Board of Directors Technology Implementation Office Steering Committee	Monday	25	9:30 a.m.	1 st Floor Board Room
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Board of Directors Budget & Finance Committee - RESCHEDULED TO FRIDAY, MARCH 22, 2019 AT 9:30 A.M.	Wednesday	27	9:30 a.m.	1 st Floor, Yerba Buena Room #109
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Board of Directors Legislative Committee	Wednesday	27	9:30 a.m.	1 st Floor, Yerba Buena Room #109
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Board of Directors Mobile Source Committee	Thursday	28	9:30 a.m.	1 st Floor Board Room
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APRIL 2019

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting	Wednesday	3	9:30 a.m.	1 st Floor Board Room
Board of Directors Executive Committee - CANCELLED	Wednesday	17	9:30 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting	Wednesday	17	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee	Wednesday	24	9:30 a.m.	1 st Floor, Yerba Buena Room #109
Board of Directors Legislative Committee	Wednesday	24	11:00 a.m.	1 st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee	Thursday	25	9:30 a.m.	1 st Floor Board Room

HL - 1/31/19 - 2:20 p.m.

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Katie Rice and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 25, 2019

Re: Minutes of the Board of Directors Special Meeting/Retreat of January 16, 2019

RECOMMENDED ACTION

Approve the attached draft minutes of the Board of Directors Special Meeting/Retreat of January 16, 2019.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Special Meeting/Retreat of January 16, 2019.

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 16, 2019

AGENDA 6A – ATTACHMENT

Draft Minutes - Board of Directors Special Meeting/Retreat of January 16, 2019

Bay Area Air Quality Management District
Embassy Suites Hotel
Novato Meeting Room
101 McInnis Parkway
San Rafael, CA 94903

Board of Directors Special Meeting/Retreat
Wednesday, January 16, 2019

DRAFT MINUTES

Note: Audio recordings of the meeting are available on the website of the Bay Area Air Quality Management District at www.baaqmd.gov/bodagendas

CALL TO ORDER

1. **Opening Comments:** Board of Directors (Board) Chairperson, David Hudson, called the meeting to order at 9:34 a.m. Chair Hudson thanked everyone for a great year in 2018, including the Board Committees for taking the time to consider staff recommendations prior to Board consideration. He stated that his priorities as Chair in 2018 had been to address Particulate Matter (PM) emission reductions, methane emission reductions, and the establishment of the Air District's Technology Implementation Office (TIO).

Roll Call:

Present: Chairperson David Hudson; Vice Chair Katie Rice; Secretary Rod Sinks; and Directors Margaret Abe-Koga, Teresa Barrett, John J. Bauters, Cindy Chavez, Pauline Russo Cutter, John Gioia, Carole Groom, Scott Haggerty, Tyrone Jue, Doug Kim, Rafael Mandelman, Karen Mitchoff, Nate Miley, Hillary Ronen, Mark Ross, Jim Spering, Brad Wagenknecht, and Shirlee Zane.

Absent: Directors David J. Canepa, Liz Kniss, and Lori Wilson.

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

Public comments were given by Steve Nadel, Sunflower Alliance; and Tara Cahn, Tara Cahn Architecture.

COMMENDATION/PROCLAMATION/AWARD

3. The Board of Directors recognized outgoing Board Chairperson, David Hudson, for his outstanding leadership as Chair of the Board of Directors for the calendar year of 2018.

Chairperson-Elect Rice listed the accomplishments of the Air District under Chair Hudson's leadership in 2018.

NOTED PRESENT: Director Ronen was noted present at 9:45 a.m.

CONSENT CALENDAR (ITEMS 4 – 9)

4. Minutes of the Board of Directors Special Meeting of December 19, 2018
5. Board Communications Received from December 19, 2018 through January 15, 2019
6. Air District Personnel on Out-of-State Business Travel
7. Notices of Violations Issued and Settlements in Excess of \$10,000 during the month of December 2018
8. Authorization to Execute a Two-Year Contract and Associated Purchase Orders in Excess of \$100,000.00 Pursuant to Administrative Code Division II: Fiscal Policies and Procedures
9. Authorization to Execute a Contract with West Oakland Environmental Indicators Project for Community Engagement and Planning Purposes in West Oakland

Public Comments

No requests received.

Board Comments

None.

Board Action

Director Wagenknecht made a motion, seconded by Director Ross, to **approve** the Consent Calendar Items 4 through 9, inclusive; and the motion **carried** by the following vote of the Board:

- AYES: Barrett, Bauters, Chavez, Cutter, Gioia, Groom, Haggerty, Hudson, Jue, Kim, Mandelman, Miley, Mitchoff, Rice, Ronen, Ross, Sinks, Spring, Wagenknecht, and Zane.
- NOES: None.
- ABSTAIN: None.
- ABSENT: Abe-Koga, Canepa, Kniss, and Wilson.

COMMITTEE REPORT

10. Report of the Legislative Committee Meeting of January 14, 2019

Legislative Committee Chair, Doug Kim, read the following Committee report:

The Legislative Committee met on Monday, January 14, 2019, and approved the minutes of December 17, 2018.

The Committee considered new bills and positions recommended by staff, and recommends the following positions:

- **Assembly Bill 40 (Ting):** Requires the California Air Resources Board to develop a strategy to ensure all new motor vehicles and light-duty trucks are zero-emission by 2040 (**Support If Amended**);
- **Senate Bill 1 (Atkins):** Defines “baseline federal standards” for air quality and requires the California Air Resources Board to publish changes made to federal standards on a quarterly basis and assess how federal standards have been impacted by these changes (**Do not take a position until the Air District’s next Legislative Committee meeting, allowing time for District staff to meet with authors**); and
- **Senate Bill 210 (Leyva):** Creates a Heavy-Duty Vehicle Inspection & Maintenance Program and a “smog check” for non-gasoline vehicles in excess of 14,000 lbs. gross vehicle weight. (**Do not take a position until the Air District’s next Legislative Committee meeting, allowing time for District staff to meet with authors**).

The Committee then discussed the Sacramento Legislative Update, including topics such as: Legislative Committee Assignments for the 2019-2020 Legislative Session; the release of the Governor’s Budget, including allocations for wildfire emergency readiness, response and recovery; air districts’ continued need for implementation funding for Assembly Bill 617; Cap and Trade Program auction projections; budget cuts to California’s Funding Agricultural Replacement Measures for Emission Reductions Program; and Pacific Gas and Electric’s decision to file for bankruptcy.

Finally, the Committee discussed the Air District’s Potential Wildfire Smoke Public Health Legislation.

The next meeting of the Legislative Committee will be held on Monday, February 25, 2019, at 9:30 a.m., at the Bay Area Air Quality Management District office, 375 Beale Street, San Francisco, CA, 94105. I move that the Board approve the Committee’s recommendations. This concludes the Chair’s report of the Legislative Committee.

Public Comments

No requests received.

Board Comments

The Board and staff discussed the Legislative Committee’s reasoning for revising Air District staff’s recommendation regarding AB 40 (Ting).

Board Action

Director Kim made a motion, seconded by Chair Hudson, to **approve** the recommendations of the Legislative Committee; and the motion **carried** by the following vote of the Board:

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

BOARD OF DIRECTORS RETREAT

11. Opening Comments

At this point, Chairperson-Elect Rice took over the remainder of the meeting as the Air District's new Chairperson. Jack P. Broadbent, Executive Officer/Air Pollution Control Officer (APCO), gave an overview of the retreat presentation, explaining the topics that would be covered.

NOTED PRESENT: Director Abe-Koga was noted present at 9:58 a.m.

A. State of the Air District, Air Quality Summary, and the Proposed Regulatory Agenda for 2019

Mr. Broadbent presented the following slides: overview; state of the Air District; air quality summary; Bay Area ozone trends; Bay Area PM_{2.5} exceedance trends; localized fire impacts seen on October 12, 2017; Camp Fire impacts seen on November 16, 2018; proposed regulatory agenda for 2019; and Diesel-Free by '33 Summit.

Board Comments

The Board and staff discussed whether levels of all six of the greenhouse gases covered under the Kyoto Protocol are increasing in the Bay Area, and whether the Air District is monitoring all of them.

B. Air District Administrative Overview

Rex Sanders, Chief Administrative Officer, presented the following slide: human resources update.

Board Comments

The Board and staff discussed the need for additional Air District staff positions in the Community Engagement Division to further educate the public and industry (particularly agricultural) about Air District programs, State requirements, and funding opportunities; the need for an assessment on the effectiveness of the geographic distribution of the Air District's Community Engagement staff; and the request that the Board members are kept apprised of the Air District's salary survey, which is to be conducted soon.

C. Air District Financial Overview

Dr. Jeff McKay, Chief Financial Officer, presented the following slides: fiscal update; actual reserves and policy; real estate update; eighth floor purchase at 375 Beale Street completed and space outline; and east bay air district facility purchase completed.

Board Comments

The Board and staff acknowledged the presence of Stan Hayes, Chairperson of the Air District's Advisory Council, and Dr. McKay reiterated the importance of the role that the Advisory Council plays at the Air District.

D. Bay Area Economic Overview

Leonid Bak, Economist, presented the following slides: comparison of Bay Area's economic performance compared to California and United States from 2001-2017; gainer and loser industries in the Bay Area's changing jobs landscape: cumulative change in industry employment between 2011 and 2016; Bay Area total annual population growth rates compared with California and United States from 2010-2017; how does the Bay Area real estate market compare to the United States average; and Bay Area's economy: and how will the past guide our future?

Board Comments

The Board and staff discussed the decline in population in the Bay Area and which demographic is leaving the Bay Area; the factors contributing to an increase in the education industry in the Bay Area; the suggestion that the Air District estimates conservatively and advocates progressively for State funds needed to execute State-mandated measures.

E. Update on Assembly Bill (AB) 617 Implementation

Greg Nudd, Deputy APCO of Policy, presented the following slides: AB 617 implementation; Richmond Monitoring Plan; West Oakland Action Plan; build capacity; statewide inventory; and control technology.

Board Comments

The Board and staff discussed the Air District's challenge of wanting to provide all interested communities with the opportunity to receive air-pollution-exposure-reduction measures through AB 617, but inability to do so, due to limited time and resources and eligibility criteria; whether community steering committee members from community-based organizations will receive compensation for their participation; the Air District's methodology for prioritizing the interested communities and criteria that is used to determine their eligibility; the hope that the building capacity requirements of selected communities will help to establish long-term awareness of the Air District's programs and initiatives; the concern that community stakeholders who have seats on the community steering committees will use those meetings to promote their special interests, and the request that Air District staff ensures that what the stakeholders want, and what works best for all parties, is well-balanced.

F. Climate Protection Program Update

Mr. Nudd presented the following slides: climate pollutant rule-making; Climate Protection Grant Program; Diesel-Free by '33; and Clean Air Plan implementation priorities for 2019.

Board Comments

The Board and staff discussed the request that the Advisory Council discuss the feasibility of a carbon tax imposed in the Bay Area; and the suggestion that the Air District eliminate the use of plastic bottles and containers and moves to greener practices when serving refreshments at Board and Committee meetings.

G. Key Stationary Sources Update

Damian Breen, Deputy APCO of Technology presented the following slides: update on stationary source efforts: District Regulations 11-18 and 12-15, refinery projects, and major focus areas.

Board Comments

The Board and staff discussed the status of the proposed expansion of Phillips 66's marine terminal in Rodeo; and how the Air District can assist with waste diversion facilities that may be experiencing temporary increases in emissions while transitioning to sustainable technologies.

H. Update on the Technology Implementation Office

Dr. Ranyee Chiang, Technology Implementation Officer, presented the following slides: Mission - accelerate adoption of climate technologies to reduce demand for fossil fuels; 2018 - Climate Technology Review to prioritize focus areas, established and updated financing mechanisms to support technology projects, and key programs; and 2019: partnerships with customers and projects.

Board Comments

The Board and staff discussed the request that initiatives from the TIO be conveyed to City Managers and County Supervisors so that all Bay Area municipal jurisdictions can inform their constituents; whether the Air District is coordinating its efforts with those of the State; the suggestion that the Air District utilizes innovative uses of existing technologies that can quickly become widely available to the average consumer; the concern that the electric vehicle (EV) sales-penetration rate is not accelerating quickly enough in the United States; the need for EV charging infrastructure to be made available at multi-family dwellings; the need for technologies that will decarbonize by building electrification. community choice aggregation organizations' consideration of reach codes, statewide optional construction energy efficiency standards that exceed the requirements of a state's mandatory codes; and the Air District's potential to serve as a catalyst for significant commercialization of certain technologies.

I. Wildfire Air Quality and Community Health Response Update

Wayne Kino, Deputy APCO of Operations, and Alan Abbs, Legislative Officer, presented the following slides: wildfire history; summer 2018 California fires; PM_{2.5} concentrations; Wildfire Air Quality Response Program; program strategy; legislative strategy; and costs.

The Air District presented David Tewelde, Director of Sales and Marketing, of Embassy Suites by Hilton (in San Rafael) with an award for outstanding commitment to the community, explaining how the facility served victims of 2018 wildfire. Mr. Tewelde also gave comments about the Embassy Suites' efforts to provide aid to the community during and after the fires.

Board Comments

The Board and staff discussed the request that the Air District apprise County Supervisors of everything related to the proposed legislation that is discussed with county Public Health Officers; whether an author has been identified, and the request that the author be a Bay Area representative; whether the Air District's Legislative Committee will meet again before the proposed legislation is introduced; the request that the Air District publicize Embassy Suites' community service to the wildfire victims in 2018, and the suggestion that the Air District challenges the public sector to do the same for their communities during future wildfires; the suggestion that the Air District introduces this proposed legislation as a spot bill to give the Air District's Legislative Committee time to vet the language (so as to avoid having to make significant revisions later), and introduce a pilot program as a trailer bill; how the proposed amendments to District Regulation (Open Burning) would affect prescribed burning; CalCCA's development of legislation requesting transparency between community choice aggregation organizations and investor-owned utility companies regarding cost allocation and risk mitigation; how the potential future restructuring of Pacific Gas and Electric may be an opportunity for the Air District to establish itself as a stakeholder and catalyst of the deployment of resources and future infrastructure; and the suggestion that adequate public outreach is executed to properly inform the public of the proposed clean air shelters.

J. Board Development and Committee Assignments for 2019

Chair Rice released the Board Members' 2019 Standing Committee Assignments and said that one of her goals was to ensure more calendar predictability. She also announced her intention to combine several existing committees, and that she planned to call only one Board meeting per month in 2019, unless matters require additional Board meetings per month.

Board Comments

The Board and staff discussed when the new committee assignments go into effect.

Public Comments (on Items 11A – 11J):

Public comments were made by the following speakers: Jed Holtzman, 350 Bay Area; Greg Karras, Communities for a Better Environment; and Janet Stromberg, 350 Bay Area.

PUBLIC COMMENT ON NON-AGENDA MATTERS

12. Public Comments on Non-Agenda Items, Pursuant to Government Code Section 54954.3

No requests received.

BOARD MEMBERS' COMMENTS

13. Board Members' Comments

- Director Ronen announced her resignation from the Board, as she has been appointed as a Commissioner of the Metropolitan Transportation Commission.
- Director Mitchoff requested that the Air District's website lists Board and Committee meetings in chronological order, from January to December, rather than from December to January. She also reiterated her previous request that live links to meeting documents be embedded in electronic meeting agendas.
- Director Zane stated that she recently attended the National Council for Science and the Environment's Annual Conference and spoke about resiliency efforts in Sonoma County after the 2017 wildfires.
- Director Kim suggested that the Air District's Public Engagement Committee educate the public of what the Air District is and does, aside from the Spare the Air Program. He suggested the creation of a new separate website to specifically address active wildfires. He also inquired as to why the Air District does not have an established awards program to acknowledge entities that have made outstanding contributions to clean air in their communities.
- Vice Chair Sinks said that he hopes that Board members will make an effort to remain present until Board meetings are adjourned, as Board meetings are anticipated to be longer in 2019.
- Director Sperring requested a report on the status of fence line monitoring at refineries at an upcoming Board meeting. Furthermore, he asked how the Air District plans to use the data that is gathered.

OTHER BUSINESS

14. Report of the Executive Officer/Air Pollution Control Officer

Mr. Broadbent requested to table this item until February 6, 2019.

15. Chairperson's Report

Chair Rice congratulated Directors Wagenknecht and Zane for their recent reappointments to the Board and said that she looked forward to welcoming Director Lori Wilson next month.

16. Time and Place of Next Meeting

Wednesday, February 6, 2019, at 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

17. **Adjournment**

The meeting adjourned at 1:13 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Katie Rice and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 25, 2019

Re: Board Communications Received from January 16, 2019 through February 5, 2019

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Copies of communications directed to the Board of Directors received by the Air District from January 16, 2019, through February 5, 2019, if any, will be at each Board Member's place at the February 6, 2019, 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 Katie Rice and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 25, 2019

Re: Notice of Proposed Amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees and Section 6.10: Public Engagement Committee

RECOMMENDED ACTION

The Board of Directors will consider proposed amendments to the Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees and Section 6.10: Public Engagement Committee.

BACKGROUND

In accordance with provisions of the Administrative Code governing amendments to the Code, notice is hereby given that Board of Directors will consider at its next regular meeting, amendments to the Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees and Section 6.10: Public Engagement Committee.

These amendments will change the name of and replace all references to the "Public Engagement Committee," to the "Community and Public Health Committee" in the Administrative Code. This name change accurately reflects that the Air District's programs that report to this Committee include: Communications, Community Engagement, Public Health and Community Protection Offices.

This noticing action begins the process of amending the Air District's Administrative Code to incorporate the proposed amendments.

All amendments are reflected in the attached underline/strikethrough version of the Administrative Code.

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.

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

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Vanessa Johnson
Reviewed by: Rex Sanders

Attachment 8A: Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees

Attachment 8B: Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.10: Public Engagement Committee

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 3/7/2018)

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 seven (7) other Directors appointed by the Chairperson.
- (b) Budget and Finance Committee, consisting of eleven (11) Directors appointed by the Chairperson.
- (c) Personnel Committee, consisting of eleven (11) Directors appointed by the Chairperson.
- (d) Legislative Committee, consisting of eleven (11) Directors appointed by the Chairperson.
- (e) Mobile Source Committee, consisting of eleven (11) Directors appointed by the Chairperson.
- (f) ~~Public Engagement Committee~~ **Community and Public Health Committee**, consisting of eleven (11) Directors appointed by the Chairperson.
- (g) Stationary Source Committee, consisting of eleven (11) Directors appointed by the Chairperson.
- (h) Climate Protection Committee, consisting of eleven (11) 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.

AGENDA: 8B – ATTACHMENT

6.8 **NOMINATING COMMITTEE. (Revised 10/4/95)**

The Nominating Committee will consist of the Chairperson of the Board, the past Chairperson of the Board and three (3) appointees of the Chairperson of the Board, or in the event the past Chairperson of the Board is no longer serving on the Board, four (4) appointees of the Chairperson of the Board. The Nominating Committee shall be appointed no later than the second Board Meeting in November of each year and shall serve until the appointment of a new Committee. It is the function of the Nominating Committee to recommend to the Board the officers for each calendar year. In making its recommendation, the Committee shall not be bound by a recommendation of a previous Nominating Committee. The Committee need not follow a strict rule of rotation between supervisor and city members but may take into account their proportionate membership on the Board of Directors. Additionally, the Committee shall take into account the provisions of Section I-2.7.

6.9 **MOBILE SOURCE COMMITTEE. (Revised 3/18/98)**

It is the function of the Mobile Source Committee to consider and recommend policies and positions of the District relating to transportation planning and funding, on-road and off-road mobile sources, and mobile source fuels. The Mobile Source Committee will keep itself informed on actions or proposed actions by local, regional, state and federal agencies affecting air pollutant emissions from mobile sources.

6.10 **~~PUBLIC ENGAGEMENT COMMITTEE~~ (Revised 3/6/2015) **Community and Public Health Committee****

It is the function of the ~~Public Engagement~~ **Community and Public Health** Committee to give overall direction to the District's ~~public engagement~~ **Community and Public Health** programs. In addition, the Committee hears proposals and makes recommendations to the Board of Directors regarding the selection of a contractor(s) to assist the District with aspects of the public engagement programs. The Committee consists of Board members who vote on issues that come before the Committee. ~~The Community and Public Health Committee will review and provide input to staff on community outreach and engagement related to the implementation of AB 617, wood smoke rules, clean air centers, Air District activities supporting local public health efforts responding to air quality events, etc. and make recommendations on same to the Board of Directors when budget, formal policy, or other action is required, or as the committee determines important for Board of Directors review.~~

6.11 **STATIONARY SOURCE COMMITTEE. (Revised 2/19/03)**

It is the function of the Stationary Source Committee to consider and recommend policies to the Board of Directors relating to stationary sources. The Committee shall recommend to the Board of Directors stationary source policy issues affecting the implementation of the State and Federal Air Quality Management Plans and key planning policy issues such as federal and State Air Quality Management Plan development and air quality and economic modeling. The Stationary Source Committee shall review and make recommendations to the Board of Directors regarding major stationary source programs including: permitting, compliance, small business assistance, toxics, source education, and rule development. The Stationary Source Committee shall recommend to the Board of Directors positions concerning federal and state regulations that affect stationary sources. The Stationary Source Committee shall recommend policies to the Board of Directors for disbursement of supplemental environmental project grants.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Katie Rice and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 25, 2019

Re: Request to Increase Credit Card Limits

RECOMMENDED ACTION

The Board of Directors will consider approving an increase to the Executive Officer/Air Pollution Control Officer's credit card limit from \$10,000 to \$15,000 and an increase to the Deputy Air Pollution Control Officer of Technology's credit card limit from \$5,000 to \$10,000.

DISCUSSION

In 2005, the Board approved the issuance of credit cards at various levels of credit to executive-level management staff to be used for business purposes.

Business credit cards are used by board approved executive management staff for unforeseen emergency transactions, travel incidentals, subscriptions, catering services, and other miscellaneous purchases.

Two of the credit cards regularly reach their monthly limit and become blocked for purchases until the monthly bill is paid and clears the credit issuer. To enhance the operational efficiency of the Air District, staff recommends that the existing Executive Officer/Air Pollution Control Officer and the Deputy Air Pollution Control Officer of Technology credit limits be increased by \$5,000 each.

The table below compares the Air 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	\$15,000
District Counsel	\$10,000	No Change
Manager, Executive Operations	\$10,000	No Change
Chief Financial Officer	\$5,000	No Change
Chief Administrative Officer	\$5,000	No Change
Deputy Air Pollution Control Officer - Technology	\$5,000	\$10,000
Deputy Air Pollution Control Officer - Operations	\$5,000	No Change
Deputy Air Pollution Control Officer - Policy	\$5,000	No Change
Meteorology & Measurements Director	\$5,000	No Change
Information Technology Director	\$5,000	No Change
Executive & Administrative Resources Director	\$10,000	No Change
Total Credit Limit	\$75,000	\$85,000

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Maricela Martinez
Reviewed by: Rex Sanders

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Katie Rice and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 25, 2019

Re: Report of the Budget and Finance Committee Meeting of January 23, 2019

RECOMMENDED ACTION

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

BACKGROUND

The Committee met on Wednesday, January 23, 2019, and received the following reports:

- A) Fourth Quarter Financial Report – Fiscal Year Ending (FYE) 2018;
- B) First Quarter Financial Report – Fiscal Year Ending (FYE) 2019; and
- C) Air District Financial Plan Overview

Committee 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.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

Attachment 10A: Budget and Finance Committee Meeting Agenda #4 – 01/23/19
Attachment 10B: Budget and Finance Committee Meeting Agenda #5 – 01/23/19
Attachment 10C: Budget and Finance Committee Meeting Agenda #6 – 01/23/19

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 11, 2019

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

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District’s financial results for the fourth quarter of the 2017-18 Fiscal Year (FY). The following information summarizes those results.

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

REVENUE TYPE	4th QTR FY 2017	4th QTR FY 2018	FY 2018 - % of BUDGETED REVENUE
County Receipts	\$30,541,028	\$33,032,767	105%
Permit Fee Receipts	\$33,249,989	\$36,281,869	99%
Title V Permit Fees	\$5,021,094	\$5,439,167	99%
Asbestos Fees	\$4,210,603	\$4,066,794	163%
Toxic Inventory Fees	\$211,380	\$336,389	93%
Penalties and	\$3,335,649	\$4,357,810	158%
Interest Revenues	\$587,340	\$875,267	307%
Miscellaneous Revenues	\$66,895	\$145,893	292%
Total Revenue	\$77,223,979	\$84,535,955	106%

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

EXPENDITURE TYPE	4th QTR FY 2017	4th QTR FY 2018	FY 2018 - % of BUDGETED EXPENDITURES
Personnel - Salaries*	\$37,368,006	\$39,623,206	101%
Personnel - Fringe	\$19,615,494	\$20,792,915	91%
Operational Services /	\$20,025,362	\$19,109,582	61%
Capital Outlay	\$3,923,291	\$5,606,660	99%
Total Expenditures	\$80,932,153	\$85,132,363	86%

*Consolidated (includes Special Funds)

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

CASH/INVESTMENTS	4th QTR FY 2017	4th QTR FY 2018
General Fund	\$55,167,881	\$67,596,034
TFCA	\$90,039,116	\$96,546,426
MSIF	\$37,544,701	\$42,072,941
Carl Moyer	\$5,758,456	\$19,004,193
CA Goods Movement	\$8,310,419	\$13,878,585
Bike Share	\$1,062,983	\$1,079,280
Total	\$197,883,556	\$240,177,459

	6/30/2017	6/30/2018	6/30/2019
FUND BALANCES	Audited	Audited	Projected
DESIGNATED: *			
Building Acquisition			
Diversity Equity & Inclusion		100,000	
Economic Contingency	\$16,519,959	\$17,390,311	
IT- Event Response	\$500,000	\$500,000	
Litigation		\$500,000	
Napa/Sonoma Fireplace Replacement Grant		\$1,000,000	
Pension & Post Employment Liability	\$1,600,000	\$1,000,000	
Tech- Meteorological Network Equipment	\$131,100	\$131,100	
Tech- Mobile Monitoring Instruments	\$80,000	\$80,000	
Technology Implementation Office		\$3,350,000	
GHG Abatement Technology Study	\$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	
Total Designated Reserves	\$21,331,059	\$27,701,411	\$29,084,769
Undesignated Fund Balance	\$20,455,742	\$14,085,390	\$16,717,783
Use of Fund Balance	(\$852,032)	\$4,253,010	(\$12,671,400)
TOTAL DESIGNATED & UNDESIGNATED	\$40,934,769	\$46,039,811	\$33,131,152
Building Proceeds	\$4,668,200	\$4,668,200	\$209,489
TOTAL FUND BALANCE	\$45,602,969	\$50,708,011	\$33,340,641
* Designated Fund Balances are subject to change at Board's discretion.			
UNFUNDED LIABILITIES (Based on 2017 Actuarial Valuation Report)			
CalPERS Pension Retirement			\$74,654,496
Other Post- Employment Benefits			\$18,840,854
TOTAL UNFUNDED LIABILITIES			\$93,495,350

Vendor Payments

In accordance with provisions of the Administrative Code, Division II Fiscal Policies and Procedures - Section 4 Purchasing Procedures: 4.3 Contract Limitations, staff is required to present recurring payments for routine business needs such as utilities, licenses, office supplies and the like, more than, or accumulating to more than \$100,000 for the fiscal year. In addition, this report includes all of the vendors receiving payments in excess of \$100,000 under contracts that have not been previously reviewed by the Board. In addition, staff will report on vendors that undertook work for the Air District on several projects that individually were less than \$100,000, but cumulatively exceed \$100,000.

Below is a list of vendors with cumulative payments made through the fourth quarter of 2017-2018 Fiscal Year (FY) 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 FY 2017-18.

VENDOR NAME	AMOUNT PAID (July 2017 - June 18)	Explanation
1. Alliant Insurance Services	\$591,802	Various Business Insurance Policies
2. Bay Area Headquarters Authority	\$1,913,186	Shared Services & Common Areas
3. BAAQMD Employee Association	\$101,487	Employee Union Dues
4. Benefits Coordinators Corp.	\$1,009,224	Life Insurance Plan & LTD Insurance
5. CA Public Employee Retirement System	\$7,297,956	Health Insurance Plan
6. CA Public Employee Retirement System	\$3,010,929	Retirement Benefits & 457 Supplemental Plan
7. CAPCOA	\$700,337	Pass through EPA grants
8. Ceridian	\$114,109	Payroll Processing Services
9. Cubic Transportations Systems	\$446,158	Clipper Transit Subsidy
10. Direct Mail Center	\$147,084	Public Notice Mailing Services
11. Enterprise Fleet Services	\$445,322	Fleet Leasing and Maintenance services
12. Hartford Life Ins Co.	\$726,500	457 Supplemental Insurance
13. Preferred Benefit Insurance AD	\$695,682	Dental Insurance Plan
14. Pacific Gas & Electric	\$103,757	Utility services
15. Renne Sloan Holtzman Sakai	\$176,267	Human Resources Consulting Services
16. SoftwareOne Inc.	\$332,269	Microsoft Subscription Service

VENDOR NAME (continued)	AMOUNT PAID (July 2017 - June 18) (continued)	Explanation (continued)
17. Thermo Environmental Instrument	\$110,194	Air monitoring and source test instrumentation
18. Verizon Wireless	\$211,951	Cell phone services
19. Wright Express Universal	\$102,485	Fuel for fleet

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze

Reviewed by: Jeff McKay

BUDGET AND FINANCE COMMITTEE
MEETING OF 01/23/2019

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 11, 2019

Re: First Quarter Financial Report – Fiscal Year Ending (FYE) 2019

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District's financial results for the first quarter of the 2018-19 Fiscal Year (FY). The following information summarizes those results.

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

REVENUE TYPE	1st QTR FY 2018	1st QTR FY 2019	FY 2019 - % of BUDGETED REVENUE
County Receipts	\$77,801	\$323,817	1%
Permit Fee Receipts	\$20,720,742	\$25,988,911	67%
Title V Permit Fees	\$3,501,509	\$5,023,406	86%
Asbestos Fees	\$1,057,495	\$1,143,535	46%
Toxic Inventory Fees	\$177,329	\$220,209	43%
Penalties and	\$742,678	\$318,023	12%
Interest Income	\$165,228	\$316,663	64%
Misc Revenue	\$4,495	\$37,013	37%
Total Revenue	\$26,447,276	\$33,371,577	40%

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

EXPENDITURE TYPE	1st QTR FY 2018	1st QTR FY 2019	FY 2019 - % of BUDGETED EXPENDITURES
Personnel - Salaries*	\$8,307,733	\$8,980,924	20%
Personnel - Fringe	\$6,907,504	\$8,236,336	32%
Operational Services /	\$2,970,741	\$3,184,581	11%
Capital Outlay	\$1,269,603	\$983,799	21%
Total Expenditures	\$19,455,581	\$21,385,640	20%

*Consolidated (includes Special Funds)

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

CASH/INVESTMENTS	1st QTR FY 2018	1st QTR FY 2019
General Fund	\$58,580,658	\$70,817,140
TFCA	\$91,004,558	\$102,212,849
MSIF	\$39,236,744	\$41,937,053
Carl Moyer	\$4,322,486	\$20,392,810
CA Goods Movement	\$8,314,145	\$13,937,851
Bike Share	\$1,069,047	\$1,084,000
Total	\$202,527,637	\$250,381,703

	6/30/2017	6/30/2018	6/30/2019
FUND BALANCES	Audited	Audited	Projected
DESIGNATED: *			
Building Acquisition			
Diversity Equity & Inclusion		100,000	
Economic Contingency	\$16,519,959	\$17,390,311	
IT- Event Response	\$500,000	\$500,000	
Litigation		\$500,000	
Napa/Sonoma Fireplace Replacement Grant		\$1,000,000	
Pension & Post Employment Liability	\$1,600,000	\$1,000,000	
Tech- Meteorological Network Equipment	\$131,100	\$131,100	
Tech- Mobile Monitoring Instruments	\$80,000	\$80,000	
Technology Implementation Office		\$3,350,000	
GHG Abatement Technology Study	\$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	
Total Designated Reserves	\$21,331,059	\$27,701,411	\$29,084,769
Undesignated Fund Balance	\$20,455,742	\$14,085,390	\$16,717,783
Use of Fund Balance	(\$852,032)	\$4,253,010	(\$12,671,400)
TOTAL DESIGNATED & UNDESIGNATED	\$40,934,769	\$46,039,811	\$33,131,152
Building Proceeds	\$4,668,200	\$4,668,200	\$209,489
TOTAL FUND BALANCE	\$45,602,969	\$50,708,011	\$33,340,641
* Designated Fund Balances are subject to change at Board's discretion.			
UNFUNDED LIABILITIES (Based on 2017 Actuarial Valuation Report)			
CalPERS Pension Retirement			\$74,654,496
Other Post- Employment Benefits			\$18,840,854
TOTAL UNFUNDED LIABILITIES			\$93,495,350

Vendor Payments

In accordance with provisions of the Administrative Code, Division II Fiscal Policies and Procedures - Section 4 Purchasing Procedures: 4.3 Contract Limitations, staff is required to present recurring payments for routine business needs such as utilities, licenses, office supplies and the like, more than, or accumulating to more than \$100,000 for the fiscal year. In addition, this report includes all of the vendors receiving payments in excess of \$100,000 under contracts that have not been previously reviewed by the Board. In addition, staff will report on vendors that undertook work for the Air District on several projects that individually were less than \$100,000, but cumulatively exceed \$100,000.

Below is a list of vendors with cumulative payments made through the first quarter of 2018-19 Fiscal Year (FY) 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 FY 2018-19.

VENDOR NAME	AMOUNT PAID (July 2018 - Sept 2018)	Explanation
1. Benefits Coordinators Corp.	167,101	Life Insurance Plan & LTD Insurance
2. CA Public Employee Retirement System	1,259,205	Health Insurance Plan
3. CA Public Employee Retirement System	565,482	Retirement Benefits & 457 Supplemental Plan
4. Cubic Transportations Systems	121,857	Clipper Transit Subsidy
5. Enterprise Fleet Services	117,060	Fleet Leasing and Maintenance services
6. Hartford Life Ins Co.	207,207	457 Supplemental Insurance
7. Preferred Benefit Insurance AD	211,397	Dental Insurance Plan
8. Thermo Environmental Instrument	149,146	Air monitoring and source test instrumentation

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BUDGET AND FINANCE COMMITTEE
MEETING OF 01/23/2019

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 11, 2019

Re: Air District Financial Plan Overview

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will present the Air District's first Financial Plan. The Plan is a prelude to the upcoming Fiscal Year 2020 budget and provides an overview of historical financial trends and describes key assumptions and policies. These inputs are used to develop a five-year financial forecast for the Plan.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeffrey McKay

Attachment 6A: Draft Air District 2019 Financial Plan



**BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT**

2019 FINANCIAL PLAN

GENERAL FUND

FIVE YEAR FISCAL FORECAST: 2020-2024

BUDGET AND FINANCE COMMITTEE
MEETING OF 01/23/2019

BUDGET AND FINANCE COMMITTEE
MEETING OF 01/23/2019

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BUDGET AND FINANCE COMMITTEE
MEETING OF 01/23/2019

INTRODUCTION AND PURPOSE

The Financial Plan (the Plan) is provided as a prelude to the development of the Bay Area Air Quality Management District's (Air District's) annual budget. A key component of the Plan is a description of the current economic environment and its short and long-term anticipated impacts to the Air District's fiscal condition. The Plan provides an overview of historical financial trends and describes key assumptions and policies. These inputs are used to develop a five-year financial forecast. The forecast is not a budget, but rather, a projection of the Air District's financial health based on key assumptions and factors. The forecast can help to flag future challenges and opportunities allowing the Air District to be proactive in planning actions as it develops and adopts a budget for the coming year. Management of fiscal resources enables maintenance of service levels while achieving the Air District's priorities, goals and objectives. This is the first version of the Plan and it is intended to be a dynamic document that will evolve as it is updated annually.

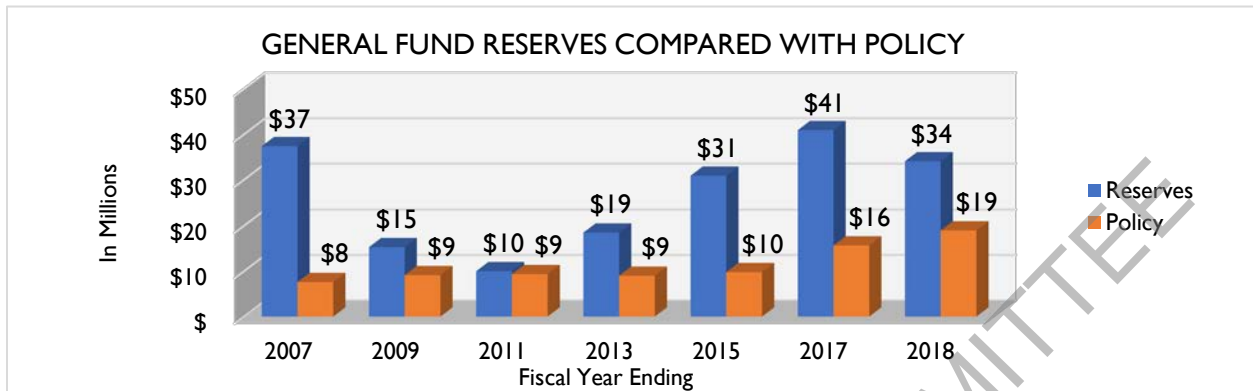
HISTORICAL FINANCIAL CONDITION/TRENDS

The General Fund is the primary operating fund used to sustain the business of the Air District. It accounts for revenues, expenditures, and reserves. This section provides an overview of the Air District's financial condition and actions taken to address financial challenges since the 2008 recession. The recession caused many local public agencies to lay-off a substantial portion of their work force and even drove some to file bankruptcy. However, through sound fiscal management and a combination of various measures, the Air District was able to minimize service impacts and avoid lay-offs. One measure used to temporarily meet operational needs was a draw down from the General Fund reserves.

HISTORICAL RESERVES

Reserves set aside funds to weather unanticipated economic conditions or the impact of natural events. Reserves are an important measure of financial stability and provide flexibility to temporarily mitigate financial challenges. Figure 1 illustrates the impact to the General Fund reserve when it was used to meet operational needs during the economic downturn. In 2007 before the economic downturn, reserves were \$37 million, substantially higher than the 2007 reserve policy of 15% of the General Fund Operation Budget. When reserves were used to meet operating needs, they dipped significantly, almost reaching the minimum reserve policy level of \$9 million in 2011. Since 2011, reserves have been replenished and are almost back to the 2007 levels, meeting the current minimum reserve policy of 20% of General Fund Operating Budget. This experience illustrates that while the Air District has a minimum reserve policy, it is important to strive to remain above the policy level to weather events such as the 2008 Great Recession.

Figure 1 General Fund Reserves Compared with Policy



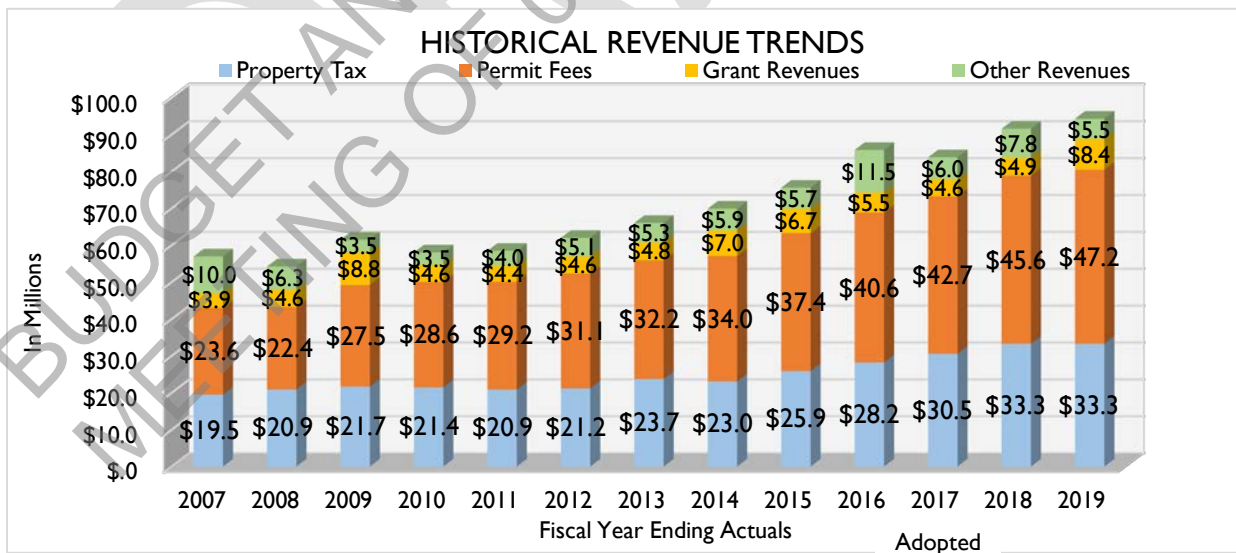
In addition to use of reserves, the following measures were utilized during the economic downturn:

1. Unfilled Vacancies
2. Postponed Expenditures
3. Deferred Capital Investment
4. Initiated Cost Recovery Policy for Permit Fees

HISTORICAL REVENUES

The General Fund’s two major revenue sources are Property Tax and Permit Fees. These two sources generally reflect the Bay Area’s changing economic conditions and largely dictate the Air District’s ability to control and manage growth. Figure 2 provides a historical trend of General Fund revenues over the past ten years (2007-2018) and the 2019 adopted budget.

Figure 2 Historical Revenue Trends



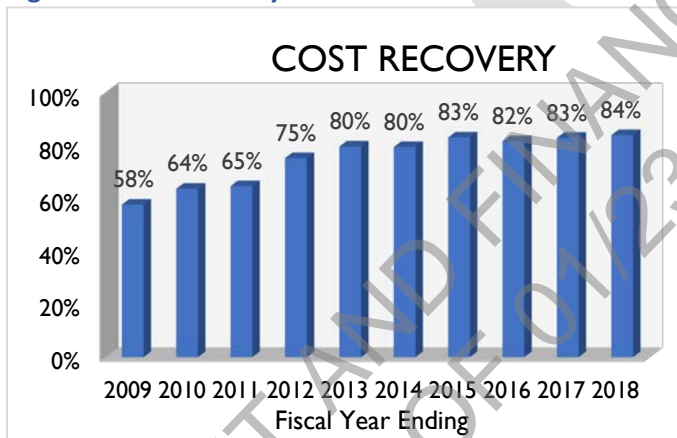
Property tax is the second largest General Fund revenue source. This source is not controlled by the Air District but is rather administered by the nine Bay Area Counties. It is distributed annually to the Air District using a State law prescribed formula.

As Figure 2 illustrates, property tax revenue growth is relatively stable. Unlike permit fees, there is a lag in response to changing economic conditions in the real estate market. In 2011 property tax revenue decreased slightly from \$21.4M to \$20.9M due to the 2008 recession; almost a three-year lag.

Permit Fees are the largest General Fund revenue source and are sensitive to the level of economic activity in the Bay Area. In 2008, permit fees dipped slightly due to the economic downturn. Some of this impact was offset by amending the fee schedule through fee increases, resulting in higher permit fee revenues.

State law authorizes the Air District to assess fees to generate revenue to recover 100% of reasonable costs of regulatory program activities for stationary sources of air pollution. Annually, the Air District can review and amend fees to cover associated costs.

Figure 3 Cost Recovery



In 2009, the Air District was only recovering 58% of its costs. In 2018, the cost recovery level was 84%. This was accomplished using a prescribed formula to review and amend the fee schedule annually pursuant to the adoption of a Cost Recovery Policy. The policy established an 85% minimum cost recovery target. Due to better economic conditions and the implementation of the cost recovery

policy, permit fee revenue has experienced significant growth since 2009 as shown in Figure 3.

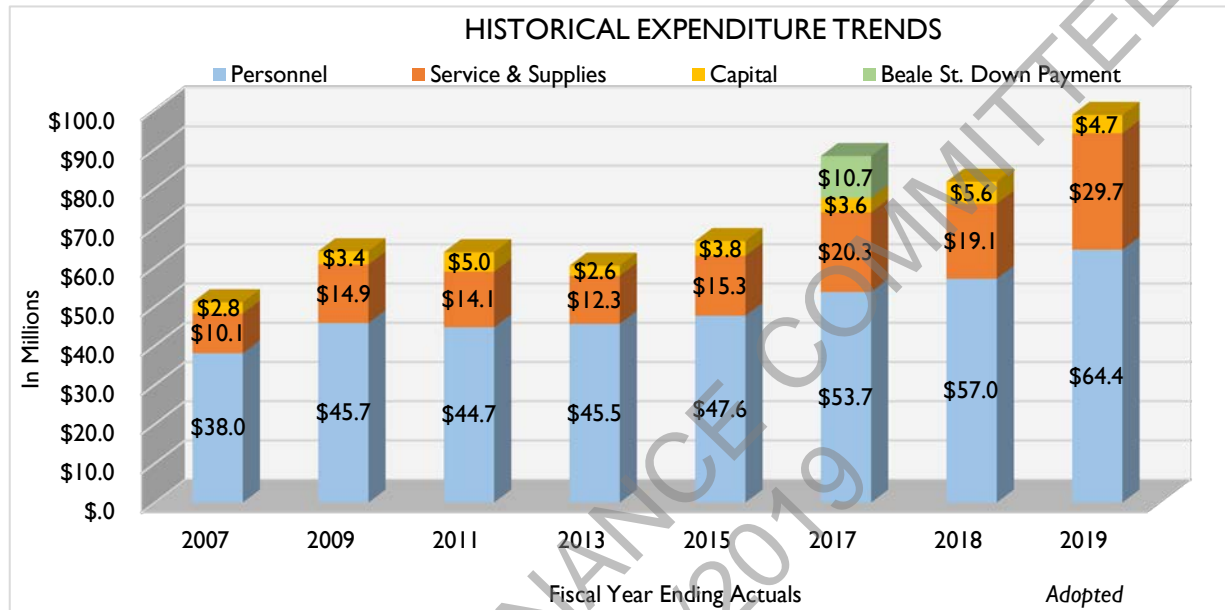
Grant Revenues represents various small federal and state grants used to support the air monitoring program and public outreach. This category fluctuates based on available grant funding.

Miscellaneous Revenues include other state funding such as subvention, interest and penalties and settlements and one-time revenues. This category also fluctuates based primarily on the amount and timing of penalties and settlements.

HISTORICAL EXPENDITURES

The General Fund’s two major expenditures are Personnel (includes benefits) and Service & Supplies. Figure 4 provides a historical trend of actual General Fund expenditures over the past ten years (2007-2018) and the 2019 adopted budget.

Figure 4 Historical Expenditure Trends



Personnel costs include salaries, taxes and benefits. Benefits includes health premiums, pension and other post-employment benefit contributions. This category dipped slightly in 2011 and remained relatively steady until 2017, when the Air District experienced increased staffing levels and a steep rise in pension contributions to CalPERS.

Services and Supplies costs are primarily contract services, with various office supplies representing the balance. This category fluctuates from year to year; and increased significantly in 2017 and 2018 due to several new and enhanced programs (such as the Clean Air Plan Implementation and Technology Improvement Office Programs); including one-time costs associated with the move to the Air District’s new headquarters.

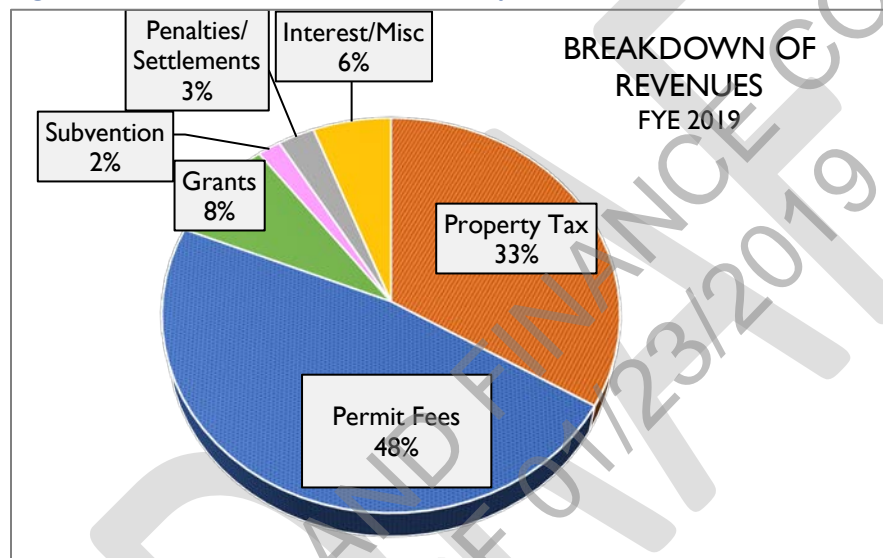
Capital costs fluctuate based on the timing of capital equipment purchase and replacement.

Beale Street down payment of \$10.7 million went towards the purchase of the Air District’s new headquarters in 2017. The Air District will continue to make annual payments to pay down its remaining obligation of \$19.3 million.

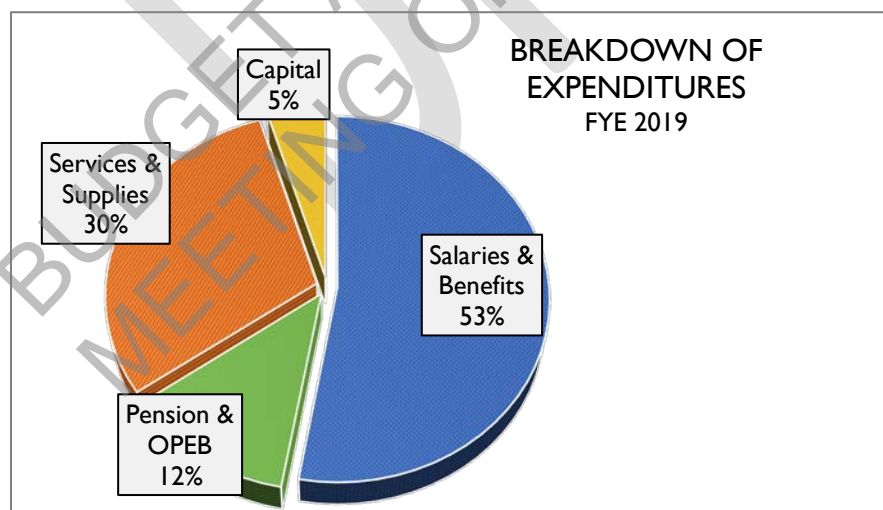
CURRENT FINANCIAL OUTLOOK

Currently, the Air District is in good financial health. The Air District has been able to adopt balanced annual budgets, while establishing and maintaining a healthy General Fund reserve by being fiscally prudent and establishing sound fiscal policies. Figure 5 provide a breakdown of the projected Revenues and Expenditures for the current fiscal year. The Fiscal Year 2019 General Fund Adopted Budget was \$99.2 million; which includes a one-time \$4 million transfer from reserves to implement the Technology Improvement Office (TIO) revolving loan program. As a service-driven agency, salaries and benefits (including Pension and Medical) are the largest components of expenditure, representing 65% of the total. The budget assumes a staffing level of 405 FTEs, an increase of 38 additional FTEs over the prior year, resulting from state mandate in implementing Assembly Bill 617, new regulations and additional grant funding.

Figure 5 Breakdown of Revenues and Expenditures in FYE 2019



Permit Fees and Property Tax account for 81% of the FY 2019 General Fund Budget. *The budget is expected to be on target with projections.*



The two major General Fund expenditures are Salaries/Benefits and Services/Supplies totaling 83% of the projected budget for the fiscal year ending 2019. *The budget is expected to be on target with projections.*

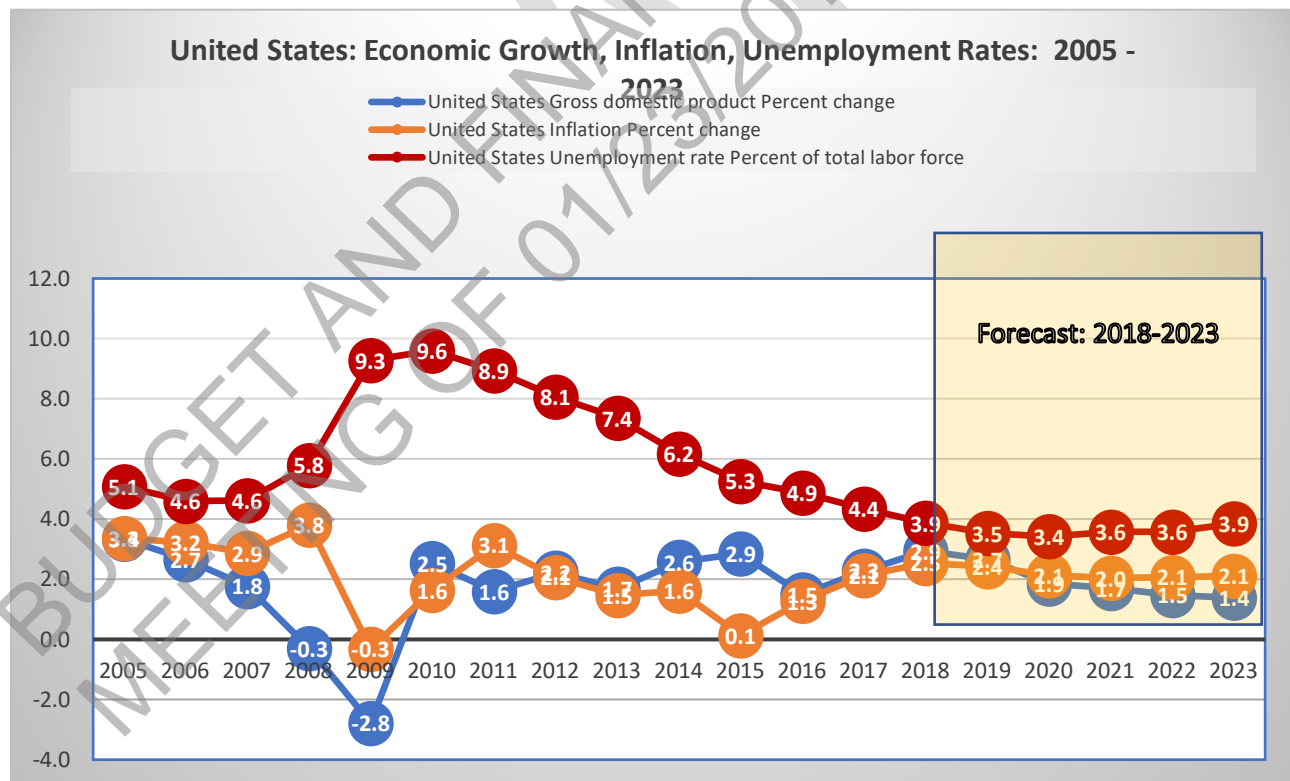
ECONOMIC OUTLOOK

EXTERNAL TRENDS – UNITED STATES

2018 was the first time since 2014 that the US economy registered sustained increases in back-to-back quarters, when the national economy grew by 4.2% in Q2 and 3.5% in Q3. The average economic growth in the first half of 2018 is 3.2%, with the full year growth expected at 3%, the first full-year economic growth of 3% since 2005 (the blue line in the graph below). The US economy is on pace to grow faster than in 2015, when it grew by 2.9% per year. A mild slowdown, to a 2.7% annual growth from 3% in 2018, is expected in 2019. The economy is currently expected to continue cooling off down to 2.2% in 2020. The US Federal Reserve projects a long-run average economic growth of about 2% per year, with about 2% inflation rate.

Measured differently, by the current dollar spending in the economy, growth momentum is also robust: nominal GDP - real growth plus quality adjusted inflation - rose a robust 7.4% in Q2, lifting its year-over-year growth to 5.4%, the strongest since 2006. However, looking further ahead, most economists agree that economic growth in the United States should slow down to about 1.4% by 2023, with many economists predicting a possible recession around 2021-22.

Figure 6 United States: Economic Growth, Inflation, Unemployment Rates 2005 - 2023



Source: International Monetary Fund, World Economic Outlook Database

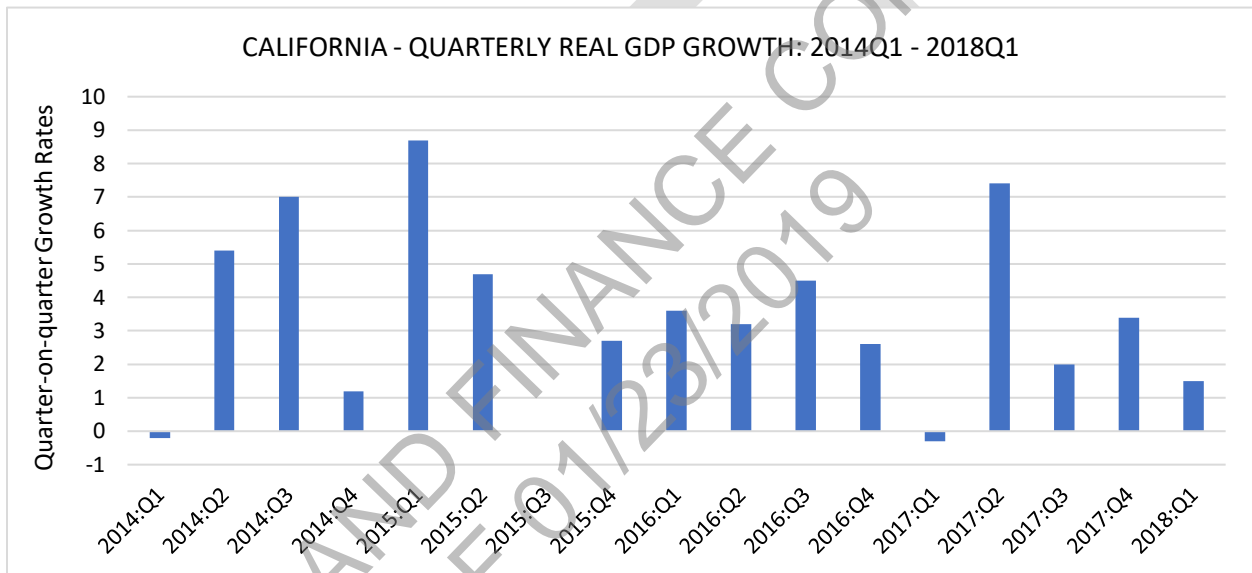
Consumer spending, stronger exports, and strong business investment were key drivers behind the strong economic growth numbers in 2018.

Consumer inflation, while on a growing path, has been relatively benign. It increased above the US Federal Reserve’s long-run policy target of 2.0% in 2017 and 2018. However, the Federal Reserve expects inflation to return to a long-run average of about 2.1% by 2020. Economists revised their forecasts lower, following the weaker-than-expected trade and inventory data.

EXTERNAL TRENDS – CALIFORNIA

In California, similar to the nation, economic growth in the recent years has been robust, as shown in Figure 7.

Figure 7 California – Quarterly Real GDP Growth in 2014 through 2018 Quarter 1



Source: Bureau of Economic Analysis, US Department of Commerce

California’s Legislative Analyst’s Office (LAO) forecasts further steady expansion in personal income for 2018 and on to 2022. The most recent update projects the state economy to grow by 2.1% in 2018 and 2.7% in 2019 (CA LAO, The 2018-19 May Revision, LAO Economic Outlook).

Employment in the state is projected to remain steady, expanding by 1.4% in both 2018 and 2019. LAO noted that the state’s unemployment rate (4.2 percent as of March 2018) is the lowest it has been in decades. With low and falling unemployment, economists generally expect wages and prices to continue rising. However, LAO data also shows that the lower unemployment rate may be at least partially connected to slowing population growth, which has been declining gradually from 0.7% per year in 2017 to 0.6% by 2022. Although recent wage and price growth in general has not been as high as many economists had expected given the low unemployment, wage and price growth remains an important unpredictable risk indicator in the state’s economy. The state of California depends heavily on Capital Gains for its tax revenues. Capital Gains receipts are far

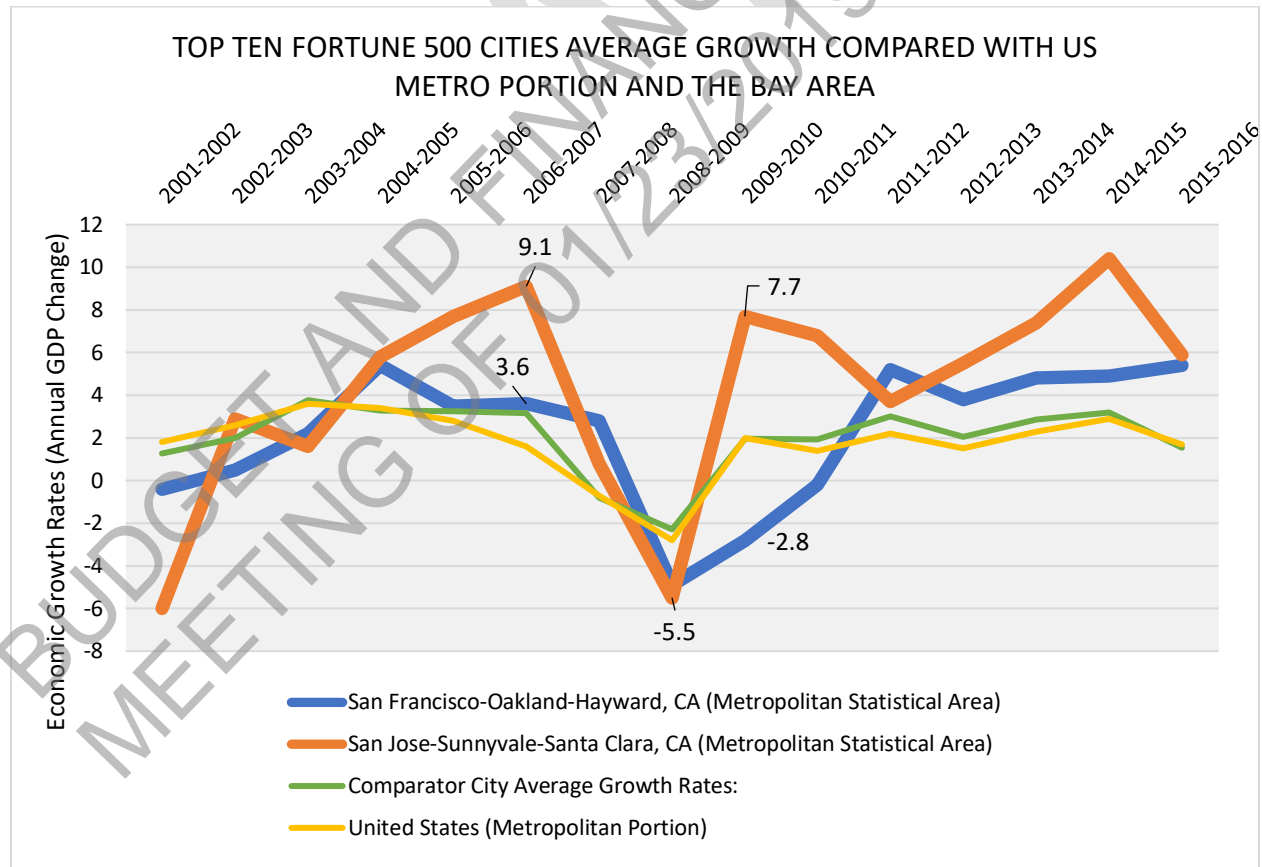
more dependent than wages on stock market performance and other factors that will inevitably suffer cyclical drops.

REGIONAL ECONOMY OF THE BAY AREA

Regionally, the Bay Area economy has performed remarkably well, growing by about 4.3% annually between 2014 – 2017. The Bay Area economy has been a leader in the United States in growth of GDP per capita. The very high productivity of about \$80,000 per person owes much to the high concentration of technology industries in the area.

However, even though the economy has become more diverse in recent years, many non-technology industries actually support the high technology industries (for example, both finance and manufacturing are tied to the performance of the high-tech sector). This concentration of industries focused on one area (technology) leads to an uneven and unpredictable economic performance for the entire region, with sharper peaks during times of economic growth and lower valleys in a recession – compared to other, more economically diversified regions, not dependent on a single industry.

Figure 8 Top 10 Fortune 500 Cities Average Growth Compared with US Metro Portion and the Bay Area



Source: Bureau of Economic Analysis, US Department of Commerce

FINANCIAL FORECAST

The Air District prepares a Five-Year Financial Forecast for the General Fund to project its long-term financial health based on revenue and expenditure trends, policy decisions, assumptions and expectations. The Five-Year Forecast allows the Air District to assess the current environment and respond to changes.

Table 1 Five-Year General Fund Financial Forecast

Five-Year General Fund Financial Forecast							
	FYE 2018 Unaudited Revenues & Transfers	FYE 2019 Adopted Revenue & Transfers	FYE 2020 Projected Revenue & Transfers	FYE 2021 Projected Revenue & Transfers	FYE 2022 Projected Revenue & Transfers	FYE 2023 Projected Revenue & Transfers	FYE 2024 Projected Revenue & Transfers
REVENUE							
Property Tax	\$33,032,766	\$33,274,701	\$34,993,800	\$36,803,534	\$38,340,726	\$39,593,091	\$41,425,774
Permits/Fees	45,592,051	\$47,172,397	\$49,460,183	\$51,398,441	\$53,414,780	\$55,512,384	\$57,694,565
Grant Revenues	4,170,943	\$3,580,726	\$3,607,684	\$3,634,912	\$3,662,412	\$3,690,187	\$3,718,240
AB 617 Funding	\$711,433	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000
Other Revenues	7,818,852	\$5,473,349	\$5,492,289	\$5,511,623	\$5,531,333	\$5,551,426	\$5,571,911
	<u>\$91,326,044</u>	<u>\$94,301,173</u>	<u>\$98,353,956</u>	<u>\$102,148,509</u>	<u>\$105,749,251</u>	<u>\$109,147,089</u>	<u>\$113,210,489</u>
Transfer from Special Funds	669,048	\$849,835	\$866,832	\$884,168	\$901,852	\$919,889	\$938,287
Transfer from / (to) Fund Balance	\$ (10,249,361)	\$4,000,000	(\$391,786)	(\$881,629)	(\$816,389)	(\$528,598)	(\$1,143,721)
TOTAL REVENUE	\$81,745,731	\$99,151,008	\$98,829,002	\$102,151,049	\$105,834,714	\$109,538,380	\$113,005,055
EXPENDITURES							
Personnel & Benefits	44,775,537	\$49,162,537	\$50,632,016	\$52,164,950	\$53,765,793	\$55,438,735	\$57,164,503
Retirement Pension	6,031,187	\$8,587,259	\$10,081,609	\$11,093,611	\$12,013,329	\$12,788,279	\$14,941,425
Other Post Employment Benefits	6,222,764	\$6,655,465	\$7,325,240	\$7,713,212	\$7,952,422	\$8,249,654	\$8,847,501
Services and Supplies	\$19,109,584	\$30,089,191	\$26,885,208	\$27,079,100	\$27,798,277	\$28,541,574	\$29,305,481
Capital Expenditures	\$5,606,659	\$4,656,556	\$3,904,930	\$4,100,176	\$4,304,893	\$4,520,137	\$4,746,144
	<u>\$81,745,731</u>	<u>\$99,151,008</u>	<u>\$98,829,002</u>	<u>\$102,151,048</u>	<u>\$105,834,714</u>	<u>\$109,538,379</u>	<u>\$113,005,055</u>
TOTAL EXPENDITURE	\$81,745,731	\$99,151,008	\$98,829,002	\$102,151,048	\$105,834,714	\$109,538,379	\$113,005,055

Table 1 shows the FYE 2019 adopted General Fund Budget, with the projected budgets for the next five years. Overall, projected revenues slightly exceed projected expenditures for FYE 2020-2024; showing an operating surplus ranging from \$391K in FYE 2020 to \$1.1M in FYE 2024. All operating surplus are added to the General Fund Reserves projected balance. There are several key assumptions in developing the revenue and expenditure projections for the Five-Year Financial Forecast.

KEY REVENUE ASSUMPTIONS

- Property Tax** continues to grow as the Bay Area experiences robust construction and housing markets. The five-year forecast assumes continued growth of approximately 4% in revenues for year 2020 and 2021; thereafter, only a 3% inflationary growth in years 2022 through 2024.
- Permit Fee** revenues are expected to increase annually by approximately 4% during the five-year forecast as a result of the Air District's Cost Recovery policy, which allows the Air District to increase its fee schedule to recover costs for permit related activities. The current cost recovery level of 84% is expected to drop in the current year due in part to the new and enhanced program costs. Projections suggest attainment of the 85% cost recovery policy level

before the end of the five-year forecast, as new and enhanced programs are fully implemented, and costs begins to level out.

3. **Grant Revenues** remain stable based on current funding with no expected new grants anticipated through 2024.
4. **Assembly Bill 617** funding of \$4.8 million from the State continues for the next 5 years.
5. **Other Revenues** mainly account for penalties, State subvention, and interest income. These revenues are expected to remain stable.

KEY EXPENDITURE ASSUMPTIONS

1. **Personnel** costs are projected to increase for the five-year period with a 3% annual cost of living adjustment, a slight increase in health premiums, and the filling of some open positions. No increase in staffing level (other than the filling of open positions) is anticipated for the next 5 years.
2. **Retirement Pension** costs are rising due to recent discount rate reduction by CalPERS and escalating unfunded liability payments. The forecast assumes implementation of the Air District’s approved policy to make discretionary payments to CalPERS to reduce the unfunded actuarial liability (UAL).
3. **Other Post-Employment Benefits (OPEB)** for retiree medical benefits are projected to be approximately 100% funded by FYE 2024. After that, the \$4.0 million in discretionary funding will shift towards the CalPERS Pension Plan to reduce the UAL.
4. **Services and Supplies** costs are projected to level off, assuming only an inflationary increase of approximately 2-3%.
5. **Capital Expenditures** are expected to remain level, with only an inflationary increase.
6. **General Fund Reserves** are used to fund one-time costs, and to cover temporary revenue shortfalls. The Air District purchased additional space at 375 Beale and an East Bay facility in 2018 using approximately \$15 million from the reserves. Reserves are expected to stay above the minimum policy level ensuring continuation of the Air District’s operations, should another economic downturn occur.

UNFUNDED LIABILITIES

The Air District currently provides a retirement pension benefit plan through the California Public Employee Retirement Systems (CalPERS), and contracts with California Employers’ Retiree Benefit Trust (CERBT) to prefund its OPEB obligations. As of the most recent valuation dates (2017), the Air District’s unfunded liabilities are as follows:

	Liability	Funded	Unfunded	% Funded
Pension	\$399 M	\$224 M	\$75 M	75%
OPEB	\$59 M	\$40 M	\$19 M	68%

PENSION RETIREMENT BENEFITS

The Air District provides a defined benefit pension plan to eligible retirees and employees through the California Pension Employee Retirement System (CalPERS). There are two separate retirement formulas provided to employees:

1. Classic Employees. For its Classic employees, the Air District has a “2.5% at 55” plan; under which employees retiring at age 55 will receive 2.5% of their single highest year of “regular” pay for each year of service. Classic employees are those hired by a local agency before January 1, 2013 or were hired from another CalPERS agency with a break in service of six months or less. The plan receives both employer and employee normal cost contributions. As of date, the employee normal rate is 7% of the employee salary and the employer rate is 7.259% of employee salary.
2. PEPRA Employees. Effective January 1, 2013, the Public Employees’ Pension Reform Act (PEPRA) created a new retirement tier benefit formula to reduce costs and liabilities for state and local agency members in the CalPERS system. Employees hired after January 1, 2013 are considered PEPRA employees and have a “2.0% at 62” plan; under which employees retiring at age 62 will receive 2.0% of the average of their three highest years of regular pay for each year of service. As of date, the employee normal rate is 5.5% of the employee salary and the employer rate is 5.7% of employee salary.

Figure 9 CALPERS Funding History

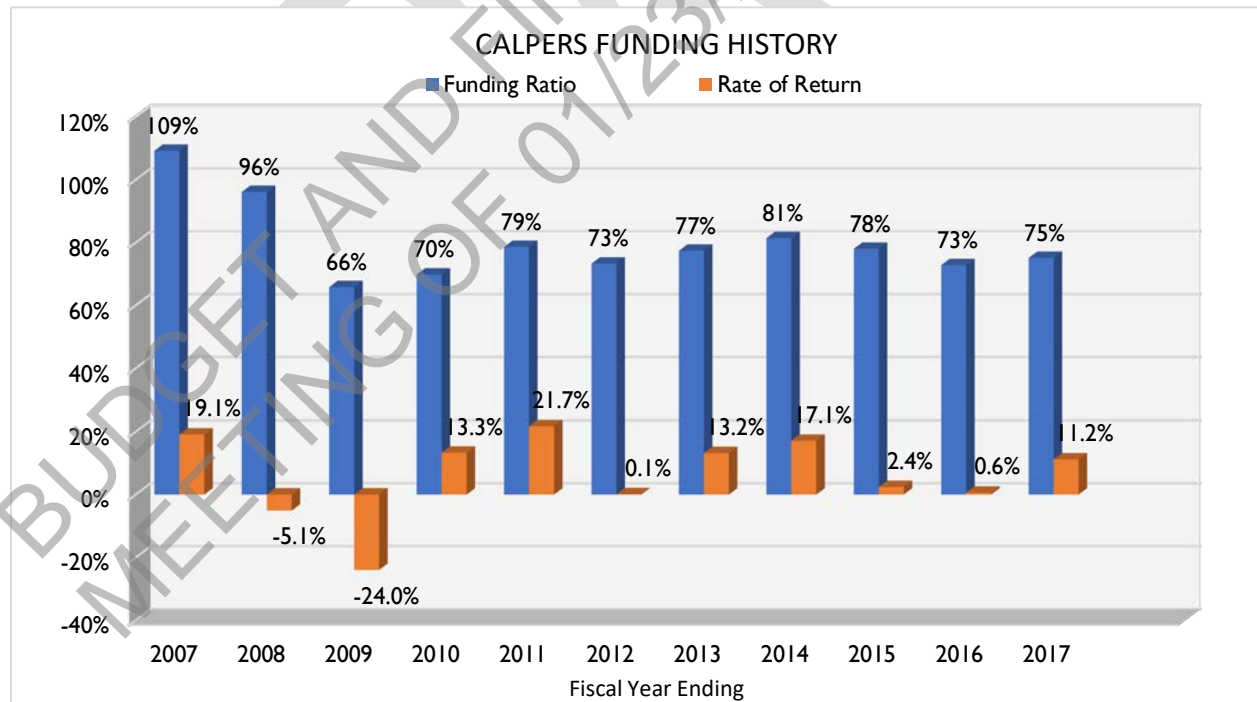
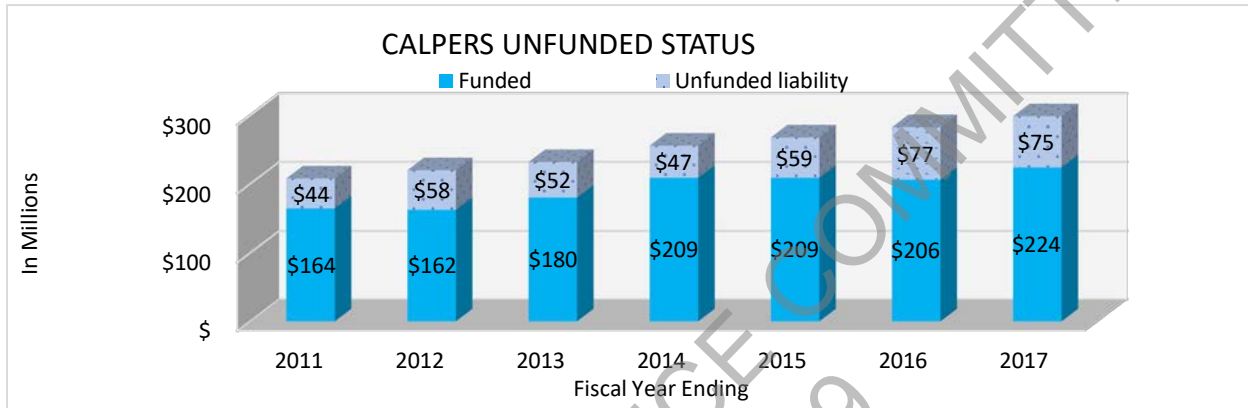


Figure 9 provides a historical rate of return and funding status of the Air District’s pension plan with CalPERS. In 2007, the plan was “super-funded” and required no employer or employee

contributions. In 2008 and 2009, at the beginning of the economic downturn, the plan experienced negative returns which reduced the funded status to as low as 66%. As a result, the plan became underfunded and a large unfunded liability is now being recognized. Not only were the annual contributions for the Air District and employees normal cost reinstated, but the Air District as the employer had to make additional contributions towards closing the gap for this significant unfunded liability.

Figure 10 CALPERS Unfunded Status

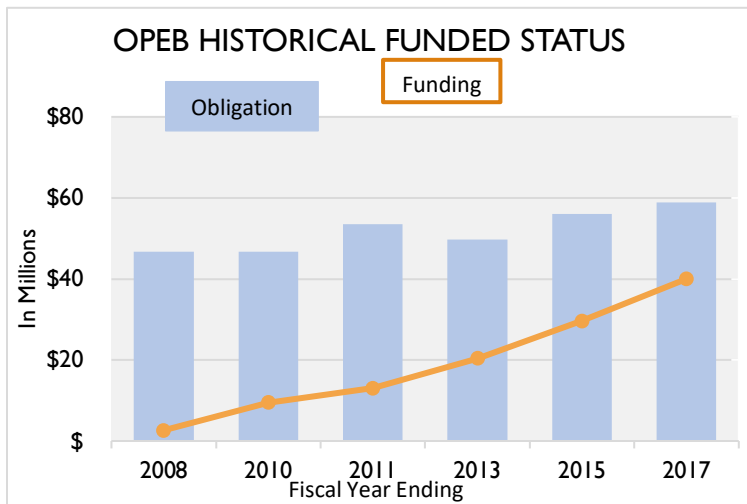


The 2017 actuarial valuation report shows a total funded obligation of \$224 million; leaving an unfunded liability of \$75 million shown in Figure 10. The total required employer contribution for fiscal year 2019 is estimated at \$8.2 million, which includes the \$4.9 million UAL payment. The Air District plans to address the unfunded liability pursuant to the Pension policy noted in the Financial Policies Section of this document.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to pension, the Air District provides continuation of medical, dental, vision, and life insurance coverage to its retired employees. These benefits vary based on retirees' date of hire, years of PERS service, and coverage level selected. Figure 11 below shows the funding history for the Air District's OPEB Plan based on the most recent actuarial valuation report dated June 30, 2017.

Figure 11 OPEB Historical Funded Status



Prior to 2008, the Air District made annual “pay as you go” payments. These payments only covered the current benefit payments due and payable. They did not account for the dollars required to fund the plan for current plan members and past vested plan members. While employers are not required to fund the plan, it was strongly recommended that these benefits should be funded as they are earned.

In 2008, the Air District Board approved a plan to start prefunding OPEB and over the last 10-years, these annual discretionary contributions took the plan from 0% funded in 2008 to 68% funded in 2017. Based on the most recent actuarial valuation; the plan’s unfunded liability is estimated at \$19 million. The Air District plans to continue \$4.0 million discretionary funding pursuant to the OPEB policy noted in the Financial Policies Section of this document.

ALTERNATIVE STRATEGY FOR PENSION LIABILITIES

The Air District’s current unfunded liabilities for both the OPEB and Pension plans total \$94 million. As a part of the FYE 2019 Budget, the Board adopted a 90% funding target for both plans.

District’s Current Policy was approved by the Board in June 2018. It will be possible to shift the \$4 million in discretionary funds from OPEB once the 90% funded target is reached. Those funds can then be directed to further pay down the unfunded liability in the CalPERS Pension Plan.

CalPERS 15-year Fresh Start Option would lock the Air District into a fixed payment schedule with no flexibility to reduce the annual payments during difficult budget years. Annual costs would be similar to the current policy.

Further analysis of these and other pending CalPERS options will be completed in late 2019.

Financial policies provide a shared understanding of how the Air District will develop its financial practices and manage its resources. These policies were established by prior Boards using best practices and industry standards to guide the Air District's decision-making process. Listed below are Board approved financial policies.

1. Reserve Policy

In 2016, the Air District amended its reserve policy, raising it from 15% to 20% of General Fund operating budget. The Air District's minimum reserve balance of 20% of the General Fund Operating Budget is intended to address financial emergencies, litigations and one-time operating and capital needs.

2. Cost Recovery Policy

In 2012, the Board approved a Cost Recovery Policy providing for annual amendments to the fee schedules. The annual fee schedule amendments are intended to achieve an 85% cost recovery goal.

3. Pension Policy

In 2016, the Board adopted a policy setting a target funding level of 90%. In 2018, this policy was revised to establish a target date of 20 years to reach a 90% funding level. It also designated \$1 million annually to accelerate funding of the liability. As a part of this action, the Air District will identify alternative investment options for the \$1 million in annual discretionary funding, and present to the Budget and Finance Committee before the end of 2019.

4. Other Post-Employment Benefit (OPEB) Policy

In 2008, the Board approved prefunding of its OPEB plan through a 115-trust with the California Employers Retirement Benefit Trust (CERBT). The Air District discretionary contributions have accelerated through the years and as a result, the current annual discretionary funding is \$4 million. In 2016, the Board approved a policy to set a target funding level of 90%, with no target date. In 2018, the policy was revised to achieve target funding in 3 years. Upon reaching the full funding level, the \$4 million discretionary funding may be redirected to the CalPERS pension plan.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Katie Rice and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 25, 2019

Re: Report of the Mobile Source Committee Meeting of January 24, 2019

RECOMMENDED ACTIONS

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

B) Participation in Year 21 of the Carl Moyer Program and Approval of the 2019 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 2018-2019 (Program Year 21);
- 2) Allocate \$3 million in Mobile Source Incentive Funding (MSIF) 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 CMP and MSIF, with individual grant award amounts up to \$100,000; and
- 4) Approve \$1 million in 2019 MSIF Monies for the proposed 2019 funding plan for the Caltrain Electrification project.

C) Air District Grant Programs Overview

- 1) None; receive and file.

BACKGROUND

The Committee met on Thursday, January 24, 2019, and received the following reports:

- A) Projects and Contracts with Proposed Grant Awards over \$100,000;
- B) Participation in Year 21 of the Carl Moyer Program and Approval of the 2019 Caltrain Funding Plan; and
- C) Air District Grant Programs Overview

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None. The Air District distributes CMP, MSIF, Community Health Protection Grant Program, and TFCA funding to public agencies and private entities on a reimbursement basis. Funding for administrative costs is 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 source.
- C) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

Attachment 11A: Mobile Source Committee Meeting Agenda #4 – 01/24/19
Attachment 11B: Mobile Source Committee Meeting Agenda #5 – 01/24/19
Attachment 11C: Mobile Source Committee Meeting Agenda #6 – 01/24/19

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 11, 2019

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

RECOMMENDED ACTION

Recommend Board of Directors:

1. Approve recommended projects with proposed grant awards over \$100,000 as shown in Attachment 1; and
2. Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the California Air Resources Board (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 (HSC) Section 44225), authorized local air districts to increase their motor vehicle registration surcharge up to an additional \$2 per vehicle. The revenues from the additional \$2 surcharge are deposited in the Air District's Mobile Source Incentive Fund (MSIF). Assembly Bill (AB) 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible under the CMP.

In 2017, AB 617 directed the ARB, in conjunction with local air districts to establish the Community Air Protection Program. AB 617 provides a new community-focused action framework to improve air quality and reduce exposure to criteria air pollutants and toxic air contaminants in communities most impacted by air pollution. In advance of the development of the Community Air Protection Program, the Governor and legislature established an early action component to AB 617 to use existing incentive programs to get immediate emission reductions in

the communities most affected by air pollution. AB 134 (2017) appropriated \$250 million from the Greenhouse Gas Reduction Fund (GGRF) to reduce mobile source emissions including criteria pollutants, toxic air contaminants, and greenhouse gases in those communities. The Bay Area has been allocated \$50 million of these funds for emission reduction projects. These funds will be used to implement projects under the CMP, and optionally on-road truck replacements under the Proposition 1B Goods Movement Emission Reduction Program.

On February 21, 2018, the Board of Directors (Board) authorized Air District participation in Year 20 of the CMP, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with CMP funds or MSIF revenues, with individual grant award amounts up to \$100,000.

In 1991, the California State Legislature authorized the Air District to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions within the Air District's jurisdiction. The statutory authority for the Transportation Fund for Clean Air (TFCA) and requirements of the program are set forth in the 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, electric vehicle charging station program) and to a program referred to as the TFCA Regional Fund. Each year, the Board allocates funding and adopts policies and evaluation criteria that govern the expenditure of TFCA funding.

On May 2, 2018, the Board authorized funding allocations for use of TFCA revenue in Fiscal Year Ending (FYE) 2019, cost-effectiveness limits for Air District-sponsored FYE 2019 programs, and 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 June 6, 2018, the Board adopted policies and evaluation criteria for the FYE 2019 TFCA Regional Fund program.

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.

DISCUSSION

Carl Moyer Program and Community Health Protection Grant Program:

For the CMP Year 20 cycle, the Air District had more than \$11 million available for eligible CMP and school bus projects from a combination of MSIF and CMP funds. The Air District started accepting project applications for the CMP Year 20 funding cycle on June 25, 2018 and applications are accepted and evaluated on a first-come, first-served basis. On December 20, 2017 the Board authorized the Air District to accept, obligate and expend \$50 million in AB 134 funds through the Community Health Protection Grant Program.

As of January 3, 2019, the Air District had received 154 project applications. Of the applications that have been evaluated between November 16, 2018 and January 3, 2019, 7 eligible projects have proposed individual grant awards over \$100,000. These projects will replace 1 piece of agricultural equipment, 10 pieces of off-road equipment, 1 locomotive, 5 school buses, and 1 marine engine, and will reduce over 16.863 tons of NOx, ROG and Particulate Matter (PM) per year. Staff recommends the allocation of \$4,946,461 for these projects from a combination of CMP funds, MSIF revenues, and Community Health Protection Grant Program funds. Attachment 1, Table 1, provides additional information on these projects.

Attachment 2, lists all of the eligible projects that have been received by the Air District as of January 3, 2019, including information about the equipment category, award amounts, estimated emissions reductions, and county location. Approximately 60% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities. Attachment 4, Figures 4 and 5 summarize the cumulative allocation of CMP, MSIF, and Community Health Protection Grant Program funding since 2009 (more than \$254 million awarded to 1,119 projects).

Transportation Fund for Clean Air Program:

In FYE 2019, the Air District had more than \$20 million in TFCA monies to allocate to eligible projects. This includes more than \$13 million in new TFCA monies and \$7 million in carryover funds from previous cycles. To date, the Air District has issued solicitations for existing shuttle & rideshare, pilot trip reduction, light- and medium-duty zero-emissions vehicle fleets, and electric vehicle charging station projects. As of January 3, 2019, the Air District had received 18 project applications. Of the applications that were evaluated between November 16, 2018 and January 3, 2019, none of the eligible projects proposed an individual grant award over \$100,000.

Attachment 3 lists all eligible TFCA projects that were evaluated as of January 3, 2019, including information about the equipment category, award amounts, estimated emissions reductions, and county location. Approximately 19% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. The Air District distributes CMP, MSIF, Community Health Protection Grant Program, and TFCA funding to public agencies and private entities on a reimbursement basis. Funding for administrative costs is provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anthony Fournier, Ken Mak, and Mark Tang

Reviewed by: Karen Schkolnick and Chengfeng Wang

Attachment 1: Projects with Grant Awards Greater than \$100,000

Attachment 2: CMP/MSIF, FARMER and Community Health Protection Grant Program
Approved Projects

Attachment 3: TFCA Approved and Eligible Projects

Attachment 4: Summary of Funding Awarded Between 7/1/18 and 1/3/19

MOBILE SOURCE COMMITTEE
MEETING OF 01/24/2019

AGENDA 4 - ATTACHMENT 1

Table 1 - Carl Moyer Program/ Mobile Source Incentive Fund, FARMER, and Community Health Protection Grant Program projects with grant awards greater than \$100k (Evaluated between 11/16/18 and 1/3/19)

Project #	Applicant name	Equipment category	Project description	Proposed contract award	Total project cost	Emission Reductions (Tons per year)			County
						NOx	ROG	PM	
20MOY107	Argo Sportfishing	Marine	Replacement of one diesel marine engine	\$ 109,000.00	\$ 138,277.00	1.031	0.016	0.036	San Francisco
20MOY132	County Quarry Products, LLC	Off-road	Replacement of one diesel powered loader	\$ 540,000.00	\$ 844,523.00	2.412	0.112	0.066	Contra Costa
20MOY134	DeSilva Gates Construction	Off-road	Replacement of 8 diesel engines on off-road scrapers	\$ 1,901,000.00	\$ 2,740,000.00	6.636	0.358	0.190	Alameda
20MOY141	Concord Iron Works, Inc.	Off-road	Replacement of one diesel powered forklift	\$ 111,000.00	\$ 204,882.00	0.308	0.034	0.021	Contra Costa
20MOY126	Kabeela, Inc.	Ag/ off-road	Replacement of one diesel powered tractor	\$ 134,400.00	\$ 168,058.00	0.229	0.024	0.014	Santa Clara
20MOY149	Napa Valley Wine Train, Inc.	Locomotive	Replacement of one diesel powered locomotive	\$ 1,400,000.00	\$ 1,777,875.00	4.855	0.159	0.110	Napa
20SBP140	Sunnyvale School District	School Bus	Replacement of 5 CNG school buses with 1 CNG bus and 4 electric buses	\$ 751,061.00	\$ 1,516,284.00	0.235	0.013	0.005	Santa Clara
7 Projects				\$ 4,946,461.00	\$ 7,389,899.00	15.705	0.717	0.441	

MOBILE SOURCE COMMITTEE MEETING OF 01/24/2019

AGENDA 4 - ATTACHMENT 2

*CMP/MSIF, FARMER and Community Health Protection Grant Program approved projects
(between 7/6/18 and 1/3/19)*

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
19MOY166	On-road	Equipment replacement	1	\$ 45,000.00	Deol Trans / Piara Singh	0.668	0.050	0.004	APCO	Contra Costa
19MOY168	Ag/ off-road	Equipment replacement	1	\$ 33,000.00	Rancho Las Juntas Vineyard	0.028	0.006	0.004	APCO	Contra Costa
19MOY163	Marine	Engine replacement	1	\$ 180,000.00	Bettencourt and Son (Commercial fishing)	0.647	0.009	0.021	10/17/2018	San Mateo
19MOY182	On-road	Equipment replacement	1	\$ 45,000.00	Thy Trucking	0.677	0.050	0.004	APCO	Alameda
19MOY185	On-road	Equipment replacement	1	\$ 60,000.00	Puerta Trucking	0.717	0.097	0.032	APCO	Merced
19MOY158	Ag/ off-road	Equipment replacement	1	\$ 117,000.00	Ocean Breeze Dairy	0.310	0.020	0.015	10/17/2018	Sonoma
19MOY159	Ag/ off-road	Equipment replacement	1	\$ 40,480.00	Trefethen Farming LLC	0.173	0.030	0.021	APCO	Napa
19MOY176	Ag/ off-road	Equipment replacement	1	\$ 60,930.00	Bazan Vineyard Management	0.198	0.033	0.025	APCO	Napa
19SBP12	School bus	Equipment replacement	4	\$ 512,170.00	Moreland School District	0.237	0.016	0.000	10/17/2018	Santa Clara
19MOY148	Off-road	Equipment replacement	2	\$ 197,278.00	The Lumber Baron, Inc.	0.178	0.044	0.008	10/17/2018	Alameda
19SBP97	School bus	Equipment replacement	8	\$ 1,635,693.00	Vallejo City Unified School District	0.826	0.065	0.000	10/17/2018	Solano
19MOY175	Off-road	Equipment replacement	1	\$ 75,680.00	Mt. Diablo Landscape Centers, LLC	0.189	0.031	0.023	APCO	Contra Costa
20MOY51	Ag/ off-road	Equipment replacement	5	\$ 467,856.00	Johnson and Neles Dairy	1.985	0.208	0.124	10/17/2018	Sonoma
20MOY52	On-road	Equipment replacement	1	\$ 60,000.00	James Marlowe Carson	0.904	0.068	0.005	APCO	Napa
19MOY181	Ag/ off-road	Equipment replacement	1	\$ 50,300.00	Jensen Ranch	0.122	0.019	0.011	APCO	Marin
19SBP140	School bus	Equipment replacement	18	\$ 4,076,369.00	Fremont Unified School District	1.717	0.139	0.034	10/17/2018	Alameda

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		
20SBP45	School bus	Equipment replacement	2	\$ 1,291,000.00	Campbell Union School District	0.104	0.006	0.000	10/17/2018	Santa Clara
19MOY180	On-road	Equipment replacement	26	\$ 492,100.00	Nestle Waters North America	1.061	0.046	0.003	11/7/2018	Alameda, Solano
20MOY36	On-road	Equipment replacement	1	\$ 60,000.00	ZQR Trucking	0.982	0.074	0.006	APCO	Alameda
20MOY48	Marine	Engine replacement	1	\$ 99,500.00	Michael Thomas Hudson (Commercial fishing)	0.257	0.006	0.010	APCO	Alameda
20MOY60	Ag/ off-road	Equipment replacement	1	\$ 46,355.00	Siqueira Vineyard Management	0.156	0.026	0.018	APCO	Napa
20MOY50	Marine	Engine replacement	2	\$ 159,000.00	Captain Joe's Sportfishing	0.367	0.009	0.017	11/7/2018	San Francisco
20MOY71	Ag/ off-road	Equipment replacement	6	\$ 258,796.00	Vina Management Services	0.865	0.124	0.084	11/7/2018	Sonoma
20MOY65	On-road	Equipment replacement	1	\$ 40,000.00	Zahniser Trucking	0.738	0.122	0.006	APCO	Contra Costa
20MOY29	Off-road	Equipment replacement	3	\$ 15,000.00	D. C. Metals, Inc.	0.126	0.034	0.001	APCO	Alameda
20MOY62	Ag/ off-road	Equipment replacement	1	\$ 60,190.00	Vezer Family Vineyards	0.048	0.012	0.010	APCO	Solano
20MOY46	On-road	Equipment replacement	1	\$ 49,000.00	Akal Sahai Truck Lines Inc.	1.446	0.217	0.000	APCO	Alameda
20MOY63	On-road	Equipment replacement	1	\$ 23,500.00	Always Express Transportation	0.179	0.011	0.001	APCO	Alameda
20MOY49	Marine	Engine replacement	1	\$ 148,000.00	F/V Rose Marie Inc.	0.597	-0.011	0.024	12/19/2018	San Francisco
20MOY94	Marine	Engine replacement	1	\$ 44,000.00	Jeffrey A Sylva (Commercial fishing)	0.116	0.001	0.004	APCO	Santa Clara
20MOY41	Ag/ off-road	Equipment replacement	1	\$ 29,500.00	Kehoe Dairy, Inc	0.049	0.002	0.003	APCO	Marin
20MOY66	Ag/ off-road	Equipment replacement	3	\$ 188,700.00	Pina Vineyard Management, LLC.	0.160	0.037	0.028	12/19/2018	Napa
20MOY64	On-road	Equipment replacement	1	\$ 60,000.00	Basra Trucking	1.570	0.239	0.083	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		
20SBP08	School bus	Equipment replacement	3	\$ 1,143,464.00	Antioch Unified School District	0.298	0.023	0.011	12/19/2018	Contra Costa
20MOY76	Ag/ off-road	Equipment replacement	4	\$ 169,400.00	FN Viticulture, LLC	0.514	0.057	0.048	12/19/2018	Napa
20MOY97	On-road	Equipment replacement	1	\$ 40,000.00	Gosal Trucking	0.835	0.138	0.047	APCO	Contra Costa
20MOY43	Marine	Engine replacement	2	\$ 458,000.00	Michael Peery (Commercial fishing)	1.409	0.009	0.059	12/19/2018	Solano
20MOY100	Ag/ off-road	Equipment replacement	3	\$ 136,520.00	Grand Crew Vineyard Management	0.211	0.077	0.033	12/19/2018	Napa
20MOY96	On-road	Equipment replacement	1	\$ 60,000.00	Reliable Express Transportation Inc.	0.586	0.043	0.003	APCO	Alameda
20MOY67	Marine	Engine replacement	4	\$ 1,613,500.00	Harley Marine Services, Inc. Vessel: Z-Three	4.801	-0.135	0.380	12/19/2018	Alameda
20MOY68	Marine	Engine replacement	4	\$ 1,613,500.00	Harley Marine Services, Inc. Vessel: Z-Four	4.801	-0.135	0.380	12/19/2018	Alameda
20MOY69	Marine	Engine replacement	4	\$ 1,613,500.00	Harley Marine Services, Inc. Vessel: Z-Five	4.801	-0.135	0.380	12/19/2018	Alameda
20MOY110	Off-road	Equipment replacement	3	\$ 928,500.00	Steven's Creek Quarry, Inc.	5.136	0.232	0.138	12/19/2018	Santa Clara
20MOY117	On-road	Hydrogen fueling infrastructure	1	\$ 1,750,000.00	Alameda-Contra Costa Transit District	0.718	0.011	0.004	12/19/2018	Alameda
20SBP1	School bus	Equipment replacement	2	\$ 320,000.00	Pittsburg Unified School District	0.199	0.164	0.001	12/19/2018	Contra Costa
20MOY95	Ag/ off-road	Equipment replacement	1	\$ 159,600.00	Stan Poncia dba Terrilinda Dairy	0.893	0.116	0.066	12/19/2018	Sonoma
20MOY99	Ag/ off-road	Equipment replacement	2	\$ 121,800.00	T and M Agricultural Services, LLC	0.359	0.047	0.032	12/19/2018	Napa
20SBP72	School bus	Equipment replacement	6	\$ 1,246,785.00	Milpitas Unified School District	0.318	0.019	0.007	12/19/2018	Santa Clara
20SBP73	School bus	Equipment replacement	8	\$ 1,659,507.00	Berkeley Unified School District	0.617	0.045	0.132	12/19/2018	Alameda
20MOY119	On-road	Equipment replacement	1	\$ 40,000.00	Francisco Aguilar dba Salazar Trucking	1.113	0.183	0.000	APCO	Contra Costa
20MOY15	On-road	Equipment replacement	1	\$ 10,500.00	RCS Enterprises Inc	0.172	0.019	0.009	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		
20MOY120	On-road	Equipment replacement	1	\$ 40,000.00	Goga Trucking	1.066	0.175	0.000	APCO	Alameda
20MOY74	Ag/ off-road	Equipment replacement	1	\$ 57,766.00	Garvey Vineyard Management LLC	0.156	0.009	0.009	APCO	Napa
20MOY107	Marine	Equipment replacement	1	\$ 109,000.00	Argo Sportfishing	1.031	0.016	0.036	TBD	San Francisco
20MOY132	Off-road	Equipment replacement	1	\$ 540,000.00	County Quarry Products, LLC	2.412	0.112	0.066	TBD	Contra Costa
20MOY53	On-road	Equipment replacement	1	\$ 20,000.00	Pars Trucking	0.644	0.097	0.005	APCO	Solano
20MOY111	On-road	Equipment replacement	1	\$ 40,000.00	Jasvir Dosanjh	0.432	0.037	0.000	APCO	Placer
20MOY85	On-road	Equipment replacement	1	\$ 40,000.00	Gurchetan Johal	0.403	0.034	0.003	APCO	Placer
20MOY81	On-road	Equipment replacement	1	\$ 35,000.00	Bevin Thomas	0.366	0.031	0.002	APCO	Sacramento
20MOY92	On-road	Equipment replacement	1	\$ 50,000.00	Sukhvir Singh Tatlah	0.506	0.037	0.003	APCO	Alameda
20MOY87	On-road	Equipment replacement	1	\$ 30,000.00	Rajanpal Singh	0.329	0.028	0.002	APCO	Placer
20MOY108	On-road	Equipment replacement	1	\$ 40,000.00	Sukhdev Singh Johal	0.402	0.034	0.003	APCO	Sacramento
20MOY135	Ag/ off-road	Equipment replacement	1	\$ 29,208.00	Perry Kozlowski Ranch	0.117	0.015	0.010	APCO	Sonoma
20MOY134	Off-road	Engine replacement	8	\$ 1,901,000.00	DeSilva Gates Construction	6.636	0.358	0.190	TBD	Alameda
20MOY141	Off-road	Engine replacement	1	\$ 111,000.00	Concord Iron Works, Inc.	0.308	0.034	0.021	TBD	Contra Costa
20MOY126	Ag/ off-road	Engine replacement	1	\$ 134,000.00	Kabeela, Inc.	0.229	0.024	0.014	TBD	Santa Clara
20MOY144	Ag/ off-road	Engine replacement	1	\$ 65,348.00	JPW Development Co., LLC	0.134	0.020	0.012	APCO	Solano
20MOY149	Locomotive	Locomotive replacement	1	\$ 1,400,000.00	Napa Valley Wine Train, Inc.	4.855	0.159	0.110	TBD	Napa
20SBP140	School bus	Equipment replacement	5	\$ 751,061.00	Sunnyvale School District	0.235	0.013	0.005	TBD	Santa Clara
69 Projects			181	\$ 29,199,356.00		66.439	3.854	2.849		

AGENDA 4 - ATTACHMENT 3

Summary of all TFCFA approved and eligible projects (evaluated between 7/1/18 and 1/3/19)

Project #	Project Category	Project Description	Award Amount	Applicant Name	Emission Reductions (Tons per year)			Board/APCO Approval Date	CAR E Area	County
					NO _x	ROG	PM			
18EV029	LD Infrastructure	Install and operate 16 single-port Level 2 (high) charging stations at 1 workplace facility in Los Altos Hills	\$48,000	Creative Center of Los Altos	0.026	0.034	0.001	10/30/18	No	Santa Clara
18EV035	LD Infrastructure	Install and operate 2 dual-port Level 2 (high) charging stations at 1 destination facility in Greenbrae	\$8,000	Marin Rowing Association	0.004	0.006	0.000	7/31/18	No	Marin
18EV038	LD Infrastructure	Install and operate 1 single port Level 2 (high) and 1 25KW DC Fast charging stations with a 11,650 W solar array at 1 transportation corridor facility in Petaluma	\$25,900	Solar Action Network	0.01	0.01	0.00	11/30/18	No	Sonoma
18EV047	LD Infrastructure	Install and operate 4 single port Level 2 (high) charging stations at 1 destination facility in San Mateo	\$12,000	Nazareth Plaza Owners' Association	0.007	0.009	0.000	7/30/18	No	San Mateo
18EV049	LD Infrastructure	Install and operate 12 single-port Level 2 (high) charging stations at 6 destination facilities in San Mateo, Burlingame, San Bruno, and Millbrae	\$36,000	San Mateo Union High School District	0.020	0.025	0.000	7/5/18	No	San Mateo
18EV056	LD Infrastructure	Install and operate 3 dual-port Level 2 (high) charging stations at 3 destination facilities in Richmond and El Cerrito	\$12,000	West Contra Costa Unified School District	0.007	0.009	0.000	7/5/18	Yes	Contra Costa
18R14	Bicycle Facilities	Install + maintain 3.62 miles of Class III bikeways in Petaluma	\$48,500	City of Petaluma	0.007	0.009	0.014	8/6/18	No	Sonoma
18R18	Bicycle Facilities	Install 0.09 miles of Class I and 0.28 miles of Class IV bikeways in Los Gatos	\$242,000	Town of Los Gatos	0.029	0.056	0.039	8/1/18	No	Santa Clara
18R20	Bicycle Facilities	Install and maintain 1.57 miles of Class II bikeways and 23 bike racks (2 bikes per rack)	\$38,000	City of Gilroy	0.008	0.010	0.013	8/22/18	No	Santa Clara
18R21	Bicycle Facilities	Install 40 electronic bicycle lockers in Danville	\$96,000	Town of Danville	0.014	0.018	0.026	8/7/18	No	Contra Costa
18R22	Bicycle Facilities	Install 16 electronic bicycle lockers in San Francisco	\$32,000	San Francisco Community College District	0.004	0.006	0.007	8/22/18	No	San Francisco
19R01	Trip Reduction	Enhanced Mobile Source & Commuter Benefits Enforcement	\$554,842	BAAQMD	0.722	0.806	1.171	NA	No	Regional
19R02	LD Vehicles	Vehicle Buy Back Program	\$150,000	BAAQMD	NA	NA	NA	NA	No	Regional
19R03	Trip Reduction	Spare The Air/Intermittent Control Programs	\$2,305,927	BAAQMD	42.952	50.253	67.862	NA	No	Regional
19R10	Trip Reduction	Pleasanton Connector Shuttles	\$80,000	San Joaquin Regional Rail Commission	0.234	0.387	0.647	10/18/18	Yes	Alameda
19R13	Trip Reduction	Juvenile Justice Center/ Fairmont Hospital Shuttle	\$29,700	County of Alameda	0.011	0.040	0.058	10/18/18	Yes	Alameda
19R14	Trip Reduction	PresidiGO Downtown Shuttle	\$100,000	Presidio Trust	0.252	0.352	0.471	11/7/2018	Yes	San Francisco
19R15	Trip Reduction	Caltrain Shuttle Program	\$652,600	Peninsula Corridor Joint Powers Board	2.64	3.66	5.14	11/7/2018	No	San Mateo/Santa Clara
19R16	Trip Reduction	ACE Shuttle Bus Program	\$960,000	Santa Clara Valley Transportation Authority	2.43	2.60	4.29	11/7/2018	Yes	Santa Clara
19R18	Trip Reduction	SJSU Ridesharing & Trip Reduction	\$139,500	Associated Students, San Jose State University	0.231	0.266	0.366	11/7/2018	No	Regional
19RFG04*	Off-road (non-ag)	Purchase 5 electric forklifts, 1 electric vacuum unit, and 1 electric terminal truck	\$221,000	Wyse Logistics	0.107	0.015	0.008	10/17/18	Yes	Alameda
19RFG06*	LD Infrastructure	Install 45 dual port level 2 EV charging stations	\$279,000	Hayward Unified School District	0.014	0.003	0.001	10/17/18	Yes	Alameda
19RFG09*	LD Vehicles	Deploy 48 EVs in carsharing service	\$439,000	Envoy Technologies	0.027	0.005	0.002	10/17/18	Yes	Alameda / Contra Costa
23 Projects*			\$6,509,969		49.755	58.581	80.117			

* The award amounts for these projects include a total of \$631,000 of RFG funds

AGENDA 4 - ATTACHMENT 4

Summary of funding awarded between 7/1/18 and 1/3/19

- Carl Moyer Program (CMP)
- Community Health Protection Program (CHP)
- Funding Agricultural Replacement Measures for Emission Reductions (FARMER)
- Mobile Source Incentive Fund (MSIF)
- Transportation Fund for Clean Air (TFCA)
- Reformulated Gasoline Settlement Fund (RFG)

Figure 1. Status of funding by source

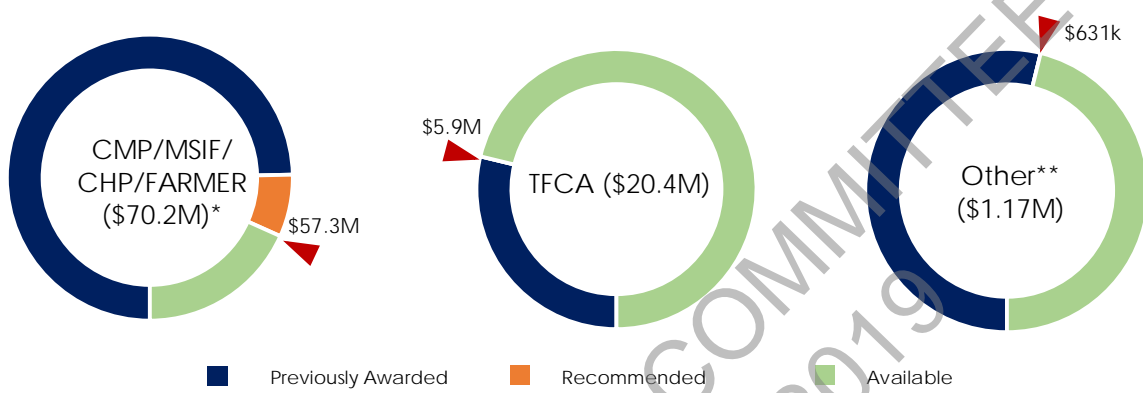


Figure 2. Funding awarded by county

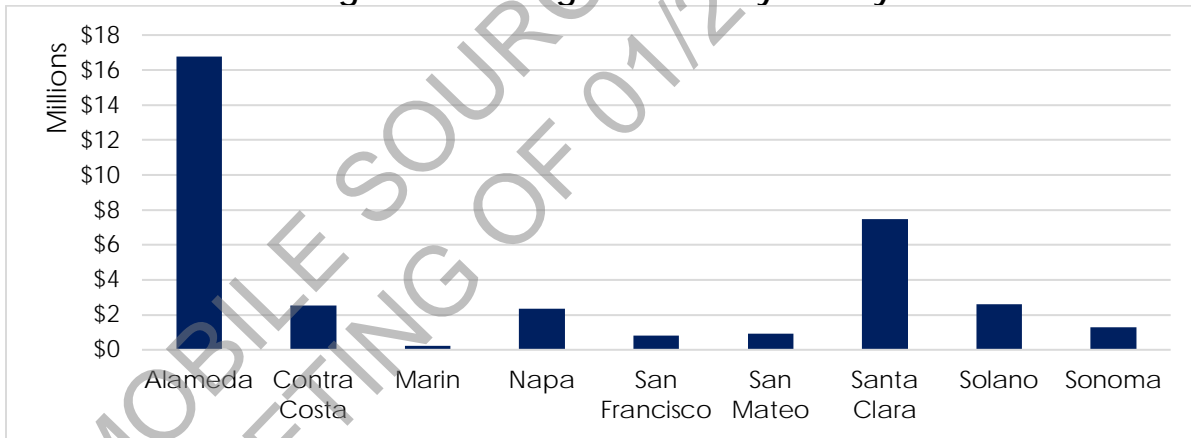


Figure 3. Funding awarded by project category

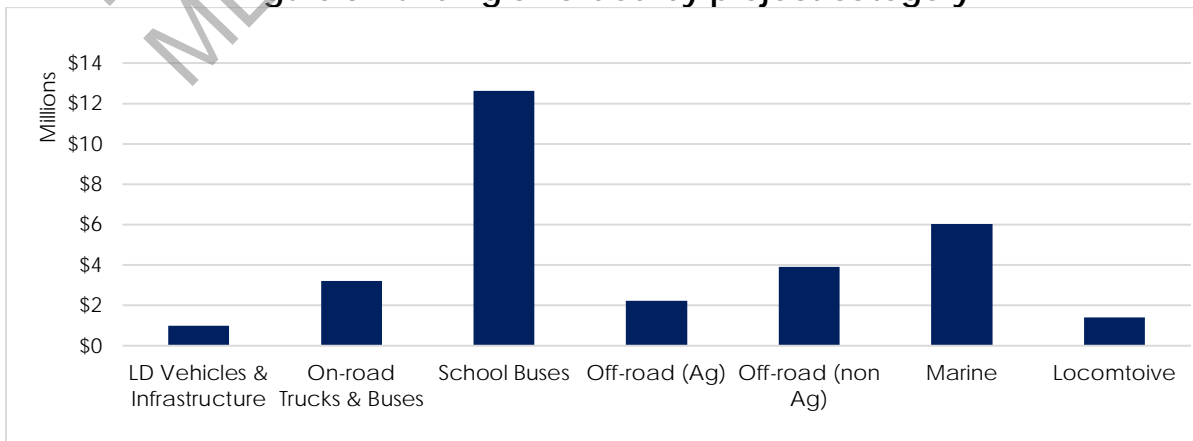


Figure 4. CMP/MSIF/CHP/FARMER funding awarded since 2009 by county

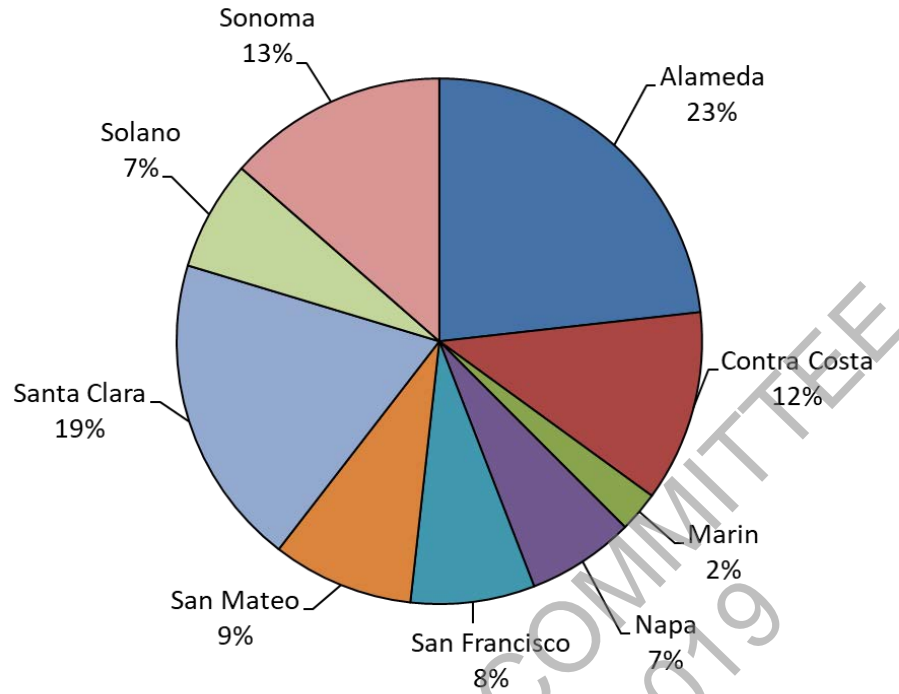
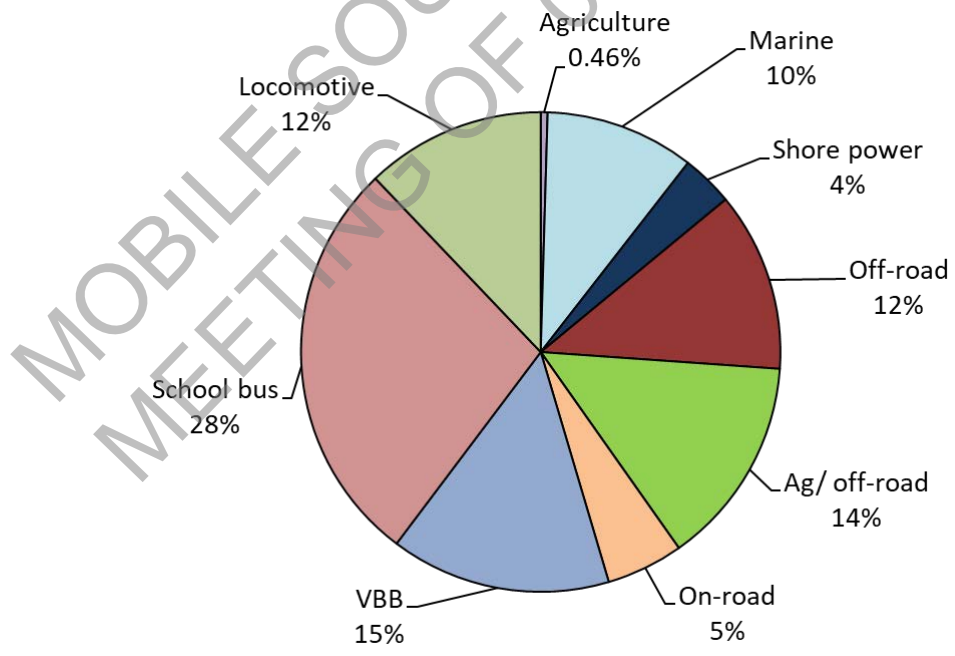


Figure 5. CMP/MSIF/CHP/FARMER funding awarded since 2009 by category



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 11, 2019

Re: Participation in Year 21 of the Carl Moyer Program and Approval of the 2019 Caltrain
Funding Plan

RECOMMENDED ACTION

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 2018-2019 (Program Year 21);
2. Allocate \$3 million in Mobile Source Incentive Funding (MSIF) 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 CMP and MSIF, with individual grant award amounts up to \$100,000; and
4. Approve \$1 million in 2019 MSIF Monies for the proposed 2019 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 (FY) 1998-1999. 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 (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 surcharge are deposited in the Air District's 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 December 2018, the Air District submitted an application to ARB requesting \$12,800,000 for the implementation of the CMP Year 21 CMP funding cycle (FY 2018-2019). 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 \$2,000,000 in matching funds for Year 21. Staff is therefore requesting the Air District's Board of Directors (Board) meet this required match and expand the program for additional eligible emissions reductions projects by allocating \$3 million in MSIF funds for the CMP Year 21 funding cycle.

Staff plans to begin accepting CMP Year 21 applications in mid-2019 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 on at least a quarterly basis.

The Air District will use the 2017 ARB CMP Guidelines, and subsequent updates for the Year 21 CMP cycle. Year 21 funding will be obligated to eligible projects by June 30, 2020 and expended by June 30, 2021. 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 21 projects with the most significant exposure will be similar to the process used for the previous CMP funding cycles with priority 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's Board authorized for \$20 million to be allocated 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 the approval for this project the Board requested a multi-year funding plan 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 funding plan that committed \$13 million in MSIF funds. The 2017 and 2018 funding plans each added \$3 million in MSIF revenues for this project. Staff is currently proposing a 2019 funding plan that includes the final \$1 million in new 2019 MSIF revenues to fulfill this project's \$20 million allocation.

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: Draft Resolution to Participate in Year 21 of the Carl Moyer Program

MOBILE SOURCE COMMITTEE
MEETING OF 01/24/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2019 -

**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 sectors to implement eligible projects to reduce emissions from on-road, marine, locomotive, agricultural, 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 \$12,800,000 in Carl Moyer Program funds to implement the Carl Moyer Program within the District for the fiscal year (FY) 2018-2019 (Year 21) cycle;

WHEREAS, the District proposed to commit up to \$2,000,000 in matching funds as part of the Year 21 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 21, 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 \$12,800,000, with the District-required match of up to \$2,000,000;

WHEREAS, the District may consider projects that qualify for grant funds under the requirements for the State Reserve portion of Carl Moyer Program funds.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District's continued participation in the Carl Moyer Program, including the State Reserve portion thereof, and acceptance of the FY 2018-2019 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 _____, 2019, by the following vote of the Board:

AYES:

NOES:

ABSENT:

Katie Rice
Chairperson of the Board of Directors

ATTEST:

Cindy Chavez
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Scott Haggerty and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 11, 2019

Re: Air District Grant Programs Overview

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Bay Area Air Quality Management District (Air District) aims to create a healthy breathing environment for every Bay Area resident while protecting and improving public health, air quality, and the global climate. In the Bay Area, mobile sources account for 53% of Reactive Organic Gases (ROG), Nitrogen Oxides (NO_x), and Particulate Matter (PM) emissions, and 41% of the Greenhouse Gases (GHG) generated¹. For this reason, reducing emissions from the mobile source sector is essential to helping the Bay Area attain State and Federal ambient air quality standards and meet the Air District's GHG reduction goals.

As part of its efforts to reduce emissions from mobile sources, the Air District administers grant and incentive programs that offer funding to public agencies, private companies, and Bay Area residents to help offset a portion of the cost to implement eligible emissions reduction projects. In calendar year 2018, the Air District awarded more than \$96 million in funding to eligible projects from funding sources, such as the Transportation Fund for Clean Air (TFCA), Mobile Source Incentive Fund, Community Health Protection Grant Program, Carl Moyer Program, and the California Goods Movement Bond. These programs accumulate annually via fees, bond sales and Cap-and-Trade auction proceeds that are distributed to the Air District. In addition to these sources, staff also worked to secure new sources of funding (e.g., settlements and competitive solicitations sponsored by the Air Resources Board) to further reduce emissions in the region.

¹ BAAQMD 2017 Clean Air Plan, Emissions Inventory for year 2015. Mobile Sources include: Passenger Cars, Light-, Medium-, Light-Heavy-, Medium-Heavy-, Heavy-Heavy-Duty Trucks, School/Urban Buses, Motor-Homes, Motorcycles, Lawn & Garden Equipment, Transportation Refrigeration Units, Agricultural Equipment, Construction and Mining Equipment, Industrial Equipment, Light Duty Commercial Equipment, Trains, Off-Road Recreational Vehicles, Ships, Commercial Harbor Craft, Recreational Boats, and Airport Ground Support Equipment.

DISCUSSION

Of the \$96 million awarded in 2018, approximately \$5 million was derived from the Air District's general fund and approximately \$91 million came from state, federal, and other local sources. The presentation to the Committee will include a discussion of the total incentive funds awarded in calendar year 2018 by funding source, project/equipment category, and county; a summary of the total estimated emissions reduced during this period; and historical information showing the amount of funds awarded by the Air District over the past five years. Staff will also discuss with the Committee the projected funding for each of the Air District's primary grant programs and program priorities for calendar year 2019.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Sean Newlin, Chengfeng Wang and Anthony Fournier
Reviewed by: Karen Schkolnick

MOBILE SOURCE COMMITTEE
MEETING OF 01/24/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Katie Rice and Members
of the Board of Directors

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

Date: January 25, 2019

Re: Report of the Ad Hoc Building Oversight Committee Meeting of February 6, 2019

RECOMMENDED ACTION

The Ad Hoc Building Oversight Committee (Committee) may recommend Board of Directors' approval of the following item:

A) Financial Participation in Creation of a Large Multi-Use Space at 375 Beale Street

- 1) The Committee will consider recommending that the Board of Directors approve the Bay Area Air Quality Management District's (Air District) financial participation in the build out of the northwest corner of the first floor of 375 Beale Street, and designate the space as Jointly Shared Space, with an agreement substantially in the form of Attachment A, Term Sheet, for a total cost not to exceed \$3,000,000, and authorize the Executive Officer to negotiate and execute the Agreements and Instructions with the Bay Area Headquarters Authority (BAHA), and to negotiate and execute amended Covenants, Conditions, and Restrictions (CC&Rs).

BACKGROUND

The Committee will meet on Wednesday, February 6, 2019, and will receive the following report:

A) Financial Participation in Creation of a Large Multi-Use Space at 375 Beale Street

Committee Chairperson, Mark Ross, will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) The proposed transaction would be a cash transaction from the Air District Reserves.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

Attachment 12A: Ad Hoc Building Oversight Committee Meeting Agenda #4 – 2/6/19

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Mark Ross and Members
of the Ad Hoc Building Oversight Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 25, 2019

Re: Financial Participation in Creation of a Large Multi-Use Space at 375 Beale Street

RECOMMENDED ACTION

The Committee will consider recommending that the Board of Directors approve the Bay Area Air Quality Management District's (Air District) financial participation in the build-out of the northwest corner of the first floor of 375 Beale Street, and designate the space as Jointly Shared Space, with an agreement substantially in the form of Attachment A, Term Sheet, for a total cost not to exceed \$3,000,000, and authorize the Executive Officer to negotiate and execute the Agreements and Instructions with the Bay Area Headquarters Authority (BAHA), and to negotiate and execute amended Covenants, Conditions, and Restrictions (CC&Rs).

BACKGROUND

The Air District agreed to participate in the purchase of 390 Main Street (now 375 Beale Street), in June 2011, under the terms of a Purchase and Sale Agreement pursuant to which the Air District acquired a condominium unit in the building of approximately 80,000 rentable square feet (rsf), at a purchase price of \$385/rsf. In 2018, the Air District purchased an additional 11,400 rsf on the eighth floor.

As a member of the condominium, the Air District enjoys privileged access to certain "Jointly Shared Spaces" such as the Ohlone conference room.

Approximately 4,000 square feet of the northwest corner of the first floor at 375 Beale Street is unfinished. The space is suitable for build-out as a configurable multi-use space. As such, the space would be used in a similar manner to the Yerba Buena or Ohlone conference rooms during business hours, and as an outside operator / community event space off-hours. The space is currently owned by BAHA.

PROPOSAL

The proposed build-out would convert the referenced corner of the first floor to a configurable bistro space. The space would be designated a “Jointly Shared Space.” As such, the Air District and BAHA would enjoy first rights to use of the space. In addition, both entities would participate in any net operating income generated by the space in its off-hours use. BAHA’s estimated share of the cost is \$3,300,000. The Air District’s share of the cost is fixed at \$3,000,000.

BUDGET CONSIDERATION / FINANCIAL IMPACT

The proposed transaction would be a cash transaction from Air District Reserves.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

Attachment 4A: Term Sheet for a Funding Agreement for a Portion of 375 Beale Street

AD HOC BUILDING OVERSIGHT
COMMITTEE MEETING OF 02/06/2019

AGENDA 4A - ATTACHMENT

TERM SHEET FOR A FUNDING AGREEMENT FOR A PORTION OF 375 BEALE STREET

January 31, 2019

This Term Sheet (the “*Term Sheet*”) contains the basic terms to be included in a future Funding Agreement for the property described below. The parties are the Bay Area Air Quality Management District (the “*Air District*”), and the Bay Area Headquarters Authority (“*BAHA*”). The proposed transaction is subject to (i) the acceptance by both parties of the terms as finally negotiated, and (ii) the negotiation, execution and delivery of a MOU. It is understood that this Term Sheet does not constitute a binding contract, and that the parties do not intend to be legally bound unless and until a definitive MOU has been executed by both parties.

GENERAL TERMS:

- Property Description:** The portion of the first floor of 375 Beale Street, San Francisco, CA delineated in Attachment A and referred to as Large Retail.
- Agreement Price:** Upon execution of the Funding Agreement the Air District will provide BAHA \$3,000,000 in return for the build-out of the Large Retail space and a proportional share of any net operating income generated in the space. Any proportional share of net operating income generated in the space may be applied to obligations owed the Condominium Association by the Air District. Air District would not be required to share in construction cost overruns for the scope stated herein.
- Condominium:** The Large Retail space will become a Jointly Used Space as defined in the CC&Rs.
- Scope:** The scope of the project in this Term Sheet is the tenant improvement (TI) of the Level 1 Large Retail to create a shared conference space with a non-cooking café. Improvements include finishes comparable to the quality of the lobby interior, kitchen equipment suitable for reheat catering and pop-up food service, and conference-type furniture. Audio-visual improvements include lighting, screens and monitors, and microphones and speakers. Included in the scope is configuration to accommodate future installation of web casting and video conferencing. Not included in the scope are increases in network capacity.
- As a separate project BAHA plans to expand the Yerba Buena/Ohlone space, and the Air District anticipates participation under separate agreement in associated audio visual improvements.
- Operations:** BAHA and Air District will share first priority for the use of the Large Retail for agency events. BAHA intends to hire an operator to program the space for events when not in use by agencies. Operator costs are intended to be covered by revenue from the events.
- Termination:** BAHA and the Air District will define a mutually agreeable method to terminate the agreement that is consistent with existing termination causes in their existing agreements, to the extent applicable.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Katie Rice and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 25, 2019

Re: Update on Light Duty Electric Vehicle Adoption and Request to Accept Funding for
the Clean Cars for All Program

RECOMMENDED ACTION

Recommend the Board of Directors:

1. Adopt a resolution authorizing the Bay Area Air Quality Management District (Air District) to accept up to \$10 million from the California Air Resources Board (ARB) to expand the Bay Area Clean Cars for All Program;
2. Adopt a resolution authorizing the Air District to accept \$30,000 from GRID Alternatives to link the Bay Area Clean Cars for All Program to the state-wide One-Stop-Shop Pilot; and
3. Authorize the Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding.

BACKGROUND

The nine-county Bay Area is one of the most populous metropolitan areas in the United States, home to approximately 7.7 million people and 5.5 million light-duty passenger cars and trucks. Tailpipe emissions from light duty vehicle account for approximately 15% of the criteria air pollutants¹ and about 36% of the green-house gases (GHG) emitted in the region². In addition to transit modes that include walking, biking, mass transit, and shared transportation, wide-scale adoption of electric vehicles (EVs) is essential to achieving local, State, and Federal emission reduction targets. Additionally, studies have shown that further emissions benefits will be realized over time as the regions' power grid shifts to higher reliance on renewable energy sources³.

¹ BAAQMD, [Bay Area Emissions Inventory Summary Report: Criteria Air Pollutants Base Year 2011](#), May 2014

² BAAQMD, [Bay Area Emissions Inventory Summary Report: Greenhouse Gases Base Year 2011](#), January 2015

³ Electric Power Research Institute/National Resources Defense Council, Environmental Assessment of a Full Electric Transportation Portfolio, <http://www.epri.com/abstracts/Pages/ProductAbstract.aspx?ProductId=3002006881>, September 2015

With the first introduction of commercially available light-duty plug-in EVs in 2010, the Air District began focusing on programs to monitor the EV market and accelerate the rate of EV adoption in the Bay Area. The Air District's efforts have included development and implementation of a region-wide EV plan, outreach and awareness campaigns, and direct monetary incentives. On March 2018, through an agreement with ARB, the Air District began implementation of the Clean Cars for All Program in the Bay Area. The Clean Cars for All Program provides incentives for low income households in disadvantaged communities to retire older, high-polluting vehicles and replace them with a newer, cleaner vehicle or with alternative transportation options (e.g. Clipper card).

DISCUSSION

Update on Light Duty EV Adoption

The Bay Area leads the United States in EV adoption with approximately 125,000 EVs on Bay Area roads, representing 2% of the region's fleet⁴. In some cities, EVs represent 20% – 30% of new vehicle sales.⁵ Yet, many other areas, including the Bay Area's disadvantaged communities, have significantly lower rates of EV adoption. Expanding EV adoption beyond early adopters is critical to achieve the Bay Area and California's goals for reductions in greenhouse gas emission (80% below 1990 levels by 2050) and zero-and near-zero emission vehicle deployment (90% of the Bay Area passenger vehicles by 2050 and 5 million vehicles statewide by 2030).

As part of this agenda item, staff will update the Board on the current levels of EV adoption in the Bay Area, infrastructure, targets, policies, programs, and next steps to increase equitable access to clean technology to support widespread adoption of EVs.

Clean Cars for All Program Funding

By replacing older, higher-emitting vehicles with cleaner cars or alternative transportation options, the Clean Cars for All program is designed to reduce criteria pollutants in disadvantaged communities throughout the Bay Area, reduce fossil fuel demand and greenhouse gas emissions. Eligible vehicles for purchase or lease include hybrid electric, plug-in hybrid, or electric vehicles. The current requirements from ARB limit program eligibility to 76 Bay Area zip codes identified as disadvantaged communities by CalEnviroScreen 3.0.

The original agreement with ARB provided \$5M for a two-year program in these communities, which is scheduled to open in Spring 2019. The program website is: <http://www.baaqmd.gov/cleancarsforall>.

⁴ California Vehicle Rebate Project statistics, <https://cleanvehiclerebate.org/eng/rebate-statistics>, December 2018

⁵ The International Council on Clean Transportation, California's continued electric vehicle market development, <https://www.theicct.org/sites/default/files/publications/CA-cityEV-Briefing-20180507.pdf>, May 2018

ARB recently notified the Air District that there was up to an additional \$10 million in Volkswagen settlement funds available for the Air District's Clean Cars for All Program (Second Partial Consent Decree, approved on May 17, 2017). In order to access this funding, ARB requires that the Air District's Board of Directors adopt a resolution to accept these monies.

This new funding will allow the Air District to expand the Clean Cars for All Program to low income residents throughout the Bay Area with no geographic limitations. Up to 15% of the funds may be used by the Air District to administer the program, with 10% available to support Air District staff costs to manage applications and cases. The remaining 5% may be used to subcontract with third party entities to address issues associated with participation of low-income consumers in disadvantaged communities. The program also complements the Air District's successful Vehicle BuyBack (VBB) Program.

Statewide Program to Streamline Access to Clean Transportation Incentives

Additionally, in 2018, ARB launched the state-wide One-Stop-Shop Pilot program to streamline and improve access to clean transportation-related incentives available to income-qualified consumers around the state. ARB selected GRID Alternatives to administer this program, which includes community-based outreach, a single multilingual application for low-income consumers to access multiple available programs: The Clean Vehicle Rebate Project (CVRP), Clean Vehicle Assistance Program (CVAP), and relevant programs from California Air Districts, utilities, and Community Choice Aggregators (CCAs).

GRID Alternatives has \$30,000 available to support Air District staff to integrate the Bay Area Clean Cars for All Program with the One-Stop-Shop Program. This integration would enable Bay Area residents to access a single portal to understand their eligibility for relevant state-wide and Bay Area funding programs, including CVRP, CVAP, and Clean Cars for All. The portal will link eligible applicants to the current Clean Cars for All application and grant management system.

Additional updates about the Clean Cars for All Program will be shared regularly with the Mobile Source Committee and Board of Director as implements ramps up in 2019.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. Funds from ARB cover Air District staff and other program costs for the expanded Clean Cars for All Program. Funding from GRID Alternatives will cover the cost of any staff time necessary to integrate Air District and State Programs.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Tin Le
Reviewed by: Ranyee Chiang

Attachment 13A: Board Resolution to accept, obligate, and expend up to \$10 million in Clean Cars for All funds from ARB to expand the Bay Area Clean Cars For All Program and \$30,000 from GRID to support the One-Stop-Shop Pilot Project

AGENDA 13A - ATTACHMENT

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2019-_____

**A Resolution of the
Board of Directors of the Bay Area Air Quality Management District
authorizing the Bay Area Air Quality Management District to accept, obligate, and
expend up to \$10 million from the California Air Resources Board to expand the
Bay Area Clean Cars for All Program and \$30,000 from GRID Alternatives to
support the One-Stop-Shop Pilot Project and to authorize the Executive Officer/Air
Pollution Control Officer to execute all necessary agreements, required documents,
and amendments required to expend this funding**

WHEREAS, the purpose of this Resolution is to authorize the Bay Area Air Quality Management District (Air District) to accept, obligate, and expend up to \$10 million in funding from the California Air Resources Board (ARB) to expand the Bay Area Clean Cars for All Program, and \$30,000 from GRID Alternatives (GRID) to support the One-Stop-Shop Pilot Project, and to authorize the Executive Officer/Air Pollution Control Officer to execute all necessary agreements, required documents, and amendments required to expend this funding;

WHEREAS, on May 17, 2017, the U.S District Court for the Northern District of California, approved the Second Partial Consent Decree of the Volkswagen (VW) settlement to provide funds for California to mitigate the excess nitrogen oxide (NOx) emissions caused by VW's use of illegal emissions testing defeat devices in certain VW vehicles;

WHEREAS, ARB has been designated as the Lead Agency to act on the State's behalf in implementing California's allocation of the VW Environmental Mitigation Trust;

WHEREAS, on December 14, 2017, ARB adopted the Fiscal Year 2017-18 Funding Plan for Low Carbon Transportation and Fuels Investments and the Air Quality Improvement Program appropriating \$10 million for the EFMP Plus-up program to achieve significant emission reductions by incentivizing lower-income California motorists living in or near disadvantaged communities to replace their older, high-emitting vehicles with newer, cleaner and more fuel-efficient vehicles or choose an alternative transportation mode option;

WHEREAS, in June 2018, ARB selected GRID to administer the One-Stop-Shop Pilot project to streamline and improve access to clean transportation-related incentives to income-qualified consumers throughout California;

WHEREAS, on January 16, 2019, the Air District received a draft agreement from ARB for review and to submit to ARB after which an award would be made to the Air District to continue funding the Clean Cars for All Program; and

WHEREAS, on January 15, 2019, the Air District received a draft grant agreement from GRID Alternatives to provide \$30,000 in funding to the Air District to provide input and support in the development and implementation of the One-Stop-Shop Pilot project.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves the District's acceptance of ARB and GRID funds and commits the Air District to comply with the ARB Clean Cars for All regulatory requirements and provide support to GRID for the One-Stop-Shop Pilot Project.

BE IT FURTHER RESOLVED, that the Executive Officer/Air Pollution Control Officer is authorized to accept, obligate, and execute all agreements, required documents, and any amendments thereto necessary to carry out these projects.

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 _____, 2019 by the following vote of the Board:

AYES:

NOES:

ABSTAIN:

ABSENT:

Katie Rice
Chair of the Board of Directors

ATTEST:

Cindy Chavez
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Katie Rice and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 25, 2019

Re: Update on Clean Air Shelters Legislative Strategy

RECOMMENDED ACTION

The Board of Directors will receive an update on the status of the Bay Area Air Quality Management District sponsored bill to increase the number of publicly accessible clean air spaces during emergency events such as wildfires.

DISCUSSION

Staff will provide an update on the status of the bill, including selection of an author, potential co-sponsors, legislative process and deadlines of significance, and an overview of upcoming staff activities for Board discussion.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Alan Abbs
Reviewed by: Jack P. Broadbent

Attachment 14A: Draft Bill Language

DRAFT BILL LANGUAGE

Section _____ is added to the Health and Safety Code to read:

_____ The Bay Area Clean Air Center Incentive Program is hereby established to mitigate adverse public health impacts due to wildfires and other smoke events. A state grant to support the incentive program shall be made available and distributed, upon appropriation by the Legislature in the annual Budget Act, to the Bay Area Air Quality Management District to provide funding to retrofit and maintain ventilation systems to create a network of clean air centers in the San Francisco Bay Area. Incentive funding shall be made available to qualifying facilities subject to guidelines developed by the Bay Area Air Quality Management District, in consultation with counties, cities, public health agencies, school districts, and other stakeholders within the boundaries of the Air District. The guidelines shall define location, size, and facility ventilation characteristics that could provide healthier indoor air in the event of localized smoke impacts.