



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS REGULAR MEETING

March 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 two 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
MARCH 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.

CONSENT CALENDAR (ITEMS 3-11)

Staff/Phone (415) 749-

3. Minutes of the Board of Directors Regular Meeting of February 6, 2019
Clerk of the Boards/5073

The Board of Directors will consider approving the draft minutes of the Board of Directors Regular Meeting of February 6, 2019.

4. Board Communications Received from February 6, 2019 through March 5, 2019
J. Broadbent/5052
jbroadbent@baaqmd.gov

A copy of communications directed to the Board of Directors received by the Air District from February 6, 2019 through March 5, 2019, if any, will be at each Board Member's place.

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

In accordance with Section 5.4 (b) of the Air District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified that the attached memorandum lists Air District personnel who have traveled on out-of-state business in the preceding month.

6. Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of January 2019 **J. Broadbent/5052**
jbroadbent@baaqmd.gov

In accordance with Resolution No. 2012-08, the Board of Directors will receive a list of all Notices of Violations issued, and all settlements for amounts in excess of \$10,000 during the month of January 2019.

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

8. Quarterly Report of the Executive Office and Division Activities for the Months of October 2018 – December 2018 **J. Broadbent/5052**
jbroadbent@baaqmd.gov

A summary of Board of Directors, Hearing Board and Advisory Council meeting activities for the fourth quarter is provided for information only. Also included is a summary of the Executive Office and Division Activities for the months of October 2018 – December 2018.

9. Consider Adopting 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 adopting 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.

10. Referral of Proposed Budget for Fiscal Year Ending (FYE) 2020 to the Budget & Finance Committee **J. Broadbent/5052**
jbroadbent@baaqmd.gov

Pursuant to Administrative Code Division II, Section 3.2 Fiscal Policies and Procedures, and in compliance with Health and Safety Code Section 40276, the Executive Officer/APCO requests that the Board of Directors refer the proposed budget for FYE 2020, to the Budget and Finance Committee for review and consideration.

11. Projects with Proposed Grant Awards over \$100,000

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider approving Carl Moyer Program projects requesting grant funding in excess of \$100,000 and authorization for the Executive Officer/APCO to execute grant agreements for the recommended projects.

COMMITTEE REPORTS

12. Report of the **Personnel Committee** Meeting of February 20, 2019
CHAIR: J. Spering

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

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

- 1) *Conduct interviews and consider recommending approval of candidates for appointment to the Air District's Hearing Board*

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

www.baaqmd.gov/bodagendas

13. Report of the **Public Engagement Committee** Meeting of February 21, 2019
CHAIR: S. Zane

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) **2019 Workplan for the Community and Public Health Committee**

- 1) *None; receive and file.*

B) **Overview of Air Pollution and Health Impacts**

- 1) *None; receive and file.*

C) **Consideration of the Prioritization Framework for School Air Filter Supplemental Environmental Project (SEP)**

- 1) *Approve the Air District enter into contract with IQAir North America for the installation of air filtration systems in sensitive receptor facilities, specifically local schools, in Bay Area communities; and*
- 2) *Approve criteria that will be used to select local schools for installation of air filtration systems.*

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

www.baaqmd.gov/bodagendas

14. Report of the **Budget and Finance Committee** Meeting of February 27, 2019

CHAIR: C. Groom

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Air District Financial Audit Report for Fiscal Year Ending (FYE) 2018

1) None; receive and file.

B) Second Quarter Financial Report – Fiscal Year Ending (FYE) 2018-2019

1) None; receive and file.

C) Air District Economic Outlook

1) None; receive and file.

D) Continued Discussion on Air District’s Financial Plan

1) None; receive and file.

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

www.baaqmd.gov/bodagendas

15. Report of the **Legislative Committee** Meeting of February 28, 2019

CHAIR: D. Kim

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Consideration of New Bills

1) Assembly Bill (AB) 40 – Phil Ting (D-San Francisco) – “Support” position if amendments include more explicit air district participation.

2) AB 210 – Randy Voepel (R-Santee) – “Oppose”

3) Senate Bill (SB) 210 – Senator Connie Leyva (D-Chino) – “Support”

B) Potential Wildfire Smoke Public Health Legislation

1) None; receive and file.

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

www.baaqmd.gov/bodagendas

PRESENTATION

16. Historical Health Inequities Associated with Air Pollution

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will receive a presentation on findings from the Alameda County Public Health Department outlining the associations between air pollution and community health.

PUBLIC COMMENT ON NON-AGENDA MATTERS

17. 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

18. *Any member of the Board, or its staff, on his or her own initiative or in response to questions posed by the public, may: ask a question for clarification, make a brief announcement or report on his or her own activities, provide a reference to staff regarding factual information, request staff to report back at a subsequent meeting concerning any matter or take action to direct staff to place a matter of business on a future agenda. (Gov't Code § 54954.2)*

OTHER BUSINESS

19. Report of the Executive Officer/APCO

20. Chairperson's Report

21. Time and Place of Next Meeting:

Wednesday, April 3, 2019, at 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

22. Adjournment

The Board meeting shall be adjourned by the Board Chair.

CONTACT:

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

FOR QUESTIONS PLEASE CALL (415) 749-4941

EXECUTIVE OFFICE:

MONTHLY CALENDAR OF AIR DISTRICT ANTICIPATED MEETINGS

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 Public Engagement Committee	Thursday	14	9:30 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 Budget & Finance Committee	Friday	22	9:30 a.m.	1 st Floor, Yerba Buena Room #109
Board of Directors Technology Implementation Office Steering Committee	Monday	25	9:30 a.m.	1 st Floor Board Room
Board of Directors Legislative Committee	Wednesday	27	9:30 a.m.	1 st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee	Thursday	28	9:30 a.m.	1 st Floor Board Room

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 Regular Meeting	Wednesday	17	9:30 a.m.	1 st Floor Board Room
Board of Directors Public Engagement Committee	Thursday	18	9:30 a.m.	1 st Floor Board Room
Board of Directors Climate Protection Committee	Monday	22	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	10:30 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

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: February 20, 2019

Re: Minutes of the Board of Directors Regular Meeting of February 6, 2019

RECOMMENDED ACTION

Approve the attached draft minutes of the Board of Directors Regular Meeting of February 6, 2019.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Regular Meeting of February 6, 2019

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha de Guzman

Reviewed by: Vanessa Johnson

Attachment 3A: Draft Minutes of the Board of Directors Regular Meeting of February 6, 2019

AGENDA 3A – ATTACHMENT

Draft Minutes - Board of Directors Regular Meeting of February 6, 2019

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

Board of Directors Regular Meeting
Wednesday, February 6, 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, Katie Rice, called the meeting to order at 9:39 a.m., and introduced new Board member, Lori Wilson, Mayor of Suisun City.

Roll Call:

Present: Chairperson Katie Rice; Vice Chair Rod Sinks; Secretary Cindy Chavez; and Directors Margaret Abe-Koga, Teresa Barrett, John J. Bauters, David J. Canepa, Pauline Russo Cutter, John Gioia, Scott Haggerty, David Hudson, Tyrone Jue, Doug Kim, Liz Kniss, Karen Mitchoff, Mark Ross, Jim Spering, Brad Wagenknecht, Lori Wilson, and Shirlee Zane.

Absent: Directors Carole Groom, Rafael Mandelman, Nate Miley, and Hillary Ronen.

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 Milo Wetherall, Caroline Schurz, Nicholas Morgenstein, Mary Lawrence, Grace McGee, Generation: Our Climate; Claire Valderama, California State University, East Bay; and Charles Davidson, Hercules resident.

NOTED PRESENT: Director Abe-Koga was noted present at 9:43 a.m.

Board Comments

The Board expressed its gratitude to the high school and nursing students who were represented during this item.

COMMENDATIONS/PROCLAMATIONS/AWARDS

3. The Board of Directors recognized outgoing Board Member, San Francisco County Supervisor, **Hillary Ronen**, in absentia, for her leadership and dedication to protecting air quality in the Bay Area.
4. The Board of Directors recognized outgoing Metropolitan Transportation Commission (MTC) Executive Director, **Steve Heminger**, for his leadership and dedication to protecting air quality in the Bay Area. Jack P. Broadbent, Executive Director/Air Pollution Control Officer, and Air District Board members who also serve as MTC Commissioners made remarks about Mr. Heminger's accomplishments.

CLOSED SESSION (10:16 a.m.)

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**

REPORT OUT: Brian Bunger, Air District Counsel, reported that members of the Board that were present, Board authorized settlement of this case on terms which will be available when the other parties have approved them.

OPEN SESSION (10:45 a.m.)

CONSENT CALENDAR (ITEMS 6 – 9)

6. **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**
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**
9. **Request to Increase Credit Card Limits**

Public Comments

No requests received.

Board Comments

Regarding Item 8 in the Consent Calendar, Chair Rice explained that the Board was given official notice that it will consider at its next regular meeting, amendments to the Air District’s Administrative Code that will change the name of the “Public Engagement Committee,” to the “Community and Public Health Committee,” as 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.

Board Action

Director Cutter made a motion, seconded by Director Bauters, to **approve** the Consent Calendar Items 6 through 9, inclusive; and the motion **carried** by the following vote of the Board:

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

COMMITTEE REPORTS

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

Budget and Finance Committee Vice Chair, John J. Bauters, read the following Committee report:

The Committee met on Wednesday, January 23, 2019, and approved the minutes of April 25, 2018.

The Committee reviewed and discussed the presentation Fourth Quarter Financial Report – Fiscal Year Ending 2018.

The Committee then reviewed and discussed the presentation First Quarter Financial Report – Fiscal Year Ending 2019.

Finally, the Committee reviewed and discussed the staff presentation Air District Financial Plan Overview.

The next meeting of the Budget and Finance Committee will be held on Wednesday, February 27, 2019, at 9:30 a.m., at the Bay Area Air Quality Management District office, 375 Beale Street, San Francisco, CA 94105. This concludes the Chair Report of the Budget and Finance Committee.

Public Comments

No requests received.

Board Comments

None.

Board Action

None; receive and file.

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

Former Mobile Source Committee Chair, Scott Haggerty, read the following Committee report:

The Committee met on Thursday, January 24, 2019, and approved the minutes of December 17, 2018.

The Committee reviewed and discussed the staff presentation, Projects and Contracts with Proposed Grant Awards Over \$100,000. The Committee recommends the Board:

- 1. Approve recommended projects with proposed grant awards over \$100,000; and*
- 2. Authorize the Executive Officer/Air Pollution Control Officer to enter into all necessary agreements with applicants for the recommended projects.*

The Committee then reviewed and discussed the staff presentation Participation in Year 21 of the Carl Moyer Program and 2019 Caltrain Funding Plan. The Committee recommends the Board:

- 1. Adopt a resolution authorizing the Executive Officer/Air Pollution Control Officer to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air District's receipt of Carl Moyer Program funds for Fiscal Year 2018-2019 (Program Year 21);*
- 2. Allocate \$3 million dollars in Mobile Source Incentive Funding to provide the required match funding and additional monies for projects eligible for funding under the Carl Moyer Program guidelines;*
- 3. Authorize the Executive Officer/Air Pollution Control Officer to execute Grant Agreements and amendments for projects funded with Carl Moyer Program and Mobile Source Incentive Funding, with individual grant award amounts up to \$100,000 dollars; and*
- 4. Approve \$1 million dollars in 2019 Mobile Source Incentive Fund monies for the proposed 2019 funding plan for the Caltrain Electrification project.*

Finally, the Committee reviewed and discussed the staff presentation Air District Grant Programs Overview. Priority focuses for the grant programs in the coming cycle will be reducing exposures in Assembly Bill 617 and impacted communities, Diesel Free by 2033, more light and heavy-duty electrical infrastructure, and innovative first and last-mile transportation solutions.

The next meeting of the Mobile Source Committee will be held on Thursday, February 28, 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 Mobile Source Committee's recommendations. This concludes the Chair Report of the Mobile Source Committee.

Public Comments

No requests received.

Board Comments

None.

Board Action

Director Haggerty made a motion, seconded by Director Wagenknecht, to **approve** the recommendations of the Mobile Source Committee; and the motion **carried** by the following vote of the Board:

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

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

Ad Hoc Building Oversight Committee Chair, Mark Ross, read the following Committee report:

The Ad Hoc Building Oversight Committee met on Wednesday, February 6, 2019, and approved the minutes of September 19, 2018.

The Committee received and discussed the staff presentation Financial Participation in Creation of a Large Multi-Use Space at 375 Beale Street. The Committee recommends the Board:

- 1. Approve the Bay Area Air Quality Management District's financial participation in the build-out of the northwest corner of the first floor of 375 Beale Street, and designate the space as Jointly Used Space, with an agreement substantially in the form of the Term Sheet, for a total cost not to exceed \$3,000,000, and authorize the Executive Officer to negotiate and execute an agreement with the Bay Area Headquarters Authority and to negotiate and execute any necessary amended Covenants, Conditions, and Restrictions.*

Dr. Jeff McKay will present on this item.

The next meeting of the Ad Hoc Building Oversight Committee will be at the call of the Chair. I move that the Board approve the Ad Hoc Building Oversight Committee's recommendation. This concludes the Chair report of the Ad Hoc Building Oversight Committee.

Public Comments

No requests received.

Board Comments

The Board and staff discussed the request that this space be publicly accessible for a nominal fee or for free; the request that renewable energy technologies be implemented within the space; the operator that the Bay Area Headquarters Authority intends to hire for programming of the space for events when not in use by regional agency tenants of 375 Beale Street; and which party would be held liable for patrons' injuries if any occurred in the new space.

Board Action

Director Ross made a motion, seconded by Director Spering, to **approve** the recommendations of the Ad Hoc Building Oversight Committee; and the motion **carried** by the following vote of the Board:

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

PRESENTATIONS

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

Damian Breen, Deputy Air Pollution Control Officer of Technology, introduced Tin Le, Staff Specialist, who gave the staff presentation *Update on Light Duty Electric Vehicle (EV) Adoption and Request to Accept Funding for the Clean Cars for All Program*, including: light duty/passenger EV adoption; need to accelerate EV adoption to reach Clean Air Plan goal; Bay Area public charging stations distribution map; examples of complementary programs, policies, and Air District partners; uneven adoption of EVs in the Bay Area; achieving equitable access to EVs: Clean Cars for All Program; additional funds available through Volkswagen Settlement; funds available to support CARB's One-Stop-Shop pilot project (\$30,000); Clean Cars for All next steps in 2019; and recommendations.

Public Comments

No requests received.

Board Comments

The Board and staff discussed this program's focus on low-income Bay Area residents in communities disproportionately burdened by sources of pollution and how to best expand this program to those communities; the potential termination of the federal electric vehicle tax credit that offers buyers of new electric vehicles a \$7,500 tax deduction; the hesitation to purchase EVs for fear of a lack of EV charging infrastructure, and contrariwise, the hesitation to install EV charging infrastructure for fear of a lack of vehicles that would require said infrastructure; how program

incentives can be utilized by multi-family dwellings; the suggestion that Air District staff reaches out to Generation: Our Climate, the student-run organization that gave public comments on Item Two, and informs the organization of the Air District's EV incentive opportunities; how EV range-anxiety can impact the perception of female drivers' safety, and how to combat those concerns; the request that the Board members receive the consumer research the Air District uses to guide its investing decisions and recommendations; the suggestion that the Air District partner with city and county and housing departments regarding affordable housing projects that need EV charging infrastructure, as well as lenders for affordable housing projects that might be interested in the Air District's incentive programs in general; the comparison between the percentage of true EVs and the percentage of plug-in EVs driven in the Bay Area; the percentage of EVs being purchased in the Bay Area, and prior ownership requirements; whether navigation systems in new vehicles have the capability to detect and map EV charging stations; the challenges posed to residences that lack driveways and can only utilize off-street parking; and the need to emphasize to the public the potential financial benefits of owning an EV.

Board Action

Director Gioia made a motion, seconded by Director Cutter, to **adopt** a resolution authorizing the Air District to accept up to \$10 million from CARB to expand the Bay Area Clean Cars for All Program; and **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 the motion **carried** by the following vote of the Board:

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

14. **Update on Clean Air Shelters Legislative Strategy**

Mr. Broadbent introduced Alan Abbs, Legislative Officer, who gave the staff presentation *Update on Clean Air Shelters Legislative Strategy*, including: legislative strategy and timeline; and update on bill author selection and outreach.

Public Comments

No requests received.

Board Comments

The Board and staff discussed the Air District's strategy to execute community stakeholder input and develop program guidelines; the prediction of statewide support; whether the anticipated funds will come from the State's General Fund or from Cap and Trade; the suggestion that the bill considers geographic diversity, which facilities have historically been impacted by wildfire smoke, and socioeconomic limitations; the amount of annual funds that the Air District will request for this

program; the spot bill that the Air District submitted regarding this issue; the selection of Assembly member Buffy Wicks as the bill's author; and the request that "wildfires and smoke events" be expanded to include other natural disasters as well.

Board Action

None; receive and file.

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

No requests received.

BOARD MEMBER COMMENTS

16. Board Members' Comments

- Director Gioia announced that on December 14, 2018, CARB adopted Innovative Clean Transit (ICT) Regulation that requires California transit agencies to gradually transition their buses to zero-emission technologies.
- Director Canepa thanked Chair Rice for providing all of the Board members with copies of The Color of Law and That's What She Said at the annual Board retreat in January.
- Director Mitchoff promoted the 2019 Silicon Valley Auto Show from March 7, 2019 to March 10, 2019, at the San Jose Convention Center, as she believes it would be a helpful resource about the latest EVs.

OTHER BUSINESS

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

Mr. Broadbent announced that Richard Rothstein, author of The Color of Law, will be presenting to the Board on March 6, 2019, followed by a brown bag seminar for Board members and staff; and discussed the current Winter Spare the Air season, promising to bring the Board details at the next Board meeting.

Public Comments

Public comments were given by Jed Holtzman, 350 Bay Area.

18. **Chairperson's Report**

Chair Rice made the following announcements:

- Congratulations to Director Wilson on her recent appointment to the Board.
- Congratulations to Director Barrett for her recent re-appointment to the Board.
- Director Mandelman tendered his resignation as Air District Board member, due to Supervisorial scheduling conflicts.
- Thank you to the outgoing and incoming committee Chairs and Vice Chairs.

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 meeting adjourned at 12:15 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: February 20, 2019

Re: Board Communications Received from February 6, 2019 through March 5, 2019

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Copies of communications directed to the Board of Directors received by the Air District from February 6, 2019, through March 5, 2019, if any, will be at each Board Member's place at the March 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: February 20, 2019

Re: Air District Personnel on Out-of-State Business Travel

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In accordance with Section 5.4 (b) of the Air District's Administrative Code, Fiscal Policies and Procedures Section, the Board is hereby notified of Air District personnel who have traveled on out-of-state business.

The report covers the out-of-state business travel for the month of January 2019. The monthly out-of-state business travel report is presented in the month following travel completion.

DISCUSSION

The following out-of-state business travel activities occurred in the month of January 2019:

American Meteorological Society Annual Meeting, Phoenix, Arizona, January 4, 2019 - January 11, 2019 Attendees:

- Charles Knoderer, Manager
- Daniel Alrick, Principal Air & Meteorology Monitor Specialist

Compost Odor Emissions and Process Efficiency Training Course, Phoenix, Arizona, January 27, 2019 – January 28, 2019 Attendee:

- Robert Cave, Senior Air Quality Specialist

Air and Waste Management Association Intercouncil Meeting, Quebec City, Quebec Canada, January 22, 2019 – January 28, 2019 Attendee:

- Brian C. Bungler, District Counsel

Environmental Protection Agency (EPA) Measurement Technology Workshop, Research Triangle Park, North Carolina, January 28, 2019 – January 31, 2019 Attendees:

- Pon Phithaksounthone, Senior Air Quality Engineer
- Jeff Aaseth, Air Quality Engineer I

Transportation Research Board Annual Meeting, Washington, D.C., January 14, 2019 – January 18, 2019 Attendee:

- Elizabeth Yura, Director of Community Engagement and Policy

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: January 20, 2019

Re: Notices of Violations Issued and Settlements in Excess of \$10,000 in the Month of
January 2019

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

In accordance with Resolution No. 2012-08, attached to this Memorandum is a listing of all Notices of Violations issued, and all settlements for amounts in excess of \$10,000 during the calendar month prior to this report.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The amounts of civil penalties collected are included in the Air District's general fund budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian C. Bungler

Attachment 6A: Notices of Violations for the Month of January 2019

AGENDA 6A - ATTACHMENT

NOTICES OF VIOLATIONS ISSUED

The following Notice(s) of Violations were issued in January 2019:

Alameda						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
ABE Petroleum - Olympic Oil	Z4600	Hayward	A57275A	1/10/2019	2-1-307	Failure to meet P/C #20666 and #24298
Advantage Metal Products	E3728	Livermore	A57388A	1/11/2019	2-1-307	Failure to meet P/C 26400 acetone usage
Cottrell Smith	Z5665	Oakland	A58423A	1/9/2019	11-2-303	303.8 Demolition without survey & 401.3 Improper notification
Cottrell Smith	Z5665	Oakland	A58423B	1/9/2019	11-2-401	303.8 Demolition without survey & 401.3 Improper notification
David Pheng	Z5670	Sunol	A58425A	1/14/2019	11-2-401.3	Failure to give 10-day notice
DeSilva Gates Construction	B7755	Dublin	A57389A	1/14/2019	2-1-307	Failure to comply w/ P/C 24974 #6
Green Petroleum LLC	Z4365	Livermore	A57273A	1/8/2019	8-7-301.6	Out of tolerance two inch wc static pressure perf. test
Henkel US Operations Corporation	A0774	Berkeley	A58340A	1/17/2019	2-1-302	Expired PO (Nov 1, 2018)/material not permitted to be stored in S33
Lake Merritt Gasoline	Z5742	Oakland	A58440A	1/28/2019	8-7-301.5	87 adapters frozen/tight. Failure to conduct torque and drop tube test
Luca's Building	Y1469	San Leandro	A59078A	1/30/2019	11-2-401.3	Late notification
P.W. Stephens Environmental, Inc.	Z0961	Hayward	A58908A	1/3/2019	11-2-401.3	401.3 - improper notification (notified as condo, should be MFD)

R&B Equipment	Z4338	Hayward	A55671A	1/11/2019	11-2-401.3	Expired Job# ASB104847; to replace NOV #A55670
RB Construction, Inc.	Z5739	Fremont	A55672A	1/28/2019	11-2-401.5	Inaccurate start date
Re Investment Portfolio LLC	Z5728	Oakland	A58427A	1/29/2019	11-2-401.3	Late notification
Schnitzer Steel Products Company	A0208	Oakland	A56071A	1/17/2019	2-1-307	28 ship calls in 2018.
Southwest Hazard Control, Inc	G2514	San Leandro	A58426A	1/28/2019	11-2-401.3	Improper notification.
Synergy Enterprises	L3268	Hayward	A58513A	1/4/2019	11-2-401.5	Inaccurate start date
Synergy Enterprises Inc.	Z3988	Hayward	A58909A	1/24/2019	11-2-401.5	401.5 - Inaccurate start date
Tesla, Inc.	A1438	Fremont	A57013A	1/16/2019	2-1-301	Deviation 5090, 5091, 5095 and 5227
Tesla, Inc.	A1438	Fremont	A57013B	1/16/2019	2-1-302	Deviation 5090, 5091, 5095 and 5227
Tesla, Inc.	A1438	Fremont	A57014A	1/16/2019	2-6-307	Deviation 5136, 5137
Tesla, Inc.	A1438	Fremont	A57015A	1/16/2019	2-1-301	Deviation #5268
Tesla, Inc.	A1438	Fremont	A57015B	1/16/2019	2-1-302	Deviation #5268
Tesla, Inc.	A1438	Fremont	A57016A	1/16/2019	2-6-307	Deviations #5248, #5267
Tesla, Inc.	A1438	Fremont	A57017A	1/16/2019	2-6-307	Deviation #5058(5022)

Tesla, Inc.	A1438	Fremont	A57018A	1/16/2019	2-6-307	Deviation #5092
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Contra Costa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Ameresco Keller Canyon LLC	B7667	Pittsburg	A57645A	1/22/2019	2-6-307	P/C#23400.7.b/#23962.7.d/ Late reporting
Arco S/S Montes	J4404	Pleasant Hill	A59033A	1/29/2019	8-7-301.5	91 grade vapor adaptor frozen - 87 grade product adaptor static torque > 108 16. in
Central Contra Costa Sanitary District	A0907	Martinez	A57680A	1/10/2019	2-6-307	Excess of PM limits
Central Contra Costa Sanitary District	A0907	Martinez	A57680B	1/10/2019	CFR	Title 40 part 62 Subpart LLL S62.15955 Table 1
Chevron Products Company	A0010	Richmond	A58930A	1/17/2019	2-6-307	S-4155 combusted fuel with H2S > 50ppm averaged > 24 hrs; RCA #07E53, Dev 4975
Chevron Products Company	A0010	Richmond	A58931A	1/17/2019	10	Flaring at unsembled vent gas; H2s cmc >230 mg/..; dev2924
Chevron Products Company	A0010	Richmond	A58932A	1/17/2019	11-10-305	Failed to repair within 21-day. Dev 4928
Chevron Products Company	A0010	Richmond	A58933A	1/17/2019	8-8-302	failed to inspect #13 separator semi-annually, dev 5263
Grand Petroleum Inc.	Z4381	Concord	A59030A	1/17/2019	8-7-308	2" standing gasoline 91-g product fill containment sump. 3"standing gasoline 87-g product fill sump
Los Medanos Energy Center	B1866	Pittsburg	A57646A	1/31/2019	5-522.7	Late RCA reporting/late deviation reporting
Los Medanos Energy Center	B1866	Pittsburg	A57646B	1/31/2019	2-6-307	Late RCA reporting/late deviation reporting

Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A57723A	1/7/2019	2-6-307	Calendar-day averaged TRS greater than 100 ppmv
Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A57724A	1/14/2019	12-11-502.3.1	Initial Flare Sample not taken; 40CFR 60.107a(a); 40CFR60.103a(h)
Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A57724B	1/14/2019	10	Initial Flare Sample not taken; 40CFR 60.107a(a); 40CFR60.103a(h)
Phillips 66 Company - San Francisco Refinery	A0016	Rodeo	A59053A	1/31/2019	8-2-301	Emitting more than 15 lb total carbon per day w/concentrations greater than 300ppm.
SFD	Z5698	Danville	A55937A	1/15/2019	11-2-401.3	10 day wait period not met for demo
Shell Martinez Refinery	A0011	Martinez	A58604A	1/30/2019	6-1-302	E07H69 opacity excesses.
Shell Martinez Refinery	A0011	Martinez	A58604B	1/30/2019	CFR	E07H69 opacity excesses
Shell Martinez Refinery	A0011	Martinez	A58604C	1/30/2019	CFR	E07H69 opacity excesses
Willow Pass Exxon	Z5735	Concord	A58573A	1/23/2019	8-7-301.5	87-Grade middle tank: Frozen vapor adaptor

Marin						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Marin General Hospital	A1713	Greenbrae	A58154A	1/31/2019	2-1-301	No authority to construct
Marin General Hospital	A1713	Greenbrae	A58155A	1/31/2019	2-1-301	No authority to construct

Marin General Hospital	A1713	Greenbrae	A58156A	1/31/2019	2-1-301	No authority to construct
Novato Sanitary District	A1275	Novato	A58157A	1/31/2019	2-1-307	Episode 06Z95 - Breakdown denied
Peacock Gap Holdings LLC	Z5761	San Rafael	A58325A	1/3/2019	2-1-307	No current static pressure test (last recorded 3/7/2016)

Napa						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Harvey Anderson	Z5708	Napa	A58107A	1/25/2019	5-301	Debris burn on No Burn Day.
Markley Cove Resort	Z5672	Napa	A59029A	1/11/2019	8-7-301.1	(301.1):Vapor Adaptor is not CARB vapor recovery certified (301.2): 18000 gallon throughput exceeded
Markley Cove Resort	Z5672	Napa	A59029B	1/11/2019	8-7-301.2	(301.1):Vapor Adaptor is not CARB vapor recovery certified (301.2): 18000 gallon throughput exceeded
Matt Weinert	Z5736	Napa	A58106A	1/23/2019	5-301	Failure to notify and pay fee

San Mateo						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Double AA El Camino	Z4190	San Bruno	A58441A	1/28/2019	8-7-302.1	Uncertified Phase 2 system
E&S Auto Collision Center	Z5747	South San Francisco	A57574A	1/31/2019	2-1-302	Expired permit
Exel Site Services	Y5101	South San Francisco	A58516A	1/23/2019	11-2-303.8.2	Failure to notify.

Exel Site Services	Y5101	South San Francisco	A58516B	1/23/2019	11-2-401.3	No survey
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Santa Clara						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
American Gas & Oil Corporation	Z5688	San Jose	A57760A	1/14/2019	2-1-302	Expired P/O
American Gas & Oil Corporation	Z5688	San Jose	A57761A	1/14/2019	8-7-302.1	Uncertified LST breakaways
American Gas & Oil Corporation	Z5688	San Jose	A57762A	1/14/2019	8-7-301.5	ST#19049 - Failed 91 Vapor Adaptor Torque ST
Chevron #9-5771	V9914	San Jose	A57764A	1/28/2019	2-1-307	No 2017/2018 Annual ST (since 2016)
Easy Mart 11	Z5738	San Jose	A57763A	1/24/2019	8-7-302.3	A) ST #19056 > Phase 2 not maintained per VR-202; B) ST #19057
T&T Gas & Mini Mart	Z5664	San Jose	A57759A	1/9/2019	8-7-302.3	Phase 2, not maintain - Failed contractor ST-2" static pressure TP 201.3
Team San Jose	A2060	San Jose	A58190A	1/23/2019	2-1-307	Exceeding 20 hours of testing in 2018.
Winchester Shell	Y2655	San Jose	A57765A	1/30/2019	8-7-302.3	ST's #19006, #19004, 19002 Phase II not maintained per VR-202.
Winchester Shell	Y2655	San Jose	A57766A	1/30/2019	8-7-302.3	ST #19003 - Phase II not maintained, failed dispenser vapor line integrity test.

Solano

Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
7-Eleven #34158	Z5674	Fairfield	A58575A	1/3/2019	8-7-314	Nozzle #8 does not have hold-open latch installed
Colonial Energy CR 50148	Z5656	Suisun City	A59028A	1/10/2019	8-7-301.5	87-grade product adaptor static torque > 108lb; in
Diamond Petroleum Inc dba Marina	Z5741	Suisun City	A59034A	1/30/2019	2-1-307	Air quality source testing not performed within 12-months of another. Permit cond #18680 & #23223
Fairfield Golfland Ltd	Z5689	Suisun City	A59031A	1/17/2019	8-7-316	CARB certified PV Value installed
Fairfield Golfland Ltd	Z5689	Suisun City	A59031B	1/17/2019	8-7-301.13	Carb test procedure - 201.3 not performed every 12 months
Sunset Shell	Z5654	Suisun City	A58577A	1/10/2019	8-7-301.5	87-g & 91-g vapor adaptor static torque > 108 lb. -in.
United Brothers Enterprise Inc.	Z5704	Vallejo	A59032A	1/25/2019	8-7-308	1.5" standing gasoline in 87-g product fill containment sump.
United Brothers Enterprise Inc.	Z5704	Vallejo	A59032B	1/25/2019	2-1-307	Air Quality vapor testing not performed within 12-months of another
Valero Refining Company - California	B2626	Benicia	A57351A	1/22/2019	8-5-306.2	Vapor leaks from PV Value >500 ppm. Valero Ref #1054
Valero Refining Company - California	B2626	Benicia	A57352A	1/22/2019	8-5-306.2	PV leaking greater than 500ppm. Valero ref #1056
Vizavoo Inc. dba Fairfield Gas	Y7216	Fairfield	A58576A	1/3/2019	2-1-307	AQ source testing not conducted within 12-months of each other

District Wide						
Site Name	Site #	City	NOV #	Issuance Date	Regulation	Comments
Brunk Industries Inc.	Z5663	Oakdale	A58515A	1/9/2019	11-2-303	No wetting, no containment, no supervisor waste outside contain
Brunk Industries Inc.	Z5663	Oakdale	A58515B	1/9/2019	11-2-304	No wetting, no containment, no supervisor waste outside contain
RB Environmental Inc.	Z5667	Stockton	A58514A	1/8/2019	11-2-401.3	Improper emergency notification
TM Demolition Inc.	Y6212	Tracy	A58424A	1/10/2019	11-2-401.3	11-2-401.3 (job started prior to original start date)

SETTLEMENTS FOR \$10,000 OR MORE REACHED

There was 1 settlement(s) for \$10,000 or more completed in December 2018.

On December 26, 2018, the District reached settlement with Bio-Rad Laboratories Inc. for \$11,000, regarding the allegations contained in the following 2 Notice of Violation:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A56914A	10/3/17	10/3/17	2-1-301	No Authority to Construct and no Permit to Operate wipe cleaning operation.
A56914B	10/3/17	10/3/17	2-1-302	No Authority to Construct and no Permit to Operate wipe cleaning operation.
A56915A	10/4/17	10/3/17	8-16-501.3	No usage records for wipe cleaning operation in building 925.

There were 2 settlement(s) for \$10,000 or more completed in January 2019.

1) On January 10, 2019, the District reached a settlement with San Mateo Medical Center for \$48,000, regarding the allegations contained in the following 2 Notices of Violations:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A53972A	3/21/2016	12/31/2015	2-1-307	Exceeded 20 hours of reliability testing.
A53973A	3/21/2016	1/1/2016	9-7-403	Site did not conduct initial demonstration of compliance & did not obtain an authority to construct.
A53973B	3/21/2016	1/1/2016	2-1-301	Site did not conduct initial demonstration of compliance & did not obtain an authority to construct.
A53973C	3/21/2016	1/1/2016	2-1-302	Site did not conduct initial demonstration of compliance & did not obtain an authority to construct.

2) On January 10, 2019, the District reached settlement with ST Shore Terminals LLC for \$16,000, regarding the allegations contained in the following 2 Notices of Violations:

NOV #	Issuance Date	Occurrence Date	Regulation	Comments from Enforcement
A56909A	5/4/2017	4/27/2017	8-5-306.2	P/V valve and gauge hatch not gas tight.
A56910A	5/4/2017	4/27/2017	8-5-306.2	Gauge hatch not gas tight.



Mary D. Nichols, Chair
 Jared Blumenfeld, CalEPA Secretary
 Gavin Newsom, Governor

TO: Members of the Board of Directors
 FROM: Supervisor John Gioia
 Board Member
 DATE: February 19, 2019
 SUBJECT: **QUARTERLY REPORT OF MY ACTIVITIES AS AN AIR RESOURCES BOARD MEMBER**

The list below summarizes my activities as a California Air Resources Board member from October 1, 2018, through December 31, 2018:

October Activities

15th Meeting with WSPA re: Cap-and-Trade
 17th October Staff Briefing
 24th Meeting with CVAQ re: San Joaquin PM2.5
 25th October Board Meeting
 31st Meeting with CARB Staff re: CARB/CTC Meeting

November Activities

5th Meeting with Panoche Energy re: Cap-and-Trade
 8th Hydrogen Keel Laying in Alameda
 8th Meeting with the Eastbay Broadband Consortium re: Cap-and-Trade Auction Proceeds
 14th November Staff Briefing
 15th November Board Meeting Day 1
 16th November Board Meeting Day 2
 20th Meeting with CTA re: Innovative Clean Transit

December Activities

No meetings in December

Attachments: Public Agendas

October 2018 Board Meeting Agenda

October 25, 2018, Board Meeting

California Environmental Protection Agency

1001 I Street, Sacramento, California 95814

Byron Sher Auditorium, 2nd Floor

This meeting will also be **webcast**.

Submit written comments

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

Thursday, October 25, 2018 @ 9:00 a.m.

Consent Calendar

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

18-8-1: Public Meeting to Consider Six Research Proposals

The Board will consider approval of six research proposals that were developed in response to the Board-approved research projects for Fiscal Year 2018-2019.

1. "Real-world Tire and Brake-wear Emissions," University of California, Riverside, Proposal No. 2817-289.

More Information Proposed Resolution

2. "Hybridization and Full Electrification Potential in Off-Road Applications," University of California, Riverside, Proposal No. 2818-289.

More Information Proposed Resolution

3. "Screening Method and Map for Evaluating Transportation Access Disparities and other Built Environment-related Social Determinants of Health," University of California, Los Angeles, Proposal No. 2819-289.

More Information Proposed Resolution

4. "Estimating Induced Travel from Capacity Expansions on Congested Corridors," University of California, Berkeley, Proposal No. 2820-289.

More Information Proposed Resolution

5. "Environmental Chamber Experiments to Improve Secondary Organic Aerosol Model Prediction," University of California, Riverside, Proposal No. 2821-289.

More Information Proposed Resolution

6. "Characterizing the Potential Health and Equity Impacts of Oil and Gas Extraction and Production Activities in California," University of California, Berkeley, Proposal No. 2822-289.

More Information Proposed Resolution

18-8-2: Public Meeting to Consider the Proposed Submission of California's Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities into the California State Implementation Plan

The Board will consider adopting a resolution directing staff to submit California's Greenhouse Gas Emission Standards for Crude Oil and Natural Gas Facilities into the California State Implementation Plan (Oil and Gas SIP Submittal). If adopted, California Air Resources Board will submit the Oil and Gas SIP Submittal to the United States Environmental Protection Agency as a revision to the California State Implementation Plan.

More Information Proposed Resolution

Discussion Items

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

18-8-4: Public Hearing to Consider Proposed Amendments to Enhanced Vapor Recovery Regulations to Standardize Gas Station Nozzle Spout Dimensions to Help Address Storage Tank Overpressure

The Board will consider amendments to Enhanced Vapor Recovery Regulations to standardize gas station nozzle spout dimensions to improve compatibility with newer motor vehicle fill pipes. This compatibility is necessary to reduce air ingestion at the nozzle, which will help reduce storage tank overpressure conditions.

More Information Staff Presentation

18-8-5: Public Hearing to Consider Proposed Amendments to California Specifications for Fill Pipes and Openings of Motor Vehicle Fuel Tanks

The Board will consider amendments to Vehicle Fill Pipe Specifications to help ensure new motor vehicle fill pipes are compatible and form a good seal with Phase II recovery nozzles that are certified for use at California gasoline stations as a means to reduce overpressure.

More Information Staff Presentation

18-8-6: Public Meeting to Consider Approval of the Proposed Fiscal Year 2018-19 Funding Plan for Clean Transportation Incentives

The Board will consider the Proposed Fiscal Year 2018-19 Funding Plan for Clean Transportation Incentives. The plan describes proposed investments from two related funding sources: the Low Carbon Transportation Program funded with Cap-and-Trade auction proceeds and the Air Quality Improvement Program. These programs provide incentives for clean vehicle and equipment projects to reduce greenhouse gas emissions and air pollution with a priority on benefiting disadvantaged and low-income communities and low-income households. Staff's proposal builds on investments from previous funding cycles by continuing incentives for zero-emission and plug-in passenger cars, clean trucks and buses, and advanced technology freight projects.

More Information Staff Presentation

18-8-7: Public Meeting to Consider the San Joaquin Valley Supplement to the 2016 State Strategy for the State Implementation Plan

Spanish translation will be provided at the Board Meeting for this item, Item 18-8-7.

The Board will consider adopting the San Joaquin Valley Supplement to the 2016 State Strategy for the State Implementation Plan (Valley State SIP Strategy). The Valley State SIP Strategy describes the California Air Resources Board staff's proposal for a supplemental State commitment for additional mobile source measures and emission reductions to attain health-based annual and 24-hour federal air quality standards for PM2.5 in the San Joaquin Valley.

More Information Staff Presentation

18-8-11: Public Meeting to Consider the 2018 Updates to the California State Implementation Plan

The Board will consider updates to State Implementation Plan submittals for several ozone and PM2.5 nonattainment areas. These updates are a result of recent court decisions regarding United States Environmental Protection Agency (U.S. EPA) guidance on certain elements of the area's plans. These updates address reasonable further progress-related components for Coachella Valley, Eastern Kern County, Imperial County, Sacramento Metropolitan Area, San Joaquin Valley, South Coast, Ventura County, and Western Mojave Desert. Updates also include enhanced enforcement activities as contingency measures for these areas and two additional areas -- San Diego County and Western Nevada County. If adopted, these updates will be submitted to U.S. EPA as a revision to the California State Implementation Plan.

More Information Staff Presentation

18-8-3: Public Hearing to Consider Proposed California Certification Procedures for Light-Duty Engine Packages for Use in New Light-Duty Specially-Produced Motor Vehicles for 2019 and Subsequent Model Years

The Board will consider adopting the proposed California Regulation and Certification Procedures for Light-Duty Engine Packages for Use In New Light-Duty Specially-Produced Motor Vehicles for 2019 And Subsequent Model Years. California Air Resources Board staff is proposing regulations and certification procedures for manufacturers of light-duty engine packages for use in new light-duty specially constructed vehicles which resemble heritage vehicles originally produced at least 25 years ago.

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

18-8-8: Public Meeting to Inform the Board of the California Air Resources Board Tribal Consultation Policy

The Board will hear an informational item on the California Air Resources Board Tribal Consultation Policy. The California Air Resources Board is implementing a Tribal Consultation Policy to ensure it engages in effective government-to-government consultations with tribes to further its mission and to implement Executive Order B-10-11.

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

Closed Session

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

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

California Air Resources Board v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 18-1085.

Electric Power Supply Association, et al. v. Star, et al., U.S. Court of Appeals, Seventh Circuit, Case No. 17-2445.

POET, LLC, et al. v. California Air Resources Board, et al., Fresno County Superior Court, Case No. 09CECG04659; plaintiffs’ appeal, California Court of Appeal, Fifth District, Case No. F064045; California Supreme Court, Case No. S213394 [remanded to trial court]; plaintiff’s appeal of trial court order discharging peremptory writ of mandate, Court of Appeal, Fifth District, Case No. F073340.

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State of Wyoming, et al. v. United States Department of the Interior, et al., U.S. District Court, District of Wyoming, Case No. 16-CV-285-SWS.

The Two Hundred, et al. v. California Air Resources Board, et al., Fresno County Superior Court, Case No. 18CECG01494.

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November 2018 Board Meeting Agenda

November 15 & 16, 2018, Board Meeting

California Environmental Protection Agency

1001 I Street, Sacramento, California 95814

Byron Sher Auditorium, 2nd Floor

This meeting will also be **webcast**.

Submit written comments

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

Thursday, November 15, 2018 @ 9:00 a.m.

Consent Calendar

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

18-9-1: Public Meeting to Consider the Ozone Attainment Plan for Western Nevada County

The Board will consider adopting the Ozone Attainment Plan for Western Nevada County as a revision to the California State Implementation Plan. The revisions address requirements that California demonstrate how Western Nevada County will attain the 2008 75 ppb 8-hour ozone standard by 2021 and satisfy other Clean Air Act requirements for control measures, air quality modeling analysis, reasonable further progress, transportation conformity, and contingency measures.

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

Discussion Items

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

The agenda order noted below was revised on 11/6/18.

18-9-3: Public Meeting to Hear an Informational Update on The Mobile Source Program: A Vision for Minimizing Real-World Emissions

The Board will hear an update on how staff are updating existing programs and developing future programs to better ensure vehicles are designed, built, and operated to minimize emissions throughout the vehicle's life.

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

18-9-4: Public Hearing to Consider Proposed Revisions to On Board Diagnostic System Requirements, Including the Introduction Of Real Emissions Assessment Logging, for Heavy Duty Engines, Passenger Cars, Light-Duty Trucks, and Medium-Duty Vehicles and Engines

The Board will consider amendments to the heavy-duty (HD) On Board Diagnostic (OBD) and medium-duty OBD II requirements to update the monitoring requirements for gasoline and diesel vehicles, to require more data parameters to be tracked and reported by the engine/vehicle, and to clarify and improve the regulation where necessary. Staff is also proposing to update the associated HD OBD enforcement regulation to align with the proposed

changes to the HD OBD regulation and to modify the manufacturer self-testing requirements.

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

18-9-9: Public Hearing to Consider Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions

Spanish translation will be provided at the Board Meeting for this item, Item 18-9-9.

The Board will hear staff's proposed amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas (GHG) Emissions. The proposed amendments are targeted revisions to clarify the existing regulation related to how entities report their GHG emissions to support the Cap-and-Trade program, and to ensure the data that are collected for CARB's climate change programs are complete and accurate. The public comments for this item will be combined for purposes of the Board hearing with item 18-9-10. This hearing will be the first of two planned Board hearings on this proposal.

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

18-9-10: Public Hearing to Consider the Amendments to the California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms Regulation

Spanish translation will be provided at the Board Meeting for this item, Item 18-9-10.

The Board will hear staff's proposal for Cap-and-Trade Regulation amendments to conform with the requirements in Assembly Bill 398, respond to Board direction in Resolution 17-21, and enhance Program implementation and oversight. Specifically, the proposed amendments include changes to free allocation for minimizing leakage and transition assistance, offsets usage limits and criteria related to direct environmental benefits to the state, and cost containment, among others. The public comments for this item will be combined for purposes of the Board hearing with item 18-9-9. This hearing will be the first of two planned board hearings on this proposal.

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

18-9-5: Public Meeting to Hear an Informational Update on Reducing Emissions from Small Off-Road Engines: Operator Exposure, Health Risks, and Pathways to Zero Emissions

The Board will hear an update on small off-road engines, which are primarily used in lawn and garden equipment. The update will discuss incentive programs, case studies, and potential approaches to converting California's small off-road engine fleet to zero-emission equipment. Staff will also present an update on compliance testing results for model year 2015-2017 engines and a summary of findings from a recent exposure study, including estimates of potential maximum incremental cancer risk, underscoring the importance of reducing emissions.

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

18-9-2: Public Meeting to Hear the 2018 Legislative Update

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

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

Friday, November 16, 2018 @ 8:30 a.m.

Discussion Items

18-9-8: Public Meeting to Hear an Informational Update on the Natural and Working Lands Implementation Plan

The Board will hear an update on the development of the Natural and Working Lands Implementation Plan and the 2030 intervention-based goal for carbon sequestration and avoided greenhouse gas emissions in the sector. The 2017 Climate Change Scoping Plan identifies a preliminary goal and directs the California Air Resources Board, the California Environmental Protection Agency, the California Natural Resources Agency, and California Department of Food and Agriculture to refine the goal and develop the Implementation Plan to evaluate and identify actions to meet it.

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

18-9-6: Public Meeting to Consider Endorsement of the California Tropical Forest Standard

Spanish and Portuguese translation will be provided at the Board Meeting for this item, Item 18-9-6.

The Board will consider endorsing a California Tropical Forest Standard that would specify criteria to assess jurisdictional sector-based offset crediting programs that reduce emissions from tropical deforestation. The Standard could be used by jurisdictions that are taking action to reduce Greenhouse Gas emissions from tropical deforestation as well as for potential future inclusion within a Cap-and-Trade Program. Endorsement of the proposed standard would not result in any regulatory amendments to the California Cap-and-Trade Regulation, any immediate linkage with any jurisdiction, or in any tropical forest offset credits being eligible for use in the California Cap-and-Trade Program, without a future regulatory amendment process.

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

18-9-7: Public Meeting to Present the Revised Draft Cap-and-Trade Auction Proceeds Third Investment Plan

Spanish translation will be provided at the Board Meeting for this item, Item 18-9-7.

The Board will hear the proposed Third Investment Plan for Cap-and-Trade Auction Proceeds. The Plan identifies priority investments for California Climate Investments to help achieve the State's greenhouse gas reduction goals; invest in disadvantaged and low-income communities; and provide other economic, public health, and environmental benefits. The Department of Finance will submit the Plan to the Legislature, as required by Assembly Bill 1532.

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

18-9-11: Public Meeting to Consider Electrify America's Cycle 2 Zero Emission Vehicles Investment Plan

Electrify America, a subsidiary of Volkswagen (VW), is responsible for implementing the Zero Emission Vehicle (ZEV) Investment commitment required as part of the VW Diesel Settlement. The ZEV Investment commitment requires investment in ZEV market support activities like infrastructure and public awareness. The Board will hear a staff assessment of Electrify America's Cycle 2 ZEV Investment Plan and decide whether to approve or disapprove it, in whole or in part.

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

Closed Session

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

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

California Air Resources Board v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 18-1085.

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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: February 21, 2019

Re: Quarterly Report of the Executive Office and Division Activities for the Months of
October 2018 – December 2018

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

Human Resources

The Human Resources (HR) Office conducted nine recruitments including exams for: Air Quality Inspector, Assistant Manager (2), Assistant Staff Specialist, Environmental Planner, Human Resources Technician, Principal Air Quality Engineer, Senior Air Quality Engineer, and Supervising Air Quality Engineer. In addition, the HR Office offered three training sessions, including: TED Style Talk (2) and Microsoft One Note. The HR Office continues to administer payroll, benefits, safety/worker's compensation, labor/employee relations, and wellness activities. There are currently 351 regular employees, six temporary employees and interns, and 54 budgeted vacant positions. There were 12 new employees, 7 promotions, and 18 separations from October 2018 to December 2018.

Business Office

The Business Office issued 427 purchase orders and executed 113 contracts. There were three requests for proposals/qualifications issued during this period.

Fleet and Facilities Office

Fleet services disposed of 11 vehicles, acquired zero vehicles, and sent 54 vehicles for maintenance and/or body shop repairs. There were 281 vehicle requests (135 from Metropolitan Transportation Commission staff and 146 from Air District staff), of which 240 were pool vehicles and 41 were Enterprise car rentals. There were 36 cancelled requests. There are currently 118 fleet vehicles: two electric, two hydrogen fuel cell, 46 plug-in hybrids, 21 gas, 11 Certified Natural Gas (CNG), and 36 hybrids. Facilities received 50 Workspeed requests, facilitated three furniture orders and completed 66 ad-hoc projects/tasks. Facilities performs daily maintenance of

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

Diversity, Equity & Inclusion Office

Diversity, Equity & Inclusion (DE&I) Office focused on four functional areas; cultural awareness communications and activities, human resource strategies, Assembly Bill (AB) 617 involvement, and the Government Alliance on Race and Equity (GARE).

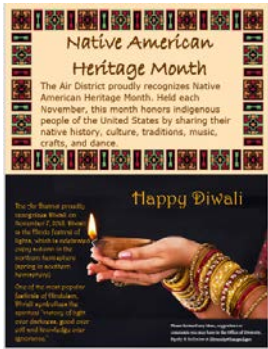
Cultural Awareness Communications/Activities – The DE&I Office continues to provide the content and creative work in the diversity corner of the Air District’s internal bi-weekly Newsletter. Within the Newsletter, information was included regarding history and heritage month observations, such as Native American Heritage Month, National Disability Employment Awareness Month (NDEAM) and Breast Cancer Awareness Month. As part of our Employee Perspective page, designed to share employees’ perspectives on a host of topics encouraging healthy discussions, the DE&I Office featured one of our employees for NDEAM. In addition, the DE&I Office was a guest presenter at the Caltrans’ District Four 2018 Diversity and Disability Awareness Day event in Oakland, CA. For Breast Cancer Awareness Month, the DE&I Office sponsored the Air District’s first-ever, “It’s Time to Wear Pink” event, where all employees were encouraged to wear pink and support breast cancer awareness.

Human Resource Strategies – As a part of our Human Resources strategies the DE&I Office participated at several career fairs across the Bay Area. At Stanford University, we spoke with potential future candidates regarding opportunities as well as resume writing skills. In addition, the DE&I Office participated at the University of California at Berkeley’s Civil and Environmental Engineering Career Fair held on their campus. Many students were interested in internship opportunities for the summer. The DE&I Office participated in the city of Oakland Job Fair and Career Exposition, where our team met prospective job applicants and spent additional time with candidates on resume writing skills. Related, the DE&I Office began on-going discussions with the Metropolitan Transportation Commission (MTC) regarding potential joint internship efforts. In addition, the DE&I Office provided an Unconscious Bias seminar for managers and Human Resources personnel.

AB 617 – The DE&I Office participated on the AB 617 Capacity Building and Internal Needs Assessment Teams. Discussions and action plans focus on strengthening relationships with community leaders, reviewing existing grants in the community, identifying known issues in certain communities, and developing language for community leader interviews.

Government Alliance on Race and Equity (GARE) – The DE&I Office continues to participate in the planning and actionable items for our GARE team as well as the GARE educational sessions held in Oakland, CA. In December, the current GARE team graduated, and the DE&I Office worked with the internal GARE Steering Committee to identify 2019 cohort participants.

Samples of Communications:



COMPLIANCE AND ENFORCEMENT DIVISION
J. GOVE, DIRECTOR

Enforcement Program

Air District Staff documented 251 air pollution violations that resulted in Notice of Violations (NOV) and responded to 1,121 general air pollution complaints. These activities addressed noncompliance with applicable Federal, State and Air District regulations, and provided a mechanism for the public to voice their concerns about air pollution issues that might be in noncompliance status. Additionally, highlighted enforcement activities for the quarter are as follows:

To address ongoing odor issues from the Sewerage Agency of Southern Marin (SASM), a small wastewater treatment facility just south of Mill Valley Middle School (MVMS), the Air District conducted real time air sampling for Hydrogen Sulfide (H₂S) and took canister grab samples for reduced sulfur and volatile organic compound (VOC) lab analysis on October 1, 2018 and October 17, 2018. The sampling times were coordinated to correspond to possible worst-case odor potentials and direct downwind impacts to MVMS. Results of the sampling indicated no violations of Regulation 9-2, H₂S and reduced sulfur and VOC were found in the part-per-billion range or lower. The Air District's Health Officer determined that none of the measured compounds were at concentrations high enough to cause non-odor health concerns; however, offsite H₂S concentrations were at levels that might exceed the minimum odor thresholds and might represent an odor concern for some people, and odors can have health impacts. H₂S has a characteristic rotten egg like odor.

In October 2018, Tesoro Refinery, in Martinez performed turnaround maintenance of several units within the refinery. Turnarounds are conducted at refineries periodically, requiring affected units to be shut down prior to performing maintenance and started back up once the maintenance activities have been completed.

On October 9, 2018, staff was informed that the active cell in the Keller Canyon Landfill, located in Pittsburg, had been moved south and deeper into the canyon. The move of the cell is an attempt to minimize odor issues that have occurred in the nearby neighborhood located north of the facility. There are also plans to increase the height of the north facing berm to minimize visibility and possibly further contain odors.

On October 17, 2018, staff participated in the GreenAction sponsored, Environmental Justice Bus tour of Treasure Island and Bayview Hunters Point. Staff learned of the activist's concerns about radiologically contaminated soil at Treasure Island and its potential health impacts to its residents, among other environmental concerns.

On November 6, 2018, staff responded to a fire at Recology, located in San Francisco. The 1-alarm fire ignited at the facility's Material Recycling Facility (MRF) in construction and demolition debris and generated a lot of smoke in the local neighborhood. First responders (fire officials) advised residents to close their windows and doors and the Air District issued a smoke advisory for the area. Staff responded to three air pollution complaints related to the fire. The cause of the fire was attributed to spontaneous combustion/accidental and was declared out at 3:38 am on November 7, 2018.

On November 29, 2018 and December 20, 2018, staff provided comments to the City of San Francisco's Planning Department on two Espetus Brazilian Steakhouse proposals for exhaust improvements for its restaurant kitchen hoods. Smoke and odors from Espetus Brazilian Steakhouse located in San Francisco have affected many nearby residents resulting in numerous air pollution complaints and a Notice of Violation from the City of San Francisco. The Air District is committed to help resolve this smoke and odor issue.

On December 6, 2018, staff met with a Department of Toxic Substances Control (DTSC) representative to discuss the Air District's regulatory role concerning Treasure Island's ongoing construction and toxic cleanup projects. DTSC is the lead state agency for this federal superfund site. Air District staff are committed to conduct regular compliance inspections and respond to air pollution complaints; however, all enforcement of air quality violations will be handled by the lead agency per federal requirements.

Air District staff continues to closely monitor operations at Newby Island's Material Recovery Facility (MRF), Landfill Gas Collection System and Covered Aerated Static Piles (CASP) since the facility's transition from traditional compost windrows in January 2018. During the fourth quarter of 2018, Air District staff saw a slight decline in odor complaints in the Milpitas area compared to the sharp increase in complaints experienced in the summer. Staff issued three Notices of Violations during the fourth quarter following the discovery of violations associated with CASP Authority to Construct requirements and Regulation 8, Rule 34 for landfill surface leaks. Staff have been partnering with the San Jose Local Enforcement Agency (LEA) to ensure community complaints of compost and green waste odors are investigated promptly and enforcement action is taken where applicable. Staff continues to monitor and conduct unannounced compliance inspections to ensure the site complies with Air District's regulations.

Compliance Assurance

Air District staff conducted over 2,498 inspections of permitted facilities, gasoline dispensing stations, asbestos demolition and renovation jobs, open burning, portable equipment and mobile sources. Additionally, highlighted inspection activities for the quarter are as follows:

Since October 2018, families from Stratford School and E.M. Grimmer Elementary in Fremont have expressed strong concerns over potential health impacts from being within close proximity to Tri-City Rock, a concrete batch plant. Staff hosted a community meeting in Fremont to address concerns over particulate emissions from Tri-City Rock on November 19, 2018. Alameda County Supervisor Scott Haggarty and Fremont Mayor Lily Mei attended the meeting with Air District's Executive Officer and staff, who provided an overview of the Air District's permitting and enforcement programs. Air District staff have been encouraging both parties to work cooperatively and seek reasonable solutions to resolve concerns of the families and there has been a noticeable decline in complaints since October 2018, following increased awareness and improvements made by Tri-City Rock. Stratford School continues to operate two air monitors located on school property while both parties investigate the possibility of extending the height of the shared wall between the facility and school. Compliance & Enforcement staff continue to monitor the facility for visible emissions while Air District's Engineering staff evaluate Tri-City Rock's permit application and request for an increase in material throughput.

On October 18, 2018, the Air District received Republic Services' permit application with the proposed abatement, design and enclosure of the MRF. Air District Engineering and Enforcement staff required the application to include mass emission calculations, Best Available Control Technology (BACT) assessment and cost analysis for the proposed engineering designs. The permit application is under review by Engineering and Compliance & Enforcement staff with plans to meet with Republic Services in the first quarter of 2019 to discuss Air District comments and permit details of the proposal.

On November 5, 2018, staff sent a compliance advisory to solid waste disposal sites located in the Bay Area to restate and confirm past statements made by the Air District regarding the scope of the limited exemptions for inspection and maintenance provided in Air District Regulation 8, Rule 34, Section 113. The goal of the advisory is to ensure that landfill operators understand the Air District's intent going forward as it enforces the proper use of this exemption.

On November 6, 2018, staff met with California Air Resources Board (CARB) and Eastern Research Group (ERG) consultants to discuss an upcoming odor study in the East Oakland community near AB&I, a foundry operation. Staff from Compliance & Enforcement, Engineering, Measurements & Meteorology, and Community Engagement met with CARB to recommend and support a source-specific assessment and fugitive emission study at AB&I that adds value to quantifying emissions and health risks for the purposes of Rule 11-18 and early AB 617 efforts. Staff from Compliance & Enforcement and Engineering visited AB&I to identify areas of fugitive emissions and determine additional source-specific monitoring efforts needed. ERG and CARB

plans to draft the details and scope of the study in collaboration with Air District staff and work together to ensure a meaningful study is conducted.

On November 27, 2018, Air District Executive staff and Compliance and Enforcement staff met with the office of Assembly Member Kansen Chu, San Jose Local Enforcement Agency (LEA) and CalRecycle to discuss Milpitas odor concerns. Staff discussed progress to address community impacts, enforcement policies and procedures and cross-agency collaboration efforts to ensure complaint investigations result in enforcement actions and mitigation of odors. Executive Officer, Jack P. Broadbent, emphasized the Air District's commitment to the Milpitas community to lead a regional odor study to characterize source attribution and potential impacts in the community, including community monitoring using the best available technologies. The Air District intends to utilize staff's expertise to conduct a meaningful odor study in the region to address concerns of the Milpitas community and South Bay Odor Stakeholder Group (SBOSG).

On December 17, 2018, staff met with representatives of the City of Sunnyvale Water Pollution Control facility to discuss a number of permit and enforcement related issues concerning its plant. The facility was in the midst of a multi-year, phased upgrade of its sewage treatment plant. We discussed the City's need to extend a compliance and enforcement agreement to electrify three internal combustion, influent pump engines, the status of its Title V permit renewal and permit questions on current and future work.

Air District staff participated in monthly conference calls with representatives from Lehigh Southwest Cement, a Portland cement manufacturer. Topics included the facility's Title V permit renewal, a proposed second public comment period, ongoing permit application statuses, aggregate transport on public streets to Stevens Creek Quarry and its impact to neighbors and the associated Notice of Violation from Santa Clara County for improper use of a private road between Stevens Creek Quarry and Lehigh, resulting in the use of public streets for aggregate transport.

Compliance Assistance and Operations Program

Air District staff received and evaluated over 2,019 plans, petitions, and notifications required by the asbestos, coatings, open burn, tank and flare regulations. Staff received and responded to over 84 compliance assistance inquiries and green business review requests. Highlighted compliance assistance activities for the quarter also included the following:

The National Association of Clean Air Agencies (NACAA) recently reached out to the Air District to provide comments to S. 1857, a bill to extend the compliance deadline for new residential wood heaters, new residential hydronic heaters and forced-air furnaces. Staff recently provided comments to NACAA's draft letter to the Senate to encourage strong opposition to S. 1857's proposed extension of a compliance deadline established in 2015 by the United States Environmental Protection Agency (EPA). Staff provided comments that support maintaining course to move towards the more health-protective emissions standard set to become effective in 2020. The current compliance deadline ensures the cleanest and most efficient wood heaters are

available for purchase which have significant long-term benefits to reduce fine particulate emissions regionally and locally.

On November 9, 2018, Air District staff gave a presentation at the “Preparing for Fire: Prescribed Burning and Grazing” meeting at the Bennet Valley Guild Hall in Santa Rosa, CA. Attendees included private landowners from Sonoma and Napa counties interested in learning about the Air District’s Regulation 5, Open Burning program with emphasis on prescribed burning.

On December 11, 2018, Air District staff gave a presentation to staff from the Chinese Research Academy of Environmental Services at CARB’s headquarters in Sacramento. The presentation covered an overview of the Air District, as well as regulations, policies, programs and technical measurement techniques for fugitive emission sources at petroleum refineries.

On December 17, 2018, staff from the Taoyuan District Department of Environmental Protection of Taiwan visited the Air District to learn about air quality programs, policies and control measures in the Bay Area. Members of the delegation were interested in stationary, mobile and fugitive emission sources within the region and especially those operating within ports and airports that contribute to fine particulate emissions. Staff presented a comprehensive overview of Air District rule development efforts, strategic incentives and grants, permitting requirements and authorities, and answered enforcement questions relating to the Air District’s Spare the Air Program.

The Stubble Burn Season (September 1, 2018 to December 31, 2018) ended. Air District staff approved two stubble burn projects in Sonoma County and a total of 155 acres were burned for the season.

Air District staff approved four prescribed burn smoke management plans in Contra Costa, Marin and Sonoma County.

The *Winter Spare the Air* season began November 1, 2018. The 877-4NO-BURN line was switched to the winter messaging notifying callers of the daily burn forecast. Staff mailed out 355 informational packets to residences that received complaints regarding wood burning. During the last quarter of 2018, the Air District received 1,089 complaints regarding wood burning.

A compliance advisory was posted on the Air District’s website clarifying the inspection and maintenance exemptions at solid waste disposal sites pursuant to Regulation 8, Rule 34, Section 113.

Air District staff completed the data verification and posting of refinery flare monitoring data through September 2018.

Air District staff conducted 155 inspections for the Strategic Incentives Division (SID).

(See Attachment for Activities by County)

**TECHNOLOGY IMPLEMENTATION OFFICE
R. CHIANG, OFFICER**

The Technology Implementation Office's (TIO) mission is to connect climate technologies and customers by providing financial incentives (through grants and loans) as well as technical and matchmaking support.

Climate Tech Finance

The loan and partnerships program for climate technologies for Bay Area industrial facilities was publicly launched as the Climate Tech Finance program (<http://www.baaqmd.gov/CTF>). The Air District and the California Infrastructure and Economic Development Bank (IBank) finalized an agreement to offer loans for public sector facilities, authorized by the Air District's Board of Directors. This collaboration will allow the Air District to provide matchmaking and technical evaluations that expand the IBank's customer base and finance eligible climate technologies that can further reduce greenhouse gas (GHG) emissions.

The program was announced to facilities, governments, and partner organizations with an invitation for interested organizations to contact the Air District for technology recommendations and financing. As part of the broader outreach strategy, Air District staff:

- Organized an exhibit booth at Verge 2018, a conference for sustainable business and technologies in Oakland (October 16, 2018 – October 18, 2018) and attended the Global Sustainable Energy Forum at Stanford University (November 1, 2018 – November 2, 2018) and Sustainable Innovation Forum at the Conference of Parties (COP) 24 climate meeting (December 9, 2018 – December 10, 2018).
- Presented webinar (December 4, 2018) on the Climate Tech Finance program to over 100 local governments, facilities, and technology developers.
- Developed outreach materials and met with stakeholders to increase awareness about the loan and loan guarantee opportunities.

Clean Cars for All Program

The Clean Cars for All Program provides incentives for low income households in Bay Area disadvantaged communities to retire older, high-polluting vehicles and replace them with a newer, cleaner vehicle or with alternative transportation options.

- Staff developed operating procedures and the website www.baaqmd.gov/cleancarsforall

- Staff developed partnerships with dealers, vehicle scrappers, Clipper Card, and a provider of a transportation credit card.
- Staff finalized contracts and kicked-off work with contractors who will support the program, including GRID Alternatives, an Oakland-based non-profit that specializes in community engagement for low-income residents in the energy sector and Fluxx, Inc., a San Francisco based software vendor who began implementing the grant management system.
- A grant from CARB is providing \$5M for the two-year program. The Air District also had discussions with CARB and other organizations who may be interested in providing additional funding to expand this program in 2019.

Charge! Program for Electric Vehicle (EV) Infrastructure

The Charge! Program was updated and reopened in October 2018. Staff updated the program guidelines based on updated cost-effectiveness calculations, previous experiences with applicants and grantees. The program provides additional funding for charging stations located at multi-unit dwellings. Three webinars were held in Quarter Four in 2018 for organizations interested in applying to the Charge! Program.

Clean Fleets Program for Light Duty Zero Emissions Vehicles

The zero-emissions vehicle fleet grant program continued to be open for applications (since August 28, 2018), branded as the Clean Fleets Program (<http://www.baaqmd.gov/cleanfleets>). The program outreach is ongoing for high-mileage fleets to purchase or lease new vehicles, e.g. car-sharing, taxis, ride-sharing, police departments, and parking enforcement. One webinar was held in Quarter Four in 2018 for organizations interested in applying to the Clean Fleets Program.

EV Outreach and Partnerships

The Air District received “Advance Construction” approval for new grant funding from the Federal Highway Administration and CalTrans, which will support staff to dedicate time and resources to EV outreach and partnerships that will support and enhance the EV incentives programs.

- Staff developed EV outreach materials, conducted analyses on the Bay Area EV market trends, began updating the 2013 EV readiness plan in preparation for a new Bay Area EV Acceleration Plan, and conducted stakeholder meetings about needs for EV resources and activities.
- The quarterly EV Coordinating Council Meeting was held on October 1, 2018, with focus on EV equity and permitting guidelines for EV charging infrastructure.

- The Air District released a Request for Proposals (RFP) for market research and survey services to study perceptions, knowledge, and barriers among consumers across socioeconomic and geographic diversity, property managers, fleet managers, and dealers.

Climate Tech Network

- To continue the technology matchmaking efforts that were launched at the Climate Tech Marketplace event organized as part of the Global Climate Action Summit, staff finalized plans to continue the matchmaking efforts through an ongoing Climate Tech Network to be started in January 2019 to bring relevant industry, facility, local government, and finance partners together to review climate technology and partnership opportunities.

Technology Demonstration Projects

Staff are managing ongoing technology demonstration projects with:

- MyGreenCar - EV cost-benefit app.
- Metis Design - microturbine for combined heat and power.

Completed technology demonstration projects include:

- Sustainable Energy Accelerators - renewable hydrogen feasibility study.
- Freewire - replace gas or diesel generators with a portable battery at the weekly Off the Grid event at Fort Mason in San Francisco.

**ENGINEERING DIVISION
P. LEONG, DIRECTOR**

Permits and Projects

Newby Island Landfill Facility (Milpitas): Republic Services presented revised drafts of the building enclosure and abatement plans for the Newby Island Material Recovery Facility (MRF) to Compliance and Enforcement and Engineering staff on September 13, 2018. Staff identified deficiencies with the MRF emissions inventory and Best Available Control Technology (BACT) analyses.

In response to Air District comments on Republic Services' September 13, 2018 presentation, Republic Services submitted updated emission inventory calculations and BACT analyses for the MRF. On October 19, 2018, the Air District received a revised application proposal package from Republic Services with details on building design and new abatement devices. The proposal includes expanding the east side of the building to create space for incoming trucks to maneuver, all incoming material to be tipped indoors, high speed doors and a new ventilation system will

ensure negative pressure within the building at all times. A wall separating the incoming waste area on the east side of the building and the sorting area on the west side of the building, will segregate odorous air on the east side for control. To satisfy BACT, multiple biofilters will be installed. Engineering staff are reviewing the application.

Sewerage Agency of Southern Marin (Mill Valley): Enforcement received odor complaints for Sewerage Agency of Southern Marin (SASM) from parents of children attending Mill Valley Middle School and the surrounding community. The community was concerned about the odors and the associated health impacts. Enforcement and Source Test investigated the complaints and determined that Hydrogen Sulfide (H₂S) concentrations were at acceptable levels. Enforcement and Engineering visited the site and determined that SASM made physical changes to existing equipment (the preliminary treatment and abatement devices) without an Authority to Construct. The Air District advised the facility to apply for a permit prior to any other construction activities which would result in a new, modified, or altered source. Application 28577 was originally submitted by the facility on March 28, 2017 for construction activities at the facility. However, due to the applicant's failure to pay fees and provide necessary application information, Application 28577 was cancelled on September 20, 2018. SASM submitted Application 29524 on September 25, 2018 for the proposed construction activities. The Air District issued an Authority to Construct on December 12, 2018 for two new biofilters to control odors and H₂S from the headworks building and sludge handling operations.

Vantage Data Center (Santa Clara): On December 10, 2018, the Air District issued an Authority to Construct to Vantage Data Center, Inc. for 33 backup diesel generators at the McLaren Data Center, located on a 9-acre, 3-parcel site at 651, 725, and 825 Mathew Street in Santa Clara, CA. The McLaren Data Center will consist of three separate buildings (Building A, Building B, and Building C) that will house computer systems and associated components such as telecommunication and data storage systems. The McLaren Backup Generating Facility will ultimately consist of three separate generation yards, one for each Data Center Building. Each generation yard will contain 15-16 diesel-fired emergency backup power generation units to provide backup power in its respective building, as well as one diesel-fired emergency life-safety power generator to support fire suppression and other emergency operations. Vantage has applied for an Authority to Construct for two of the three generation yards at this time. It anticipates submitting a subsequent application for the third yard at a later date.

The City of San Jose has general land-use authority over the project site, and it approved the project in 2017. In addition, the California Energy Commission has jurisdiction over the power generation operations, as the generating capacity exceeds 50 megawatts (MW). The Energy Commission has declined to assert jurisdiction, however, and has issued a Small Power Plant Exemption for the project.

Tri-City Rock (Fremont): Parents associated with Stratford School, which relocated next to Tri-City Rock in 2018, have submitted complaints about Tri-City Rock's concrete batch plant operations to the Air District's Board of Directors and other government officials. On November 19, 2018, Air District staff held a community meeting in Fremont, CA to hear and address

community concerns about Tri-City Rock's operations. Alameda County Supervisor Scott Haggerty, Fremont Mayor Lily Mei, and Air District Executive Officer/APCO, Jack P. Broadbent, gave opening remarks. The Air District gave a presentation to explain general Air District inspection and enforcement responsibilities, permitting processes and the specific steps the Air District is taking to reduce emissions from Tri-City Rock and to bring this facility into compliance. Several parents also made presentations to highlight their concerns. Several community concerns appear to stem from the California Environmental Quality Act (CEQA) process that was conducted by the City of Fremont regarding Stratford School's move to this new location next to Tri-City Rock and from incorrect information reported by Tri-City Rock to the Air District.

Half Moon Bay Building and Garden: An Authority to Construct under Application 28657 was issued on September 21, 2018. The application proposes a new controlled concrete batch plant to replace an old uncontrolled concrete batch plant. The plant operates using truck mixing, not central mixing. This application was the subject of public notification and public comment because it is close to a public high school. In response to technical comments, staff collected samples of sand and had them analyzed for crystalline silica. Although the new estimate of respirable crystalline silica is higher than the original estimate, the project still had an acceptable risk.

Syar Industries Inc. (Napa): On October 3, 2018, the Air District issued an Authority to Construct under Application 27764 to Syar for the installation of reclaimed asphalt pavement handling equipment, which is part of a quarry expansion project. A CEQA Notice of Determination was filed with the County of Napa.

Division Reorganization: Management completed reorganization of division programs and staff presented the proposed reorganization to supervisors on October 1, 2018. A final reorganization chart was provided to staff on October 2, 2018.

6th Opportunity Crude Oils Conference: From October 22, 2018 to October 24, 2018, staff attended a biennial conference where presenters discussed the challenges in processing opportunity crude oils (e.g. oil sands, shale oils) as well as petroleum refinery changes necessary to meet low sulfur fuel oil requirements of International Maritime Organization (IMO) 2020. Topics included crude oil blending incompatibility and impacts on petroleum refinery operations. Staff will draft a summary report and short presentation on key topics affecting air emissions and potential Air District work (either permitting or rule development).

California Air Pollution Control Officers Association (CAPCOA) Engineering Managers Committee: On October 29, 2018, staff participated in the committee meeting. Committee meetings are held quarterly to discuss items of common interest among the 35 local air districts with Environmental Protection Agency (EPA) and CARB. Topics discussed included: Recommendations for CARB on how to meet the AB 617 requirement to develop a uniform emissions reporting system, CAPCOA Air Toxics and Risk Managers Committee activities, Draft

Modeling Protocol for Gasoline Dispensing Facility emissions, Composting permitting, and Cannabis-related activities.

CAPCOA Engineering & Toxics Symposium: Several staff members attended this two-day conference in Folsom, California. Topics presented on Day One included: AB 2588 Air Toxics Hot Spots Updates, EPA Update, Portable Diesel Engine Airborne Toxic Control Measures (ATCM)/ Portable Equipment Registration Program (PERP) Update, Tajiguas Landfill Anaerobic Digestion Facility, Landfill-Based Anaerobic Digester-Compost Pilot Project at Yolo County Central Landfill, and Winery Fermentation Tank Emission Controls. Day Two featured an AB 617 “Community Air Protection Program” panel discussion. Presentations were made by staff from South Coast Air Quality Management District, San Joaquin Valley Air Pollution Control District, San Diego County Air Pollution Control District, and Bay Area Air Quality Management District.

National Association of Clean Air Agencies (NACAA) Permitting and New Source Review Committee: On November 14, 2018, staff participated in a conference call of this committee to discuss federal New Source Review permitting updates on the following items: Project Aggregation Final Action, Draft Ambient Air Guidance, Project Emissions Accounting Rulemaking, and Biogenic CO₂ Permitting. The current proposals coming out of EPA are not expected to affect California’s local air districts’ programs.

Cost Recovery Timekeeping Video: Staff worked with the Finance and Public Engagement staff on a training video for staff that emphasizes the importance of accurate timekeeping to support the Air District’s cost recovery efforts to ensure that fees are adequate and that grant giving costs are recovered. The video has been completed and is expected to be released to staff in the first quarter of 2019.

Government Alliance on Racial Equity (GARE): Over the past year, two of our staff have completed this training program on advancing racial equity at government agencies. On December 12, 2018, a wrap up/commencement session was held and plans for next year’s Air District GARE introduction and implementation teams were discussed.

Rule Development and Implementation

Regulation 11, Rule 18, Reduction of Risk from Air Toxic Emissions at Existing Facilities: In accordance with the Regulation 11, Rule 18 Implementation Procedures, a total of 43 facilities were designated as Phase I sites. By September 2018, the Air District had initiated data reviews for 16 of these facilities. Eight sites are likely to require health risk assessment (HRA). One HRA is underway now, and the Air District expects to begin the HRA for two more sites in February 2019. The other eight sites required significant emission inventory corrections such that these sites were either deferred to Phase II or not subject to Rule 11-18. Data review requests for the next 21 Phase I sites will be sent in early 2019. Data review for the last six sites has been delayed until summer 2019 due to the refinery heavy liquid study.

Regulation 12, Rule 15, Petroleum Refining Emissions Tracking: All five refineries and their support facilities submitted their Annual Emissions Inventories required by Regulation 12-15-401 the week of June 30, 2018. Staff reviewed the submittals and identified numerous deficiencies. Staff have exchanged several rounds of deficiency letters and responses with the facilities. Staff is currently reviewing the latest responses from the facilities submitted on January 7, 2019.

Heavy Liquid Study: Staff is working with Legal, Enforcement, and Rule Development to address a path forward for developing revised average emission factors for fugitive emission leaks from heavy liquid service components. All five refineries have finished screening and bagging of study components and are submitting analytical lab results to the Source Test Section for review. Depending on the review, additional components may be required to be bagged if analytical results do not pass quality assurance checks. Western States Petroleum Association (WSPA) has already received budgetary approval from the refineries to bag up to an additional 16 components (ten percent of the total number of components bagged) in anticipation of some components failing quality assurance procedures. Staff is participating on a biweekly conference call with WSPA technical personnel to discuss methodologies for developing revised average emission factors.

California AB 617: AB 617, approved by the legislature in 2017, initiated a statewide effort to improve health in communities, most affected by air pollution, by identifying and reducing those sources of air pollution. Staff continues to work on the implementation of AB 617, including participation on the Best Available Retrofit Control Technology (BARCT), BACT, and Emissions Inventory subcommittees with CARB and other air districts. Staff participates in biweekly conference calls with CARB and other local air districts to discuss questions and issues about CARB's interim AB 617 Technology Clearinghouse. On December 10, 2018, staff provided formal comments to the proposed Regulation for the Reporting of Criteria and Toxic Air Contaminants. In addition, staff is working through CAPCOA on a process to develop a uniform method of emissions reporting as required by AB 617 and participated in drafting recommendations on the method that was sent to CARB. The CAPCOA Engineering Managers Committee will be forming workgroups to discuss the uniform method of emissions reporting for a few specific industries of common interest. Staff is also working with an inter-divisional team to develop permit ideas to further reduce air pollutant emissions and exposure for communities. Staff participates in three AB 617 workgroups: West Oakland Action Plan, Monitoring Plan, and Community Prioritization Plan. Staff also participates in the weekly AB 617 Implementation workgroup meetings as part of the project oversight team.

Web Site Updates: A new "Community Health" web page went live on October 8, 2018: <http://www.baaqmd.gov/community-health>. This web page includes information about the potential health effects of air pollution, the AB 617 Community Health Protection Program, the Rule 11-18 Facility Risk Reduction Program, Air District, state and federal air toxic rules, and the California "Hot Spots" program.

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

The Air District Counsel's Office received 257 violations reflected in Notices of Violations (NOVs) for processing.

Mutual Settlement Program staff-initiated settlement discussions regarding civil penalties or passing the Wood Smoke Awareness Course for 169 violations reflected in NOVs. In addition, five Final 30 Day Letters were sent regarding civil penalties for six violations. Finally, settlement negotiations resulted in collection of \$133,675 in civil penalties for 148 violations reflected in NOVs. *21 NOVs were settled by passing the Wood Smoke Awareness Course.*

Counsel in the Air District Counsel's Office initiated settlement discussions regarding civil penalties for five violations reflected in NOVs. Settlement negotiations by counsel resulted in collection of \$394,800 in civil penalties for 48 violations reflected in NOVs.

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

Media Inquiries

Staff responded to media inquiries during this quarter, including requests about:

- Camp fire
- Air quality advisory
- Rule making
- Valero settlement
- Branscomb fire
- EPA hearing
- Phillips 66
- Rule 6-5
- AB 398 & GHG Regulation
- Enforcement records
- Spare the Air
- Chevron Bay Point fire
- Recology fire
- Valero flaring
- East Bay fire
- Keel ceremony
- Bridge toll crossings' changes
- Tesoro flaring
- Indoor air quality
- A.Q. readings
- Fire data
- Orcem
- Records request
- CalEnviroScreen

Media Highlights

The Air District was mentioned in 3.43k print/online stories and 144 video and radio clips from October 2018 to December 2018. Below are media coverage highlights:

- ['Moderate' Air Quality Expected In North Bay This Week](#)
- [Air quality to get more 'moderate' later in week](#)
- [Stubble Burn Season Ends This Week In Bay Area](#)
- [Stubble Burn Season Ending Next Week](#)
- [There Are Benefits to Forward-Thinking Fireplaces](#)
- [Oil Tankers May Carry Harmful Tar Sands Through Bay Area Waters](#)
- [Letter: Facts misleading about Bay Area air quality](#)
- [Sonoma County Airport parking now features electric vehicle charging stations](#)
- [Camp Fire Caused Nearly 2 Straight Weeks of Bay Area's Worst Air Quality on Record](#)
- [Season for some ag burns set to close in Solano, region](#)
- [Bay Area residents rethinking wood-burning fireplaces for the holidays](#)
- [Permissive Burn Season To Close For Stubble Fires In Bay Area](#)
- [Smoke from San Joaquin Valley Prompts Spare the Air Alert for Bay Area](#)
- [15th Winter Spare The Air Day Set For Saturday](#)
- [Why San Francisco's AQI soared above 100 and into the orange level Friday](#)
- [San Francisco air quality goes bad again](#)
- [Bay Area Open Roads Without Toll Booths, MTC Considers Next Year](#)
- [Air Quality To Go From 'Good' To 'Moderate' Sunday](#)
- [Air Quality Grants To Help With San Mateo Green Building](#)
- [Moderate Air Quality Expected This Week In North Bay](#)
- [Most Of Bay Area To Have 'Good' Air Quality By Wednesday](#)
- [Bay Area Can Expect 'Moderate' Quality Air Sunday](#)
- [Bad air from California's Camp Fire makes people sick, but for how long?](#)
- [San Francisco skies finally clear again](#)
- [Fine particles from wildfire smoke can hurt your body in ways you never dreamed of](#)
- [Another round of rain for Bay Area, offers air quality improvement](#)
- [Forecast Shows Air Quality Improvement](#)
- [Rain Round Two: Another Storm Soaks the Bay Area](#)
- [Solano sees first winter storm of season](#)
- [Air District Asks Residents Not To Burn Wood During Thanksgiving](#)
- [Marin gets breather as rain diminishes smoke in Bay Area](#)
- [Air District Discourages Wood Burning On Thanksgiving Day](#)
- [Air District asks residents not to burn wood on Thanksgiving Day](#)
- [13-day streak of unhealthy air broken in Bay Area](#)
- [Rain unlikely to be "extremely toxic" despite dubious warnings](#)
- [Terrible SF air starts to clear](#)
- [Storm should boost Bay Area's air quality to 'moderate.' We'll take it!](#)
- [Supervisor Ronen Announces Plan To Improve City's Response To Unhealthy Air](#)
- [S.F. Supervisor Calls For City, Air District to Prepare for the Smoke Crisis](#)
- [Menlo Park to distribute 1,000 'N95' masks donated by Facebook](#)

- [Another Winter Spare The Air Alert Issued For Wednesday](#)
- [Will tomorrow's rain be toxic from the smoke? Meteorologists say not to worry](#)
- [Smoke-Filled Snapshot: California Wildfire Generates Dangerous Air Quality For Millions](#)
- [Winter Spare The Air Alert In Effect Through Wednesday](#)
- [Winter Spare the Air Alert extended through Wednesday](#)
- [Windy storm will push out smoke, but the Camp fire's smog may return](#)
- [Storm should boost Bay Area's air quality to 'moderate.' We'll take it!](#)
- [On Top Of The Wildfires, New Air Quality Concerns Arise In California](#)
- [Will wildfire smoke hurt your health long-term? Pollution studies offer clues](#)
- [Smoke to remain in Bay Area Monday, but wind and rain will bring relief this week](#)
- [Wind, rain from first storm of season to bring air quality relief to Bay Area](#)
- [Camp Fire Containment At 66%; Nearly 12,000 Homes Destroyed](#)
- [As Wildfires Become More Common, Risks From Poor Air Quality Will Continue To Plague Californians](#)
- [Thousands Sign Petition to Cancel Classes at SJSU Amid Poor Air Quality](#)
- [Bay Area air worse again Monday](#)
- [Zoo To Remain Closed Today Due To Poor Air Quality](#)
- ['Be vigilant': More Camp Fire smoke blowing into Bay Area ahead of expected rain and winds](#)
- [Poor air quality puts temporary stop to Bay Area this holiday season](#)
- [Air quality results in more closures & cancellations on Thanksgiving week](#)
- [Spare the air advisory through Wednesday for Bay Area](#)
- [Relief on the Way: Rain to Help Clear Smoke From Bay Area](#)
- [Air quality expected to stay 'unhealthy' until rain comes](#)
- [Bay Area air quality expected to worsen Sunday](#)
- [Worse? Air Quality To Go Downhill Sunday](#)
- [Camp Fire smoke: Air quality still 'very unhealthy' in many Bay Area cities, but rain is coming Wednesday](#)
- [Sonoma County residents enduring perhaps most polluted air ever here](#)
- [Rain could dampen smoke](#)
- ['Spare The Air' Burn Ban Extended In East Bay](#)
- [To Close or Not to Close for Bad Air? No Easy Answer for Bay Area Schools](#)
- [Poor air quality prompts UC Berkeley to cancel classes after community backlash](#)
- [Raiders move practice because of air quality](#)
- [Cal vs. Stanford: Could air quality cancel Big Game Saturday?](#)
- [Public schools across the Bay Area will be closed Friday due to smoke hazard](#)
- [Poor Air Quality Can Prompt Asthma Attacks, Strokes, Heart Attacks](#)
- [Unhealthy Air In Napa Valley, Bay Area Expected Through Tuesday](#)
- [Muni offers free rides Friday due to unhealthy air](#)

- [Face masks starting to sell out in downtown San Francisco stores as air quality expected to worsen](#)
- [Unhealthy air alert extended, could break record](#)
- [Cal cancels hoops game due to poor air; Sat. football game in jeopardy](#)
- [Berkeley City College, Berkeley school district cancel classes in light of poor air quality](#)
- [Spare The Air Alerts Extended Through Tuesday Because Of Bad Air Quality](#)
- [Spare the Air alert extended, schools close due to smoke](#)
- [Unhealthy haze over SF Bay Area from Butte County fire prompts health warnings](#)
- [N95 Masks Being Given Away In Livermore This Afternoon](#)
- [Update: Schools Around Bay Area Closing Today, Friday Due To Air Quality](#)
- [Smoke hazard forces dozens of Bay Area schools to shut down](#)
- [Spare the Air alert extended through Tuesday](#)
- [Camp Fire: Will Big Game in Berkeley be played Saturday?](#)
- [The Camp Fire, One Week Later](#)
- [Air Quality Index: What is it and what do those numbers mean?](#)
- [Smoke still plagues Bay Area skies a week after Camp Fire started](#)
- [Tri-Valley air quality nearing 'hazardous' levels due to Camp Fire smoke](#)
- [Toxic SF air quality gets worse](#)
- [The latest on the wildfires across California](#)
- [How to freshen up your apartment without letting the smoke in](#)
- [Kindness in the air: face-mask giveaway lets people in need breathe](#)
- [Camp Fire Smoke Causes Berkeley Half Marathon, Other Races to be Cancelled](#)
- [Poor air quality to last through Friday](#)
- [Air Quality Resources In The Bay Area](#)
- [Classes cancelled at SF State over bad air](#)
- [Alameda County Supe Giving Away Free Air Masks In Dublin](#)
- [How Particulate Respirator Masks Work](#)
- [Camp Fire: Air quality still in the 'red' as smoke blankets Bay Area](#)
- [This spell of smoky air isn't the worst the Bay Area has ever seen](#)
- [Doctor explains what poor air quality means for your health](#)
- [Air quality district offers safety tips in wake of active wildfire season](#)
- [When should area public schools close due to unhealthy air?](#)
- [Bay Area air quality bad but getting slightly better](#)
- [Smoke From Wildfire Lingers, Spare the Air Through Friday](#)
- [California's deadliest wildfire is also a massive air quality problem](#)
- [NASA images show Camp Fire's smoke progression since its start](#)
- [Is being indoors really enough to save you from wildfire smoke?](#)
- [Doctor compares Bay Area Air Quality to Delhi due to Camp Fire smoke](#)
- [Unhealthy Air Blankets the Bay Area](#)
- [California wildfires fouling up the air more than 100 miles away](#)

- [Camp Fire: North Bay schools close as smoky air 'puts us all in jeopardy'](#)
- [Pleasanton Schools Hold All Activities Inside Due To Smoke](#)
- [Unhealthy Smoke From Wildfire Lingers, Spare the Air Issued Through Friday](#)
- [Wildfire smoke causing flight delays at San Francisco Airport](#)
- [Unhealthy air to remain in Sonoma County remainder of the week](#)
- [Terrible Bay Area air quality grows worse](#)
- [The Homeless Can't Escape San Francisco's Smoke-Ridden Air](#)
- [Winter Spare the Air Alert for Bay Area extended through Friday](#)
- [Poor Air Quality Closes Sonoma County, Santa Rosa Schools Tuesday](#)
- [Camp Fire smoke from Butte County prompts Spare the Air Alert extension](#)
- [Spare the air alert declared through Friday](#)
- [Spare the air alert declared through Friday as smoke lingers over Bay Area](#)
- [Poor Air Quality Closes Sonoma County, Santa Rosa Schools Tuesday](#)
- [North Coast air quality to remain unhealthy for remainder of week](#)
- [Wildfire Smoke Extends Winter Spare The Air Alert Through Friday](#)
- [Air quality still 'unhealthy' for Bay Area](#)
- [Alameda County Supe Giving Away Free Air Masks](#)
- [Smoke from Paradise fire changes Fairfield plans for Veterans Day](#)
- [Unhealthy air from Camp Fire continues to blanket Bay Area](#)
- [Butte County fire may make Bay Area's air quality even worse](#)
- [Wildfires: 'Everybody is at risk' from smoky conditions, experts say](#)
- [Unhealthy air quality lingers in Bay Area](#)
- [Camp Fire smoke blankets Bay Area with unhealthy air for another day](#)
- [Firefighters battling Camp Fire in Butte County to get some relief thanks to the weather](#)
- [Air quality still unhealthy in San Francisco as Butte County fire burns](#)
- [Butte County fire continues to make Bay Area air quality even worse](#)
- [Napa Valley half marathon in Calistoga canceled due to smoke from Butte County fires](#)
- [Camp Fire Sends Blanket Of Unhealthy Smoke Over Bay Area Weekend Events](#)
- [Bay Area struggles with third day of choking smoke from Camp Fire](#)
- [Residents Advised To Limit Outdoor Activities As Air Quality Deteriorates](#)
- [Bay Area Residents Advised to Stay Indoors as Air Quality Worsens](#)
- [Unhealthy Smoke From Wildfire Lingers, Spare the Air Issued Through Friday](#)
- [Unhealthy air quality and fire risk trigger weekend outdoor space closures](#)
- ['There's nowhere to go. It's all unhealthy': Poor air quality lingers in Sonoma County](#)
- [Unhealthy air advisory issued for Bay Area as wildfire smoke blankets region](#)
- [Poor air quality from Camp Fire will affect Bay Area through Monday](#)
- [Bay Area air quality: Unhealthy](#)
- [Fires erupt in Golden Gate Park Friday evening](#)
- [Winter Spare the Air alert, red flag warning this weekend](#)
- [Bay Area air quality](#)

- [Raiders adjust practice due to Bay Area air quality](#)
- [Hundreds of flights delayed at SFO due to Camp Fire smoke](#)
- [California wildfire: Destructive Camp Fire grows to 70,000 acres, five dead](#)
- [Cal/Osha Urges Protections For Outdoor Workers In Smoky Conditions](#)
- [Unhealthy Bay Area air quality due to Butte Co. fire; advisory issued through Monday](#)
- [Schools Closed, NCS Football Playoffs Postponed Due To Poor Air Quality](#)
- [Bad air dominates the Bay Area today](#)
- [Explosive Camp Fire Sparks Help From Bay Area Teams](#)
- [Spare the Air alert issued for Bay Area due to Butte County fire](#)
- [Winter Spare the Air alert issued due to Camp Fire](#)
- [Smoky air prompts Spare the Air alert for Napa today](#)
- [Here's how to cope with the smoky, hazy conditions in the Bay Area](#)
- [Poor air quality, fire conditions expected in North Bay through weekend](#)
- [California wildfire: What we know about the destructive Camp Fire](#)
- [Smoke warning blankets Bay Area](#)
- [Suffocating smoke blankets Bay Area, not expected to clear until Saturday](#)
- [Winter 'Spare the Air' alert issued due to heavy smoke from Butte County wildfire](#)
- [The Latest: Fire captain says wildfire destroys Calif. town](#)
- [Smoke from Camp Fire triggers health warnings in Bay Area, SF](#)
- [Smoke pours into Bay Area, air quality levels become as unhealthy as in Beijing in some areas](#)
- [Air Quality Advisory Issued For Bay Area After Wildfire In Butte Co.](#)
- [Smoke From Butte County Wildfire Prompts Bay Area Air Quality Advisory](#)
- [Rapidly Spreading Butte County Fire Forces Evacuations, Grows to 5,000 Acres](#)
- [Air Quality Advisory for smoke issued for Bay Area through Friday](#)
- [Winter 'Spare The Air' Season Starts Thursday In Bay Area](#)
- [Bay Area Air Quality Management District gets \\$1.16M from EPA](#)
- [Bay Area air quality expected to improve today, Monday](#)
- [Air Quality Advisory Called On Chance Of Oregon Smoke Moving South](#)
- [Bay Area Air Quality Advisory Issued Due to Fires, Smoke](#)
- [Air quality advisory extended through today](#)
- [2-Alarm Fire Destroys Warehouse Near Coliseum](#)
- [Wildfire Smoke Prompts Air Quality Advisory In Bay Area](#)
- [Blaze in Solano County sends clouds of smoke south on busy day of fires](#)
- [Solano County grass fire 70 percent contained at 4,000 acres](#)
- [Air quality advisory through Monday](#)
- [Fire smoke prompts air quality advisory through Monday](#)
- [Heavy Smoke Reported Throughout Bay Area Due To Solano Fire](#)
- [Air quality advisory in effect for Bay Area through Monday](#)

Press Releases

- 12/18/2018 [Permissive burn season closes for stubble fires](#)
- 12/14/2018 [Winter Spare the Air Alert called for Saturday, December 15](#)
- 12/10/2018 [Opening of Air District school grants program to support climate and air quality education](#)
- 11/21/2018 [Air District asks public to not burn wood Thanksgiving Day](#)
- 11/20/2018 [A Winter Spare the Air Alert is being extended through November 21 due to ongoing smoke impacts](#)
- 11/13/2018 [A Winter Spare the Air Alert is being extended through Tuesday, November 20, due to smoke impacts from the Butte County fire](#)
- 11/13/2018 [Media Advisory: LINKED GRAPHIC: New Winter Spare the Air logo for media use. Please use when reporting on Winter Spare the Air Alerts.](#)
- 11/12/2018 [A Winter Spare the Air Alert is being extended through Friday, November 16, due to smoke impacts from the Butte County fire](#)
- 11/9/2018 [A Winter Spare the Air Alert is being called through Monday, November 12, due to smoke impacts from the Butte County fire](#)
- 11/8/2018 [Due to heavy smoke from the Butte County fire a Winter Spare the Air Alert is being called tonight through Friday, November 9](#)
- 11/8/2018 [Air quality advisory for smoke for the Bay Area through Friday](#)
- 11/8/2018 [Keel-laying ceremony for 'Water-Go-Round', Golden Gate Zero Emission Marine's flagship hydrogen fuel-cell vessel](#)
- 11/6/2018 [Air District settles case with Chevron U.S.A. Inc.](#)
- 11/6/2018 [Air quality advisory for smoke from Brisbane Recology fire](#)
- 10/30/2018 [Winter Spare the Air season starts November 1](#)
- 10/26/2018 [Air District hosts public workshops for groundbreaking draft GHG reducing air quality rules](#)
- 10/25/2018 [Permissive burn periods for orchard pruning and attrition fires and forest management fires open](#)
- 10/19/2018 [Air quality advisory for smoke extended through the weekend for the Bay Area](#)
- 10/15/2018 [Permissive burn season closes for fall marsh management fires](#)
- 10/15/2018 [Call for applications for Spare the Air Leadership Award](#)
- 10/9/2018 [Air District Settles Case With Valero Refining Co.](#)
- 10/8/2018 [Air Quality Advisory in effect in the Bay Area for Sunday & Monday](#)

Public Inquiries

Phone: 481 public calls

Events

- North Richmond Shoreline Festival – Richmond (October 6, 2018)
- Half Moon Bay Art & Pumpkin Festival – Half Moon Bay (October 13, 2018 – October 14, 2018)
- Marin Music Festival – San Rafael (October 20, 2018)
- San Jose Dia De Los Muertos – San Jose (October 20, 2018)
- San Jose Fall Home Show – San Jose (October 20, 2018 – October 21, 2018)

- Alameda Hospital Community Health Fair – Alameda (October 20, 2018)
- Recreational Parks Health Fair – San Francisco (October 23, 2018)
- Gilead Benefit & Commuter Fair – Foster City (October 23, 2018)
- AT&T Park Discovery Day – San Francisco (November 3, 2018)
- Oakland Dia De Los Muertos – Oakland (November 4, 2018)
- Sangamo Employee Commuter Fair – Richmond (November 8, 2018)
- Winter Spare the Air (WSTA) Door to Door (D2D) outreach – Fremont (November 17, 2018)
- WSTA D2D outreach – Santa Rosa (November 17, 2018)
- WSTA D2D – Concord (December 7, 2018)
- WSTA D2D – Redwood City (December 8, 2018)
- Christmas in the Park – San Jose (December 14, 2018 – December 16, 2018)
- WSTA D2D – Novato (December 15, 2018)

Winter Spare the Air Social Media

Air District contractor, Procio Communications, actively monitored and posted on social media throughout Spare the Air (STA) season.

- Monitored social media platforms: Facebook, Twitter, and Instagram.
- Responded to residents’ questions on social media platforms (Facebook, Twitter, and Instagram).
 - Post Samples:
 - Twitter: <https://twitter.com/kintnerc/status/1071563592145588224>
 - Facebook: <https://www.facebook.com/sparetheair/photos/a.122202921051/10157037142791052/?type=3&theater>
- Procio Communications posted about WTSA Alert
 - Examples Below:
 - <https://www.facebook.com/sparetheair/photos/a.122202921051/10157077990281052/?type=3&theater>
 - <https://twitter.com/SpareTheAir/status/1073721500644007937>
 - <https://www.instagram.com/p/BrYqQ3rh3DX/>

Winter Spare the Air

Air District approved incorporating movie theater advertising in the Winter media buy-in.

Procio Communications worked directly with stations to revise in-language TV spots with new end slate. Air District staff approved billboard locations for first flight (East Bay, etc.). Updated Spanish signs for bike outreach events were developed.

Staff conducted public affairs show interview with iHeart Radio on November 13, 2018.

Air District approved media relations plan and updated approach to holiday pop-up events on November 7, 2018.

Procio Communications identified additional movie theaters in Gilroy and Morgan Hill and staff approved ads that began running on December 17, 2018.

Events with Promotion-n-Motion occurred on December 7, 2018 in Cupertino and December 8, 2018 in Half Moon Bay.

Air District approved Facebook ad creative on December 3, 2018 which started running on December 5, 2018. Air District approved Mandarin ads for Sing Tao and World Journal.

Mandarin print ads ran on:

- Sing Tao: December 18, 2018, December 24, 2018, January 6, 2019, and January 13, 2019.
- World Journal: December 23, 2018, and January 6, 2019.

A new Treasure Island banner was delivered on November 15, 2018. The banner was switched to winter messaging on November 30, 2018. Sausalito light pole flags began running on January 14, 2019.

Staff conducted a Public Service Announcement (PSA) interview with iHeart Radio which aired on December 9, 2018, and again on December 16, 2018, on the following stations:

- Wild 94.9 KYLD, 6:00 a.m.
- 98.1 The Breeze KISQ, 6:00 a.m.
- iHeart 80s on 103.7 KOSF, 7:00 a.m.
- Star 101.3 KIOI, 11:30 p.m.

Air District appeared on ABC 7 (KGO) segment at 11:00 am on December 18, 2018. Staff is continuing to follow up with additional stations to schedule segments.

Spare the Air

Procio Communications presented new creative concepts to the Air District on December 12, 2018. Working with creative partner to adjust the two concepts selected for further consideration and testing: “Life’s a Trip, Share the Ride” and “Go in. Get Moving.”

Air District Social Media

The Social Media Plan for the Communications Office underwent final edits and Air District social media guidance document is in development.

Staff continues to run social media posts daily including:

- Daily, two-day and five-day air quality forecasts
- Air Quality updates
- Valero refinery settlement
- Air District Ask an Expert video
- Acterra Business Environmental Awards promotional post
- Air Quality advisory
- Rules workshop
- Winter Spare the Air updates
- Executive Officer, Jack P. Broadbent's, statement on Reinstatement of the House Select Committee on Climate Change
- 24th Conference of the Parties to the United Nations Framework Convention on Climate Change updates
- CA transitioning to all-electric public bus fleet by 2040
- School grants program.

This quarter, the most successful social media post was the air quality advisory issued on November 8, 2018 with 55, 990 people reached and 8,735 user engagement on Facebook.

The second highest post was the Air District's Executive Officer, Jack P. Broadbent's, statement on Reinstatement of the House Select Committee on Climate Change which received 5,000 user engagements on Facebook, 15,600 user engagements on Twitter. Staff responded to 30 private messages.

The third highest discussed post an air quality update/wildfire safety tips with the Butte Fire for November 16, 2018 with 15,000 people reached and 2,970 user engagement on Facebook.

Communications Office started developing staff cross-training for social media backup including social media guidelines and posting directions.

In this quarter, follower numbers have increased to 3,325 on Facebook, 6,691 on Twitter, and 1,280 on Instagram.

Employer Program Updates

Procio Communications put together a list of Chambers to contact to promote the program and implementing edits to EmployerSparetheAir.org website.

Employer Program database is updated; number of employees reached has been updated from 828,000 to 838,000. Worked on outreach to Bay Area employees to join the Employer Program, with a Fall 2018 e-blast that was sent out on October 8, 2018.

Tabled Best and Brightest Companies to Work for Human Resources event on November 5, 2018.

WSP extended their Carpool incentive of \$20 for five completed rides into November. They have also rewarded East Bay Casual Carpool with coffee and donuts.

Videography

Staff completed a 60 second video about the Air District, the Diesel Free by '33 effort, and Climate Tech Market Place events. The video was submitted as an entry to Calstart for their 2018 Symposium video contest.

Staff worked with Innoppl to get the Android Spare the Air application operational on Urban Airship.

Video on Cost Recovery with Barry Young was filmed on October 10, 2018.

Staff is reviewing the Anaerobic Digestion video.

Staff has developed a Transit Buddy concept for the next video. Staff is working with AC Transit and will be reaching out to other transit agencies for future videos.

<p style="text-align: center;">PLANNING AND CLIMATE PROTECTION DIVISION H. HILKEN, DIRECTOR</p>

Air Quality Planning

AB 617 – West Oakland Community Action Plan – Staff continued implementation efforts on AB 617, the Community Health Protection Program. This included developing a matrix of existing state, local and regional plans or regulations related to land use, stationary sources, on-road and off-road mobile sources, truck routes, trucking related businesses and sensitive receptors and public health actions to reduce emissions and exposure in West Oakland. Staff organized and attended weekly meetings with the West Oakland Environmental Indicators Project and monthly West Oakland Action Plan Steering Committee meetings, coordinated by Air District/CARB biweekly West Oakland Action Plan meetings and prepared presentation materials to communicate the range of strategies the Steering Committee might prioritize to reduce emissions and exposure. Staff presented at Steering Committee meetings about sources of pollution and health impacts associated with those pollutants. Staff met with the Environmental Defense Fund to discuss the West Oakland truck survey methodology and reconcile data used for the West Oakland Action Plan. Staff mailed truck surveys to 71 truck related businesses in West Oakland.

Regional Agency Coordination – Staff met with MTC staff to discuss on-going mapping research and to further ongoing inter-agency coordination with MTC's Regional Planning Director meetings. Staff submitted comments on the Office of Planning and Research Draft Environmental Justice General Plan Guidelines for SB 1000. Staff continues to explore convening a regional workshop involving Bay Area Regional Health Initiative, Office of Planning and Research, California Environmental Justice Alliance, Strategic Growth Council, MTC staff and local planners, to discuss perceived challenges of SB 1000 and the guidance and technical support needed to facilitate implementation.

California Environmental Quality Act (CEQA) Review – Staff continued implementation of the Air District’s CEQA Guidelines, including: tracking their use by lead agencies; reviewing air quality analysis in CEQA documents; drafting comment letters for projects; and responding to inquiries from consultants, local governments, and businesses. Staff completed Stationary Source Information requests for projects in Belmont, Campbell, El Cerrito, Fremont, Hayward, Martinez, Oakland, Petaluma, Palo Alto, Pittsburg, Redwood City, San Jose, Santa Rosa, South San Francisco, Union City, and the California High Speed Rail Authority. Staff provided a CEQA comment letter to the City and County of San Francisco (City) regarding the India Basin Mixed-Use Project EIR Appeal and to the City for the Draft Environmental Impact Report for the Central SoMa Plan; to the City of Petaluma on the Safeway Fuel Center Project; and to Santa Clara County for the Notice of Preparation on Z-Best Composting Modifications. Staff continued updating the Air District’s CEQA Threshold and Guidelines. Tasks included reviewing potential threshold options and analyzing the alternatives in CARB’s 2017 Scoping Plan aimed to help California achieve the 2030 and 2050 Scoping Plan targets. Staff presented at the annual Continuing Legal Education International California Environmental Quality Act (CEQA) Conference related to health impact analyses established for projects subject to CEQA.

Organics Recovery – Staff continues with the implementation of SB 1383, including meeting with staff from the San Francisco Department of the Environment (DOE) to discuss their approach to organics recovery and how policy support from the Air District can best facilitate DOE’s organics recovery efforts and SB 1383 compliance. Staff gave a briefing presentation on the organics recovery strategy to the Climate Protection Committee. Staff participated in a meeting of the work group for Rule 13-2 (organic material handling) and Rule 13-3 (composting operations). Staff attended the joint BioCycle and American Biogas Council conference “Renewable Energy from Organics Recycling.”

CAPCOA Coordination – Staff participated in the monthly CAPCOA Planning Managers Land Use Model workgroup meeting and updated the group on Strategic Growth Council activities. Staff participated in the CAPCOA Planning Managers symposium and presented information about an off-site mitigation program.

Climate Protection

Diesel Free by ’33 – Staff began implementing the Diesel Free By ’33 initiative, launched at the *United Against GHGs: Diesel Free By ’33* event in September 2018. Initial activities have included hosting a Climate Tech Finance webinar on financing for diesel free and other low-carbon alternative solutions for local governments. The webinar was part of the Air District’s Local Government Climate Webinar Series. The webinar featured a presentation by TIO staff on the TIO’s new financing tools offering low-interest financing and technical guidance to public sector facilities and small businesses. Planning and TIO staff have worked together to plan additional activities for early 2019 to bring together local government climate staff with technology alternatives as part of the continuing Diesel Free By ’33 initiative. The *Diesel Free By ’33 Statement of Purpose* and supporting resources can be found on a special website created for this ongoing effort: <http://dieselfree33.baaqmd.gov/>

Climate Protection Grants – Staff continued to work with Climate Protection Grant Program (CPGP) grantees to begin implementing the 17 projects funded under this grant program. Nine of these projects will reduce GHG emissions from existing buildings, and eight projects will reduce

GHG emissions through a variety of innovative strategies designed to reduce GHG emissions across all sectors. Staff participated in some initial grantee activities, including:

- Attending a workshop presented by EcoAmerica on climate messaging in San Pablo, as part of the “Cleaner Contra Costa” project to educate Contra Costa residents about how they can reduce their GHG footprint; the workshop was attended by 50 people representing public agencies and non-profit groups throughout Contra Costa County.
- Attending a convening of representatives from four different CPGP recipient jurisdictions to accelerate the use of heat-pump water heaters (HPWH); grantees met to coordinate on their HPWH marketing and incentive rate setting.

Other GHG Reduction Activities – Staff worked with contractor, Clean Energy Policy Advisors to develop an assessment to determine potential new areas of Air District activity in assisting local governments to reduce GHG emissions from the buildings sector. The assessment includes extensive interviews with local government staff and technical experts. Staff finalized a report prepared by contractor KyotoUSA on the viability and GHG benefit of community choice energy programs offering 100% renewable energy products as the default enrollment option. Staff attended many meetings with local government staff and participated in regularly-held Bay Area climate meetings, including: San Mateo RICAPS (county-wide climate team), Drawdown Marin, Local Energy Aggregation Network, and Bay Area Regional Energy Network (BayREN).

GHG Measurement and Research – Staff continued regular participation in the Urban CO₂ Data Synthesis group, a national academic forum for discussing methods for CO₂ measurement. Staff presented two posters describing major results from the GHG fixed-site network and recent landfill studies using the mobile GHG measurement instruments at the 2018 Fall American Geophysical Union Meeting in Washington D.C.

Other Activities – Staff attended the CAPCOA Planning Managers Symposium in Monterey, CA. At the Symposium, staff led a discussion on options for CAPCOA to support local governments in developing and implementing local climate action plans. Staff began serving on a Technical Advisory Committee convened by Sonoma Clean Power (SCP), advising SCP’s ‘Lead Locally’ program to design new energy efficiency programs for residential and commercial buildings. Staff hosted a “Brown Bag at Beale” presentation and webinar for local governments, featuring the organization Green Monday, on how food production and consumption contributes to climate change. Staff continued its regular outreach and support to local government climate staff through its monthly climate newsletter and regular Local Government Climate Webinar Series. During this quarter, webinars included the Climate Tech Finance and Green Monday programs (mentioned above).

ASSESSMENT, INVENTORY AND MODELING P. MARTIEN, DIRECTOR
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Community Air Risk Evaluation (CARE) Program

On October 29, 2018, staff presented to the Advisory Council draft ideas for targets for AB 617 to seek Council guidance on developing a framework for setting goals in implementing AB 617. Staff presented twice to the West Oakland Action Plan Steering Committee: once on background

information related to assessing cumulative impacts from air pollution and once on a proposed approach for a technical assessment to support the West Oakland Action Plan. Staff developed several contracts to support community-scale modeling for the West Oakland Action Plan for AB 617: for detailed information on Port of Oakland emissions; for truck percentages at specific locations, based on global positioning systems (GPS) data; and for a detailed roadway network map and activity levels based on data collected from mobile phones and GPS devices. Staff also acquired remote sensing data to provide heights of elevated freeways for improved modeling. Staff completed estimates of detailed air pollution emissions and the locations of their release, including of emissions for commuter ferries, excursion vessels, and permitted facilities in West Oakland. Staff attended a meeting with the California Council on Environmental and Economic Balance (CCEEB) to discuss Air District programs, including technical assessments for AB 617. Staff participated in several conference calls with the CARB to discuss the status of Air District progress on community-scale modeling for the West Oakland Action Plan. Staff interviewed Dr. Manual Pastor in a public forum to discuss his new book “State of Resistance: What California's Dizzying Descent and Remarkable Resurgence Mean for America's Future.” Staff assisted in reviewing and providing comments on alternate health risk assessments conducted by project sponsor and proponents for the Safeway fuel dispensing station in Petaluma. Staff participated in a conference call with Contra Costa’s Planning Department and their consultant to discuss staff comments on the Phillips 66 Propane Recovery Project environmental impact report. Staff also participated in meeting with San Francisco’s Planning Department on potential mitigations at the India Basin project.

Emissions Inventories Program

With the Engineering Division, staff submitted comments to the CARB on a draft version of the Criteria and Toxics Emissions Reporting (CTR) Regulation, which supports AB 617 and which was adopted by CARB’s Board in December 2018. Staff participated in a meeting of the CAPCOA Engineer Managers Committee to discuss the development of uniform methods for air districts to report criteria and toxic emissions as specified in the CTR Regulation. Staff also organized a meeting with representatives of the California Council for Environmental and Economic Balance (CCEEB) to discuss CARB’s CTR regulation. Staff estimated AB 2588 fees using the latest cancer risk factors and shared the fee category information with the Engineering Division to support their work on proposed changes to Schedule N for cost recovery for next year. Staff participated in the cross-divisional kickoff meeting of the Regulation 13 workgroup to discuss potential rule concepts to address climate pollutants. Staff participated in internal workgroups for Rule 13-2: Organic Materials Handling and Rule 13-3: Composting Operations. Staff attended daily flight planning meetings during the coordinated deployment of NASA methane remote sensing flights and Sigma Space LIDAR (Light Detection and Ranging) wind measurement flights to map methane emission plumes over Bay Area facilities. Staff worked on the analysis of the methane emission estimates from aircraft for work presented at the American Geophysical Union annual conference (December 2018). Staff organized a meeting with Kairos Aerospace to discuss technology and reporting improvements at Kairos and the District’s data needs for a third and final remote-sensing methane mapping survey. Staff delivered a presentation at the CO₂-Urban Synthesis and Analysis (CO₂-USA) Workshop in Colorado (October 2018) on improving greenhouse gas (GHG) emission estimates. Staff participated in a meeting with Santa Barbara Air District, Ventura Air District, and the National Oceanic and Atmospheric Administration (NOAA) to review data to evaluate the effectiveness of incentives given to ship operators to reduce their speeds while traveling through marine sensitive areas as part of the Vessel Speed Reduction Program. Staff participated in a two-day training course on the R programming language. Staff provided data to complete a public

records requests for GHG emissions for the City of San Mateo and for criteria, air toxic, and GHG emissions from major facilities in Contra Costa County. Staff assisted the Public Information Officer in proofreading Vietnamese translations of the Air Quality Index (AQI) information for the District's web site and for television ads.

Air Quality Data Analysis and Modeling Program

Staff participated in multiple coordination meetings related to AB 617: Technical Assessment meetings, internal collaboration meetings, and meetings to brief CARB on the progress. Staff continued to assess and document pollution modeling results for fine particulate matter (PM_{2.5}) at both the regional scale (entire Bay Area) and local scale (West Oakland) to support AB 617. To estimate PM_{2.5} levels in West Oakland from sources outside West Oakland, staff applied regional-scale modeling, using the U.S. EPA's Community Multiscale Air Quality (CMAQ) model, and examined the difference in two model simulations: one with emissions from all Bay Area sources and one with all emissions except those from West Oakland. To estimate PM_{2.5} levels in West Oakland from sources within West Oakland, staff applied local-scale dispersion modeling, using the U.S. EPA's AERMOD model. Staff continued to work with consultants at to improve estimates of background ozone and ozone boundary conditions for regional modeling. Staff initiated a collaborative project with a consultant and the Electric Power Research Institute (EPRI) to estimate near source PM_{2.5} levels from major point sources by adding a Plume-in-Grid module to the latest version of CMAQ. Staff hosted a kick-off meeting with consultants for a project designed to improve the mapping of emissions within regional modeling grids. Staff participated in a meeting with staff at San Jose State University to review the upper air meteorological network in the Bay Area and assess needs for additional measurements. Staff continued to work with members of NASA's Health and Air Quality Applied Science Team (HAQAST) to estimate PM_{2.5} emissions from the October 2017 Northern Bay Area wildfires, simulate ambient PM_{2.5} concentrations, and estimate health impacts. Staff continued to collaborate with staff at the California Public Utilities Commission (CPUC) to estimate impacts of emissions from energy generating facilities on impacted communities. Staff met with MTC staff to discuss providing updated data for their vital signs project. Staff responded to a request from CARB for multiple years of meteorological data from ten Air District sites. To assist the City of San Francisco, staff updated previous community-scale modeling performed for the San Francisco Community Risk Reduction Plan (CRRP) and organized input and output files for delivery to the City's contractor. Staff prepared analyses of wind data, including wind rose charts, for the Engineering Division. Staff participated in an internal training for the R programming language to improve database management and statistical analysis skills. Staff attended the 2018 Atmospheric Chemical Mechanisms Conference at UC Davis. Staff participated in the annual meeting of the American Geophysical Union in Washington DC (December 2018).

**COMMUNITY ENGAGEMENT AND POLICY DIVISION
E. YURA, DIRECTOR**

Rule Development

AB 617 BARCT Review

AB 617 requires air districts to review the control technology installed on industrial sources located at facilities subject to the Cap-and-Trade program. CARB further clarified that industrial sources refer to those facilities that are eligible for free allowance allocations under the Cap-and-Trade

Program. The Air District has 19 of these industrial facilities which are subject to Cap-and-Trade. These 19 facilities have over 1,800 sources in 50 source categories. The Air District must review these sources and determine if BARCT is being used. For the sources where BARCT is not being used, the Air District must develop a preliminary BARCT determination for the source category and a schedule for finalizing the appropriate rules. That schedule must be approved by the Board in 2018.

Based on this further evaluation and CARB clarification, staff developed a revised schedule of six potential rule development projects, which include organic liquid storage tanks, petroleum wastewater treating, Portland cement manufacturing, refinery fluid catalytic crackers and CO boilers, refinery heavy liquid leaks, and petroleum coke calcining. The Air District received comments from community and environmental groups to accelerate rule development for refinery sources and received comments from affected facilities and industries to recognize the time and effort needed to fully conduct technical assessments for sources and controls. The CARB Board adopted a resolution in late September 2018 supporting the acceleration of rule development efforts for refinery sources in the BARCT Schedule. Staff considered this input and prepared a proposed BARCT Schedule and related materials. The proposed schedule, staff report, and public hearing notice were posted on the Air District website on October 23, 2018, and staff accepted public comments through December 7, 2018. Staff prepared responses to comments as part of the final proposal package.

Staff determined that an EIR is likely required for the BARCT Schedule due to the potential installation of a number of air pollution control systems and equipment at the affected facilities. The CEQA Notice of Preparation/Initial Study for the BARCT Schedule was posted on the Air District website on August 7, 2018, and a scoping meeting was held on August 24, 2018, where attendance and public comments were minimal. The Draft EIR and Notice of Completion / Availability was posted on the Air District Website on October 23, 2018, along with the proposed schedule and staff report and accepted public comments through December 7, 2018. Staff prepared responses to comments as part of the Final EIR. Air quality impacts from construction emissions and water demand impacts from the operation of pollution control equipment were found to be potentially significant.

Staff briefed the Air District Board of Directors on the BARCT Schedule efforts on September 5, 2018. A public hearing was held at the Air District Board of Directors meeting on December 19, 2018, and the Board of Directors adopted the Expedited BARCT Implementation Schedule and certified the associated EIR.

Climate Rules

Regulation 13: Climate Pollutants:

Staff is continuing to develop an umbrella rule on climate pollutants. Regulation 13: Climate Pollutants would establish, where necessary, uniform definitions, administrative requirements, monitoring and recordkeeping requirements, and test methods that apply to regulating emissions of climate pollutants within the Air District's jurisdiction.

Regulation 13 would provide a foundation from which industry or pollutant-specific rules addressing climate pollutants can be developed and would eliminate the need to make changes to

multiple rules when broadly applicable measurement techniques or methods evolve in this area of rapid development and change.

Staff introduced the concepts of Regulation 13 to the public during joint workshops on November 1, 2018, November 5, 2018, November 7, 2018, and November 8, 2018, alongside draft Rules 13-1: Significant Methane Releases; 13-2: Organic Material Handling; 13-3: Composting Operations; 13-4: Waste Water Treatment Operations; and 8-34: Solid Waste Disposal Sites.

Draft rule language for Regulation 13 along with a workshop report will be shared with the public in a series of workshops in the Second Quarter of 2019. A final staff report and proposed rules will be presented to the board for approval at a public hearing in late 2019 or early in the first quarter of 2020.

Rule 13-1: General Prohibition on Significant Methane Releases:

Methane and natural gas releases are currently exempt from most Air District regulations, with the exception of Rules 8-18 and 8-34, because the existing Regulation 8 Rules were designed to reduce ozone whereas methane emissions do not contribute to ozone formation. As a result, the Air District has no regulatory basis for requiring facilities to fix methane leaks. Rule 13-1 would address methane releases of more than 10,000 ppm and 10 pounds per day. This general prohibition would enable the Air District to compel facilities to fix major leaks while we develop more specific rules to address methane from particular source categories, such as landfills, oil and gas wells, refineries, and composting operations. This would be the first such rule in the United States.

The basic rule concepts for Rule 13-1 were presented to the Stationary Source Committee on September 17, 2018 and the Climate Protection Committee on September 20, 2018. Staff met with Pacific Gas & Electric Company (PG&E) on November 1, 2018 to discuss PG&E's concerns with the draft rule. The Rule 13-1 workshops occurred in conjunction with four workshops from November 1, 2018 through November 8, 2018 for the Regulation 13, Rule 13-2, Rule 13-3, Rule 13-4 and Rule 8-34 projects. Staff has received written comments from various stakeholders including WSPA, Waste Management, BACWA, PG&E and others. Staff met with WSPA on November 15, 2018, to discuss their concerns regarding the draft rule. Changes are expected to be made to the rule that will result in additional workshops in March or April of 2019. We expect to bring Rule 13-1 to the Board in the early year 2020.

Rules 13-2: Organic Materials Handling and 13-3: Composting Operations:

As part of its 75 percent by 2020 waste recycling goal and to reduce GHG emissions, California has mandated that organic waste be diverted from landfills. The increased volume of organic waste diverted from landfills is overwhelming the capacity of existing composting facilities, resulting in excess methane and volatile organic compound (VOC) emissions and significant odors from poorly managed composting operations, stockpiles, and other organic waste handling operations. CalRecycle estimates that these statewide organic waste diversion goals will nearly double the amount of organic waste processed in the Bay Area requiring 12 to 15 new facilities on top of the 20 facilities currently permitted in the Air District.

Staff is developing rules that will improve tracking of organic waste while providing best management practices and control requirements for composting operations. The rules will improve the accuracy of emissions inventory for this source category, strengthen compliance and

enforcement to prevent excess emissions and odors, and ensure consistency in permitting of these facilities.

Staff visited five facilities that process organic materials in Alameda, Marin, Napa, Santa Clara and Solano counties. All five conducted composting operations, and several had separate organics material handling operations including a Material Recycling Facility (MRF). Staff plans additional site visits to transfer stations and MRFs to assess their methods for handling organic materials.

Staff briefed the Stationary Source Committee on these rule development efforts on September 17, 2018.

At a series of Climate Pollutant public workshops held in early November 2018, staff presented a concept paper for draft rules 13-2 and 13-3 along with a workshop presentation for Draft Rule 13-1: Significant Methane Releases, a concept paper on Regulation 13: Climate Pollutants and updates on development efforts for Rule 13-4: Sewage Treatment and Anaerobic Digestion, and Rule 8-34: Solid Waste Disposal Sites. Workshops were held in San Francisco, Martinez, Dublin and San Jose.

Draft rule language for 13-2 and 13-3, along with a workshop report, will be shared with the public in a series of workshops in the Second Quarter of 2019. A final staff report and proposed rules will be presented to the board for approval at a public hearing in late 2019 or early in the first quarter of 2020.

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

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

Staff carried out a study from February 2018 to June 2018 based upon a field research plan to gather more detailed and Bay Area-specific data on methane and toxic emissions from our wells. The study area includes oil and gas production and storage facilities representing about 90 percent of active wells in the Bay Area. The data obtained through the study will be used to determine the cost effectiveness of our rule and to ensure appropriate measures are included to limit toxic emissions. Staff is in the process of reviewing this data. Staff expects to bring this rule to workshop in the third quarter of 2019.

Criteria Pollutant Rules

Refinery Rule Settlement Agreement Efforts:

The Air District entered into a settlement agreement on March 24, 2017 that addresses three rules: Rule 6-5: Particulate Emissions from Refinery Fluidized Catalytic Cracking Units, Rule 8-18: Equipment Leaks, and Rule 11-10: Petroleum Refinery Cooling Towers that were approved on December 16, 2015. The Air District entered into a second settlement agreement on March 1, 2018, that addresses two rules: Rule 9-14: Petroleum Coke Calcining Operations, and Rule 12-15:

Petroleum Refining Emissions Tracking that were approved on April 20, 2016. These five rules comprise the Air District's Refinery Strategy. The Settlement Agreements obligate the Air District to propose amendments to Rule 6-5, Rule 8-18, and Rule 11-10 by November 1, 2018, and propose amendments to Rule 12-15 by December 1, 2018. The Air District's Legal Division recommended conducting an EIR for these rulemaking projects because some of the amendments could be characterized as relaxation of the current rules.

The lawsuits that challenged these rules were based on these rules being all one project, and therefore the CEQA analysis should have considered these rules as one project. The DEIR required for amendments to these rules is structured to consider the amendments to each rule as individual projects. The DEIR includes a cumulative impacts analysis addressing, among other things, the cumulative impacts of the amendments to all three rules. There is not enough information to determine emissions impacts, complete Rule 8-18 and develop a DEIR by November 1, 2018. The cumulative impacts analysis will be updated when Rule 8-18 is proposed for revisions as anticipated in the second half of 2019. Staff developed draft amendments and a DEIR for Rule 6-5, Rule 11-10, and Rule 12-15 and is working with litigants to potentially extend the deadline for amendments to Rule 8-18 as needed. The CEQA Notice of Preparation/Initial Study was posted on the Air District website, and a scoping meeting was conducted on Monday, August 20, 2018. Staff posted an Initial Staff Report and draft amended rule language for Rule 6-5, Rule 11-10, and Rule 12-15 on the Air District website, and accepted comments through September 21, 2018.

A Public Hearing Notice and Notice of Completion / Notice of Availability of the Draft Environmental Impact Report, proposed amendments, draft staff report and DEIR for each of the three rule amendment projects were published to the Air District's website on October 22, 2018 and comments were accepted through Friday, December 7, 2018. A Public Hearing was held at the Air District Board of Directors meeting on December 19, 2018, and the Board of Directors adopted the amendments to Rule 6-5, Rule 11-10, and Rule 12-15 and certified the associated EIR.

Outreach and Engagement Programs

AB 617 Community Health Protection Program

- **AB 617 West Oakland Steering Committee Meetings (October 3, 2018, November 7, 2018 and December 5, 2018)** - The Air District, in partnership with the West Oakland Environmental Indicators Project, held monthly steering committee meetings to develop a community action plan to improve air quality and public health in West Oakland. The City of Oakland, the Port of Oakland and stakeholders from the West Oakland community participated in this effort.
- **West Oakland Action Plan Co-Leads Meetings (October 4, 2018, October 11, 2018, October 18, 2018, October 25, 2018, November 1, 2018, November 8, 2018, November 15, 2018, November 20, 2018, November 29, 2018, December 6, 2018, December 13, 2018 and December 20, 2018)** – Staff met with our co-leads at WOEIP to plan upcoming Steering Committee meetings, which occurred on October 3, 2018, November 7, 2018 and December 5, 2018 and to review progress to date with the technical assessment.

- **Thursday, December 20, 2018 – Richmond AB 617 Implementation Discussion** - Staff met with Janet Johnson from Sunflower Alliance at Director Gioia’s Office to discuss the process for forming the Richmond Steering Committee for the monitoring campaign.
- **Monday, December 17, 2018 – Richmond AB 617 Community Summit Design Team Meeting** - Staff attended the first Community Summit Design Team at RYSE Youth Center in Richmond, CA to begin planning the Community Summit and developing Steering Committee charter and membership criteria. Staff described the AB 617 Monitoring Plan requirements and key milestones.
- **Wednesday, November 7, 2018 - AB 617 Richmond Community Discussion/Kick-Off** - Held first AB 617 Community Meeting in Richmond and more than 50 cross-sector representatives attended. Staff Received great feedback to help shape the community stakeholder process. We have more than 20 volunteers to join a Community Design Team which we will need to reduce to six to eight volunteers.
- **Tuesday, October 30, 2018 - AB 617 Richmond Planning Meeting with Director Gioia** - Staff met with Director Gioia and his Chief of Staff to review priorities for November 7,2018 Community Discussion and identify/affirm roles and responsibilities as we move forward.
- **Saturday, October 6, 2018 - North Richmond Shoreline Music Festival** – Staff was tabled at the music festival to raise awareness of AB617 and network with local partners.

Spare the Air Youth

- **Thursday, November 29, 2018 – Spare the Air Youth Technical Advisory Committee (TAC) Meeting** – Staff attended the Spare the Air Youth TAC meeting to provide an Air District update. Staff also provided an overview of the grants available to teachers via the Fiscal Year Ending 2017-2018 community grant cycle. The TAC meeting included a post-election update by MTC and a presentation on youth participatory research, MTC and Y-Plan collaboration and an overview of the Horizon game.
- **Thursday, November 29, 2018 – Spare the Air Youth High School Program** – Staff participated in the high school outreach program meeting with other providers to discuss the MTC grants provided to high school programs.

Spare the Air Resource Teams

- **Tuesday, December 11, 2018 – San Mateo County Spare the Air Resource Team** - Staff participated in the San Mateo County STA Resource Team Conference Call. The team will be co-hosting an event with commute.org for vanpoolers and carpoolers in San Mateo County. On the call, team members discussed logistics for their upcoming event. Staff presented Air District updates.
- **Monday, December 10, 2018 – Spare the Air Resource Team Program Discussion** - Community Engagement and Communications staff discussed the overall Spare the Air Resource Team program, key milestones and program contracts next steps.

- **Friday, December 7, 2018 – Sonoma County Spare the Air Resource Team** – Staff attended the Sonoma County STA Resource Team meeting in Santa Rosa. The team discussed updates to the Go Sonoma website and Go Sonoma Facebook page. The team also discussed their outreach efforts regarding their Employer Commute Program and Idle Free Program.
- **Thursday, December 6, 2018 – Southern Alameda County Spare the Air Resource Team** – Staff attended the Southern Alameda County STA Resource Team meeting in Union City. The team discussed updates for new projects such as: developing an informational workshop for school districts on Air District grant funding for bicycle facilities, circulating the Commute Program Benchmarking Survey to collect data on a much more local level, continuing outreach for the Idle Free Bay Area program, continuing work on developing a Green Business Certification Transportation Checklist, and developing an informational webinar on launching a Dockless e-Scooter and Bikeshare program.
- **Tuesday, December 4, 2018 – Tri Valley Spare the Air Resource Team** – Staff participated in the Tri Valley STA Resource Team conference call. The team discussed rescheduling the Clean Air Commute Solutions Mobile Conference at Hacienda and increasing their outreach efforts to promote the event.
- **Friday, November 30, 2018 – Napa County Spare the Air Resource Team** – Staff participated in the Napa County Spare the Air Resource team meeting in Napa. Local partners presented updates such as Safe Routes tally and Idle Free updates. The team discussed Idle Free campaigns and ways to reduce short distances traveled by car in the downtown Napa area. Ideas include electric shuttles. Staff shared Air District updates and provided input on ideas.
- **Thursday, November 29, 2018 – Contra Costa Spare the Air Resource Team** - Staff attended the Contra Costa STA Resource Team Conference Call. The team debriefed marketing training from last meeting and began to formulate objectives. Staff presented Air District updates.
- **Thursday, November 15, 2018 – Marin County Resource Team Park and Walk Parent Kick-off** – Evening kick-off for Park and Walk program to reduce congestion and idling on school campuses. Goal is to launch Park and Walk in four to five schools.
- **Thursday, November 15, 2018 – San Mateo County Spare the Air Resource Team Conference Call** – Staff participated on the San Mateo County Resource Team’s conference call and provided an Air District update. The Team is collaborating with Commute.org to host an event to promote vanpooling and carpooling among San Mateo County employers.
- **November 1, 2018 and November 6, 2018 – Marin County Resource Team Park and Walk Planning Meetings** – Two planning meetings to plan and prepare for a parent leadership in-person kick-off meeting to be held on Thursday, November 15, 2018 in Marin. Also discussed marketing for program.

- **Thursday, November 1, 2018 – Marin County Resource Team Conference Call** – Staff participated in a planning call with Kearns and West, MCBC and Safe Routes two School. Focus of the call was to plan for an upcoming kick-off meeting with active parent leads in priority schools.
- **Wednesday, October 31, 2018 – San Francisco Spare the Air Resource Team Conference Call** – The team met via conference call to finalize logistics for their “Experience a Better Commute Ferry Excursion” event. The team reviewed rsvps, discussed additional outreach strategies and discussed logistics for the networking session.
- **Thursday, October 25, 2018 – Tri-Valley Spare the Air Resource Team Conference Call** – Staff participated on the conference call and provided an Air District update. The purpose of the call was to discuss outreach for the Clean Commute Solutions Mobile Conference scheduled for December 13, 2018 at Hacienda.
- **Tuesday, October 23, 2018 – Marin Resource Team Planning Meeting with K&W** – Staff met with K&W to discuss next steps and to plan for a conference call with MCBC and SR2S.
- **Friday, October 19, 2018 – Sonoma County Spare the Air Resource Team Meeting** – Staff attended the Sonoma County Resource Team meeting at the Center for Climate Protection in Santa Rosa and provided an Air District update. The Team shared updates for the Idle Free Program, the Employer Commute Program outreach and the GoSonoma.org Website design. The Team also discussed holiday networking/recruiting opportunities.
- **Thursday, October 18, 2018 – Contra Costa Spare the Air Resource Team Meeting** – Staff attended the Contra Costa Resource Team meeting in Martinez and provided an Air District Update. The next objective of this Team is to develop a strategy to maximize the reach and effectiveness of the Idle Free Bay Area project. To help the Team, special guests from Gigantic Idea Studio, a marketing company specializing in the promotion of environmental programs and behavior, joined the meeting.
- **Wednesday, October 17, 2018 – San Francisco Spare the Air Resource Team Meeting** – Staff attended the San Francisco Resource Team meeting at SF Department of Environment’s offices in San Francisco and provided an Air District update. The Team began planning TDM excursion events to showcase the Tideline Ferry Service and the Ford GoBike.
- **Wednesday, October 17, 2018 – Idle Free CA Phone Meeting** – Staff discussed a preliminary proposal for a partnership between Idle Free CA and the Air District’s Resource Teams. Idle Free CA would like to support Idle Free initiatives in up to 20 Bay Area schools.
- **Tuesday, October 16, 2018 – San Mateo County Spare the Air Resource Team Meeting** – Staff attended the San Mateo County Resource Team meeting at commute.org’s offices in South San Francisco and provided an Air District update. The Team discussed revitalizing the Active Trips Incentive project, received an update on commute.org’s Star Platform and discussed new project ideas.

- **Tuesday, October 9, 2018 – Marin County Spare the Air Planning Meeting** – Staff met with Safe Routes to Schools, Marin Bike Coalition and Kearns and West to continue planning the Park and Walk program. Next steps are to hold a kick-off meeting in November with parent leads at middle schools.
- **Wednesday, October 3, 2018 – Santa Clara County Spare the Air Resource Team Meeting** – The Team met at Microsoft’s offices in Sunnyvale to discuss creating a Transportation Demand Management (TDM) benchmarking survey, received an update on the Clean Air Commute Champions program, coordinating with the Green Business Certification Program and brainstormed additional project ideas. Staff provided an Air District update and welcomed the collaboration of the Santa Clara and San Jose Green Vision Resource Teams.

Community Meetings, Workshops and Site Visits

- **Monday, December 17, 2018 – East Contra Costa Climate Resilience Meeting** – Staff attended a convening of agencies that are working or planning to work with communities and residents in East Contra Costa. The group discussed potential ways to collaborate on needs assessments, outreach, and engagement efforts. The group was convened by Bay Area Regional Health Inequities Initiative (BARHII).
- **Tuesday, December 18, 2018 – Meeting with Evan Schwartz of the Warriors Community Foundation** – Staff met with Evan Schwartz who is a Program Manager with the Warriors Community Foundation to share information regarding the Air District’s School Community Grants, current and upcoming efforts to identify local community leaders and organizations in San Leandro and East Oakland to work with as part of the Air District’s AB 617 program. Mr. Schwartz shared some of his contacts in the community that he thought would be relevant and helpful to the programs discussed.
- **Tuesday, December 18, 2018 – Meeting with Rose Foundation** – Staff met with Director Jill Ratner and Program Director Carlos Zambrano. We discussed the 2018 – 2019 Community Grant Program and developed a new and expanded scope of work.
- **Monday, November 19, 2018 – Informational Air Quality Meeting in Fremont** – The Air District hosted an information air quality meeting in Fremont to discuss the Tri-City Rock facility and the Stratford/Grimmer school locations. Fremont Mayor Lily Mei and Board member Haggerty provided opening remarks. Staff provided a presentation on Air District jurisdiction/authority, the permitting process and an overview of the Tri-City Rock facility. Approximately 125 Stratford parents attended the meeting.
- **Saturday, November 11, 2018 – East Oakland Neighborhood Initiative (EONI)** Staff supported the East Oakland Neighborhood Initiative (EONI) kick-off all day meeting at Allen Temple Church. It was a huge success. It was well attended by at 200 community members. This is a part of the Oakland led Transformative Climate Collaborative (TCC) grant.
- **Rule Development Workshops to Address Climate Pollutants, Odors, VOCs and Toxics** – The District hosted workshops around the Bay Area on the development of six new rules to protect air quality and the climate. At the workshops, the public, local

government and industries had an opportunity to learn about the draft rules, ask questions of Air District staff, and share feedback and ideas to inform the final rule making process. Workshop date and locations are below:

- **Monday, November 5, 2018** – Martinez
- **Wednesday, November 7, 2018** – Dublin
- **Thursday, November 8, 2018** – San Jose

- **Thursday, November 1, 2018 – Rule Development Workshops to Address Climate Pollutants, Odors, VOCs and Toxics** – The District hosted a workshop in San Francisco on the development of six new rules to protect air quality and the climate. At the workshop, the public, local government and industries had an opportunity to learn about the draft rules, ask questions of Air District staff, and share feedback and ideas to inform the final rule making process.

- **Thursday, October 25, 2018** - Staff attended and supported Department of Toxic Substances Control's (DTSC) AB 673 (Cumulative Impacts regulation) meeting at the Oakland Law Center.

- **Tuesday, October 23, 2018 – San Leandro Creek Urban Greenway Meeting** – Staff met at Madison Park Academy in Oakland with Alameda County Flood Control and Water Conservation District and Oakland Unified School District to discuss the goals and roles of the greenway project. The project is funded by the 2018 Urban Greening Grant awarded by the California Department of Natural Resources. Next steps are to process the cooperative agreement and subcontracts to begin the community outreach work of the project's Phase I.

- **Thursday, October 18, 2018 – Clean Energy Access for All** – Staff attended the workshop to discuss inequities in the adoption of clean energy technology. The event hosted by Acterra convened a group of approximately 40 philanthropists, civic and community leaders, elected representatives, and directors of environmental community-based organizations to work toward solutions for making the clean energy revolution accessible to all.

- **Wednesday, October 17, 2018 – EJ Toxic Tour and Bayview Hunters Point's Identifying Violations Affecting Neighborhoods Meeting** – Staff participated in Greenaction's EJ toxic tour of Treasure Island and the Bay View Hunters Point area, and attended this monthly meeting where community residents, agencies and community based organizations come together to identify and solve community concerns. Complaints, community air monitoring projects, and a future toxics tour for agencies were discussed.

Other

- **Monday, December 17, 2018 – Taiwanese Delegation** – Staff hosted a delegation of approximately 15 delegates from Taiwan and organized presentations from the Engineering, Rule Development and Strategic Incentives Divisions.

- **Wednesday, December 12, 2018 – Community Science Grant** – Staff attended a meeting between Grantees and San Leandro Unified School District teaching staff to kick off planning for deploying air quality science lesson plans.
- **Tuesday, December 11, 2018 – TCC East Oakland Neighborhoods Initiative** – Staff attended the East Oakland Neighborhoods Initiative kick off meeting at the 81st Avenue Library in East Oakland. Community leaders from several East Oakland neighborhoods gathered to conduct asset and transportation mapping of their neighborhoods to lay the groundwork for future meetings.
- **Friday, December 7, 2018 - School Community Grants Program-** Staff launched a new grants program for Bay Area public schools. Grants of \$2,500 are now available to K-12 public school teachers, student leaders, and parent leaders to increase knowledge about air quality in school communities. These grants will serve to encourage collaborative partnerships between the Air District and school communities and promote actions that can reduce air pollution. Staff worked with various teams to put together press release and updated website announcing this new program. Applications will also be accepted through the Air District’s bonfire application portal (<https://baaqmd.bonfirehub.com>).
- **Thursday, December 6, 2018 - East Oakland Neighborhood Initiative** – Staff attended the TCC Planning meeting at the Tasafaranga Community Center.
- **Friday, November 30, 2018 – CalEPA Environmental Justice Training for government agencies.** Staff attended.
- **Thursday, November 15, 2018 – GARE All Day Training** – Cross-cohort training and working group meeting in Oakland. Learned about Prop 209 and how it applied to hiring. Worked on action plans and recruitment for next year cohort.
- **Thursday, November 8, 2018 – Let’s Talk about Climate Training** – Attended a training by the Sustainability Exchange to learn best practices for messaging about climate change for greatest behavior change.
- **Monday, November 5, 2018 – Korean Delegation Visit** - Staff hosted a delegation of three officials from the Korea Environmental Corporation and organized a laboratory tour and presentations from the Engineering, Rule Development and Compliance & Enforcement Divisions.
- **Thursday, November 1, 2018 – GARE Steering Committee Meeting** – Staff attended the Steering Committee to provide guidance on next steps for continuing the framework and outreach for next year’s cohort.
- **Friday, October 19, 2018 – Human-Centered Strategic Plan Training** – Staff attended an all-day training with Civic Makers on Human-Centered Strategic Planning. We plan to incorporate some of the learning into the PPP and Monitoring Plan development – tools can be used for many collaborative planning projects.

- **Thursday, October 18, 2018 – Sustainable Silicon Valley (SSV) Community Grant** – Staff had a phone meeting with SSV to discuss the use of certain air monitors/sensors at high-traffic intersections in East Palo Alto.
- **Thursday, October 11, 2018 – University of San Francisco’s Environmental Justice Fair** – Staff attended USF’s Environmental Justice Fair to provide information on air quality, impacted communities and climate change. Approximately 100 students visited the table.
- **Thursday, October 11, 2018 - GARE 2018 Intro. Cohort: Advancing Racial Equity: The Role of Government** – Staff attended a training session on how to build a more comprehensive understanding of the implications of workforce equity on advancing racial equity in our jurisdictions.
- **Thursday, October 11, 2018 – BARC Deputy and Planning Directors Meeting** – Staff attended the Deputy and Planning Directors meeting to discuss ongoing commitment and recruitment for GARE learning years and BARC racial equity implementation.
- **Tuesday, October 9, 2018 – Visualizing Sea Level Rise with the Bay Shoreline Flood Explorer** – The San Francisco Bay Conservation and Development Commission and the San Francisco Estuary Institute unveiled the Bay Shoreline Flood Explorer (<http://explorer.adaptingtorisingtides.org>) website. The website helps Bay Area local governments and communities access interactive maps of current local flood risks due to rising sea level and storms. Jaclyn Mandoske showcased the new web tool and highlighted what the Bay Area could look like without implementing current and future local and regional plans to minimize those risks.
- **Tuesday, October 9, 2018 – TCC Planning Grant Orientation** – Staff attended an orientation to learn about submitting quarterly reports and invoices.
- **Friday, October 5, 2018 – State of Resistance Book Presentation** – Staff attended the presentation of Dr. Manuel Pastor’s “State of Resistance” book. In the presentation, he discussed lessons that the nation should heed. He makes the case for engaging in racial anxiety in order to address economic and generational challenges.
- **Thursday, October 4, 2018 – Strategic Growth Council TCC Grant Meeting** – Staff met with WOEIP staff to reconvene around a TCC grant that the Air District co-wrote the EIP. Goal is to begin implementing the grant in January 2019.
- **Thursday, October 4, 2018 – BARC Racial Equity Steering Committee Meeting** – Staff attended the steering committee meeting to co-develop a memo and talking points to encourage leadership at all BARC agencies to commit to another GARE Learning year and to begin recruiting new GARE members from diverse backgrounds from within each agency.

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

Available Grant Funding:

- **Community Health Protection Grant Program** – Provides \$50 million (M) in grant funds to reduce toxic air emissions and ozone-forming pollutants from older, polluting diesel engines through the Community Health Protection Grant Program. For the initial year of this program, the Air District is accepting applications for projects that reduce emissions in communities along the 80/880 freeways from Hayward to Richmond, and from Vallejo to Pittsburg. Community input will play an important role by informing the Air District’s project outreach and project identification processes. Applications are being accepted now and funds will be awarded to owners of eligible equipment and vehicles by June 2019. www.baaqmd.gov/ab617grants
- **Carl Moyer Program** – Provides more than \$10M in funding for projects to upgrade or replace on-road vehicles, school buses, transit buses, off-road and agricultural equipment, marine equipment, and locomotives. Applications are being accepted on a first-come, first-served basis. www.baaqmd.gov/moyer
- **Lower-Emission School Bus Program** – Provides funding for public school districts, Joint Powers Authorities (JPAs), and contracted fleets in the Bay Area to do bus replacements, engine repowers or electric conversions, natural gas tank replacements, and electric charging & alternative fueling infrastructure projects. Applications are being accepted on a first-come, first served basis. www.baaqmd.gov/lesbpnt
- **Pilot Trip Reduction Program** - Provides up to \$7M on a competitive basis to support the demonstration of microtransit solutions that provide first- and last-mile connections to mass transit in the Bay Area’s [highly impacted and priority development areas](#). Applications are due by 4:00 p.m., March 4, 2019. Only congestion management agencies, public transit agencies, MTC and applicants who submitted a letter of interest by March 2018 are eligible to apply. www.baaqmd.gov/ptr
- **West Oakland Zero-Emission Grant Program** - Provides approximately \$600,000 in Reformulated Gas Settlement Funding (RFG) to help owners and operators pay for a portion of the cost to purchase and deploy new on- and off-road zero-emission vehicles, infrastructure, and mobile and stationary equipment that will be operated and installed in and around the West Oakland community, including the Maritime and Sea Ports of Oakland. Funding from this program may be matched with other grant sources offered by the Air District. Applications will be accepted until the remaining RFG funds are exhausted or June 30, 2019, whichever occurs first. www.baaqmd.gov/WestOaklandZEV
- **Residential Wood Smoke Reduction Incentive Program** – Provides funding to eligible homeowners to help offset a portion of the cost to replace older, more highly polluting fireplaces and wood-burning stoves with qualifying cleaner heating devices, including electric heat pumps and natural gas or propane heating stoves and inserts. Funding is also available to help homeowners decommission their existing wood-burning devices. Currently, funding is limited to homes located in [eligible areas](#). www.baaqmd.gov/woodsmokegrant

- **Vehicle Buyback Program** – Pays Bay Area residents \$1,000 to turn in their operable, registered, vehicle (model years 1996 and older) for scrapping. www.baaqmd.gov/vbb

Key Accomplishments:

Transportation Fund for Clean Air (TFCA) - Funding is provided through a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to implement projects that reduce on-road motor vehicle emissions within the Air District's jurisdiction. Approximately \$30M in TFCA funds were awarded in 2018, over \$2.3M of which was awarded this quarter to ten projects.

- **Regional Fund and Air-District Sponsored Projects:** 60% of TFCA funds are awarded to eligible Regional Fund projects and programs implemented directly by the Air District. Regional Fund projects primarily support trip reduction, clean air vehicles and infrastructure, and bicycle facilities.
 - **Pilot Trip Reduction Grant Program** –Solicitation was released in December 2018 and applications are due in March 2019. This quarter, staff met with representatives from Eastern Contra Costa Transit Authority, AC Transit and San Leandro Management Organization to discuss their respective microtransit and Transportation Network Company projects.
 - **Existing Shuttle and Ridesharing Program** –The solicitation was released in August 2018 and nine applications were received by the due date in September 2018. Six projects were awarded a total of \$1,961,800 in TFCA funds in November 2018 for the operation of 24 shuttle routes and one ridesharing service. Two applications were determined to be ineligible and one application is currently under review. Staff are currently working to execute funding agreements.
 - **Shared Autonomous Vehicle (SAV) Projects** – Funded in 2016, these two projects have been testing SAVs in Contra Costa and Alameda counties. Staff participated in a partner progress update meeting on October 31, 2018.
 - **Other Activities**
 - **October 11, 2018:** Staff hosted a conference call with Town of Los Gatos to discuss survey options for a bicycle/pedestrian project.
 - **October 11, 2018 and November 15, 2018:** Staff met with MTC staff to discuss active transportation projects in the Bay Area.
 - **December 27, 2018:** Staff received two repayment checks totaling \$70,433.79 from prior grantees that failed to meet project performance requirements.
- **County Program Manager (CPM) Fund:** 40% of TFCA funds are distributed to Congestion Management Agencies in each of the Bay Area's nine counties to implement their own air quality projects. During this quarter, staff coordinated with CPMs on updates to the 2020 CPM Fund Policies, discussed proposed projects with individual CPMs, received semi-annual, interim, and final reports and 2019 projects from all nine counties, and issued the 2020 CPM Fund Expenditure Plan Guidance.

- **FYE 2017 Audit (Audit #19):** The Air District conducts an audit of projects and programs funded with TFCA monies at least once every two years. This quarter, staff worked with auditors Simpson & Simpson, LLC, to complete the audit for FYE 2017, which covered Regional Fund and CPM Fund projects completed between July 1, 2016 and June 30, 2017. Staff held two meetings with auditors in October and presented audit results to the Mobile Source Committee in December. Results showed an overall improvement in lack of audit findings for Regional Fund, Air-District sponsored, and CPM Fund projects. A debrief meeting was held in December between staff and Simpson & Simpson to discuss lessons learned and next steps for Audit #20.

CMP, School Bus Program, Funding Agricultural Replacement Measures for Emission Reductions Program (FARMER), and AB 617 - In cooperation with CARB, the Air District administers State-funded grant programs including the CMP, Lower Emission School Bus Program (LESP), FARMER, and AB 617 Community Health Protection Grant Program. These programs provide funding to reduce emissions from existing heavy-duty engines in on-road and off-road vehicles and equipment. Over \$18M was awarded this quarter to 67 projects. Staff conducted outreach to promote funding opportunities, submit disbursement requests and quarterly reports, and participate in meetings and educational events related to these programs.

- **Outreach: October 29, 2018 and November 13, 2018:** Staff sent mailers, postcards and an e-mail blast about available funding to thousands of program stakeholders.
- **Requests and Reports:**
 - **October 30, 2018:** Staff submitted CMP disbursement request for \$4,126,406 in Year 20 project funds.
 - **November 28, 2018 and November 29, 2018:** Staff submitted quarterly progress reports and data updates to CARB for FARMER and AB 134.
 - **November 30, 2018:** Staff submitted CMP Year 21 application to CARB requesting \$12.8M in program funding.
- **Meetings and Events:**
 - **October 5, 2018, November 16, 2018 and December 6, 2018:** Staff participated in meetings with PG&E regarding charging infrastructure, electric school bus, and on-road vehicle projects.
 - **October 10, 2018 and November 14, 2018:** Staff attended CAPCOA Mobile Source and Grants Committee meetings.
 - **October 15, 2018:** Staff attended KLV and Richmond Pacific Railroad locomotive project status meeting.
 - **October 23, 2018:** Staff attended a CARB Community Air Protection Program reporting webinar and participated in a CARB regulatory training session in Sonoma, CA.
 - **November 1, 2018:** Staff participated in a CARB marine vessel infrastructure conference call meeting.
 - **November 7, 2018:** Staff attended an AB 617 Richmond Community Workshop.
 - **November 16, 2018:** Staff participated in enforcement inspector training for CMP grant projects.

- **November 28, 2018:** Staff attended a Caltrain project update meeting.
- **December 10, 2018:** Staff attended a CARB Commercial Harbor Craft Workshop.
- **December 18, 2018:** Staff participated in a FARMER Public Workshop for the FYE 2018- 2019 Program.

Proposition 1B Goods Movement Program (GMP) – Provided funding to upgrade or replace diesel equipment including trucks, locomotives, Transportation Refrigeration Units (TRUs), cargo handling equipment, and shore power equipment. This quarter, staff submitted grant disbursement requests for approximately \$11.2M in Year Five project funds, inspected the dismantling of two GMP-funded locomotives, and submitted regularly required reports to CARB and EPA for active grants.

Other Programs and Special Projects:

- **AC Transit Hydrogen Fuel Cell Bus Project** – Funding for this Project is provided by CARB for an initiative aimed at using cap-and-trade dollars to reduce greenhouse gas emissions in disadvantaged communities. The Air District provided an additional \$1 million for AC Transit to deploy 10 hydrogen fuel cell electric buses and to make upgrades to an existing fueling station in the City of Emeryville. This quarter, staff hosted 10 meetings with project partners to discuss progress. The first of the 10 project buses were scheduled to arrive at AC Transit in late December.
- **Goodwill Electric Bus Project** – This Project is co-funded by TFCA and CARB, in partnership with SF Goodwill, the Center for Transportation and the Environment, and Build Your Dreams (BYD) Corporation and will test the viability of deploying a fleet of electric delivery trucks in the Bay Area and ultimately provide a model to electrify Goodwill’s truck fleet across the nation. During this quarter, staff met with project partners two to three times a month to discuss progress and plan for a press event in April 2019. As of October 2018, all 11 project vehicles were delivered to Goodwill.
- **Zero-Emission Hydrogen Ferry Demonstration Project** – This Project, funded by CARB and administered by the Air District, will demonstrate the advantages of hydrogen fuel cells for use in the commercial maritime industry by deploying a zero-emission hydrogen ferry in San Francisco Bay. Construction on the ferry started in November and is expected to be complete by September 2019. This quarter, staff hosted monthly meetings with the grantee to discuss progress, attended the Project’s Keel Laying Ceremony in the City of Alameda, and reimbursed the first grant payment to the grantee.
- **Wood Smoke Reduction Incentive Program** – This Program provides funding to residents to offset the cost of decommissioning a wood-burning device or replacing it with cleaner options. The funding cycle for Winter 2017/2018 launched in January 2018 with a total of \$800,000 available for residents in CARE and High Wood Smoke Areas. As of December 20, 2018, a total of 955 applications have been received, approximately 60 of which were received this quarter. \$425,442 in funding has been encumbered, 143 projects were paid, 89 are active and in progress, and 20 are under review. A total of 703 projects have been either withdrawn by the applicant or rejected by the Air District for not meeting program requirements.

Grant Programs in Development:

- **Volkswagen (VW) Environmental Mitigation Trust Fund Program** – The VW Environmental Mitigation Trust will provide approximately \$423M for California to mitigate the excess nitrogen oxide emissions caused by VW’s use of illegal emissions testing defeat devices. The Air District will administer these monies for projects related to light-duty zero-emission vehicle infrastructure and zero-emission freight and marine. This quarter, staff held meetings with multiple organizations including CALSTART, Fluxx Labs, Launchpad, and GreenInfo Network, to research options for the Program’s administration including the development of a new website, database and grant management system. Staff also held regular meetings with the other administering agencies, including the San Joaquin Valley and South Coast air districts, to discuss program implementation issues. The Program is anticipated to launch in mid-2019.

Other Meetings and Events:

The following is a list of other meetings and events in which staff participated, coordinated and/or facilitated.

- **September 30, 2018 – October 3, 2018:** Staff attended the 31st International Electric Vehicles (EV) Symposium and Exhibition & International EV Technology Conference in Kobe, Japan.
- **October 1, 2018:** Staff attended an EV Coordinating Council meeting.
- **October 1, 2018:** Staff attended a webinar on City of Los Angeles’ Request for Information on Zero-Emission Trucks for Goods Movement.
- **October 16, 2018 - October 18, 2018:** Staff attended the NorCal Clean Technology Forum & Expo in Sacramento.
- **October 18, 2018:** Staff attended CALSTART’s Connected and Automated Transit Users Forum Working Group Meeting #2, webinar.
- **October 18, 2018:** Staff attended MTC’s Transportation Demand Management workgroup meeting.
- **November 1, 2018:** Staff participated in a monthly call hosted by CARB to discuss hydrogen activities with representatives from Department of Energy (DOE), California Energy Commission (CEC), South Coast Air Quality Management District, City of San Francisco, and California Department of Food and Agriculture (Division of Measurement Standards), among other participants.
- **November 1, 2018 and November 6, 2018:** Staff participated in webinars hosted by West Coast Collaborative to discuss the status of compressed natural gas fueling infrastructure and zero-emission infrastructure in California.
- **November 5, 2018:** Staff met with FirstElement Fuel Inc. to discuss funding opportunities for hydrogen fueling stations.
- **November 8, 2018:** Staff met with Urban Motility Systems to discuss funding opportunities for zero-emission medium- and heavy-duty vehicles.
- **November 29, 2018:** Staff met with UC Davis to discuss coordination on the Air District’s research needs.
- **December 18, 2018:** Staff met with EVgo to learn about charging station deployment in the Bay Area, share funding information, and discuss potential coordination on Bay Area projects.

- **December 19, 2018:** Staff met with MTC to discuss potential collaboration on heavy-duty electric vehicle deployment efforts between the two agencies.
- **December 20, 2018:** Staff was interviewed by National Renewable Energy Laboratory (NREL) on the Air District's EV Demonstration Program.

**METEOROLOGY, MEASUREMENT & RULES DIVISION
E. STEVENSON, DIRECTOR**

Air Quality

During the fourth quarter of 2018, there were no exceedances of the national 8-hour 70 ppb ozone standard. However, there were fourteen exceedances of the national 24-hour PM_{2.5} standard (all occurring on November 8, 2018 through November 21, 2018 and caused by wildfires). Fourteen Winter Spare the Air Alerts were called (November 8, 2018 – November 21, 2018) due to smoke from the Camp Fire in Butte County impacting the Bay Area, with one Winter Spare the Air Alert being called for normal residential wood burning curtailment (December 15, 2018).

On November 8, 2018, strong offshore winds developed across northern California as high pressure built over the Pacific Northwest and persisted through November 21, 2018. The Camp Fire began because of a yet to be confirmed source that ignited and spread rapidly to and through the towns of Concow, Magalia, and Paradise. Winds quickly transported smoke across the entire Bay Area, leading to fourteen straight days with PM_{2.5} concentrations above the federal standard. In fact, 12 of the top 20 highest PM_{2.5} concentrations recorded in the Bay Area were due to wildfire smoke from the Camp Fire, with the highest reading occurring on November 16, 2018 (197.3 µg/m³). The highest reading ever recorded was during the October 2017 wildfires (199.1 µg/m³ on October 13, 2017). Rain moved into the Bay Area during the evening of November 21, 2018, leading to rapid improvements in air quality. On December 15, 2018, a strong and persistent ridge of high pressure moved over northern California producing periods of offshore winds followed by light and variable winds.

Air Monitoring

Thirty-one air monitoring sites were operational from October 2018 through December 2018. Staff responded to several power outage induced instrument failures during the November wildfires and were able to maintain a high data availability throughout the period of heavy smoke impacts in the Bay Area.

The Air Monitoring Section Special Monitoring Group worked on acquisition of a Proton Transfer Reaction Mass Spectrometer (PTR-MS) and accompanying vehicle as well, securing contracts for installation and buildout of the mobile platform. Upon receiving the analysis identifying preferred areas for refinery community monitoring placement, the Air Monitoring Section Fixed Monitoring Group has started the process of working with cities and community contacts in those areas to identify and secure specific monitoring sites.

Ila Perkins was promoted to Assistant Manager in the Air Monitoring Section and will help oversee the National Ambient Air Quality Standards compliance monitoring.

Performance Evaluation

The Performance Evaluation (PE) Section conducted EPA-mandated performance audits at 29 Air District air monitoring stations, verifying 77 separate parameters during the fourth quarter of 2018. One Corrective Action Report (CAR) was issued for a minor issue that did not affect data quality. The National Air Quality System Database was updated with all audit results.

The PE Section performed air monitoring and sampling in support of an air monitoring study at a site in Marin County. Ambient air-monitoring was conducted over a two-day period. Additional sampling was performed from a process stream on a later third day. Following sample analysis, PE staff assisted in data interpretation.

Staff continued upgrades to the Incident Response Van to improve automation and prepared all sampling vans for necessary power inverter, vibration control and analytical instrument upgrades. As part of this process, new instrumentation and gas delivery systems were evaluated.

Source Test

The Source Test (ST) Section continued evaluations of new measurement technologies and several test procedures relevant to AB 617, Regulation 11-18 and emission inventory improvement. ST staff provided advice to the Rules Section staff on evaluation of GHG measurement technologies and attended the climate pollutants rule development public workshops. ST staff participated on the Emissions Inventory Special Committee, attended settlement agreement meetings, attended workgroup meetings and continued work on draft revisions of the Manual of Procedures Volumes IV and V. ST staff continued to provide advice, data interpretation and field observation on the Refinery Heavy Liquids Study, including coordination and logistical meetings. The ST Section continued to provide ongoing advice and guidance to Engineering and Compliance & Enforcement on emission data interpretation, permit development and recommendations for further evaluation indicating potential violations.

Efforts to fill vacancies and workload gaps proceeded, including discussions regarding prioritization and possible redirection of duties. ST staff continued to work on reorganization and training tasks.

Routine Source Test Section duties continued which include:

- Performance of Continuous Emissions Monitoring (CEM) Field Accuracy Tests on monitors installed at large source emission points.
- Performance of source tests to determine emissions of precursor organic compounds, filterable and condensable particulate matter and toxic air contaminants.
- Performance of tests to assess the compliance status of gasoline cargo tanks, gasoline dispensing facilities, gasoline terminal loading and vapor recovery systems.
- Evaluation of independent contractor conducted source tests to determine report acceptability and source compliance.

- Evaluation of CEMS installations and ongoing compliance, including monitoring plan review and approval.

Laboratory

The laboratory continues to perform its ongoing, routine analyses related to Air Monitoring activities.

In addition to regularly scheduled samples, the laboratory participated in analyses of samples related to complaints at the Sewerage Agency of Southern Marin and performed other analyses in support of Compliance & Enforcement and Source Test actions.

STATISTICS

STATISTICS			
<u>Administrative Services:</u>		<u>Compliance Assistance and Operations Program:</u>	
<u>Accounting/Purchasing/Comm.</u>		Asbestos Plans Received	1,612
General Checks Issued	1,404	Coating and other Petitions Evaluated	11
Purchase Orders Issued	427	Open Burn Notifications Received	355
Checks/Credit Cards Processed	4,747	Prescribed Burn Plans Evaluate	2
Contracts Completed	113	Tank/Soil Removal Notifications Received	23
RFP/RFQ	3	Compliance Assistance Inquiries Received	81
		Green Business Reviews	3
<u>Executive Office:</u>		Refinery Flare Notifications	16
Air Pollution Control Officer's Meetings Attended	131		
Board Meetings Held	4	<u>Compliance Assurance Program:</u>	
Committee Meetings Held	7	Industrial Inspections Conducted	1,464
Advisory Council Meetings Held	1	Gas Station Inspection Conducted	198
Hearing Board Meetings Held	0	Asbestos Inspections Conducted	606
Variances Received	0	Open Burning Inspections Conducted	20
		PERP Inspections Conducted	6
<u>Information Systems:</u>		Mobile Source Inspections	49
New Installation Completed	7	Grant Inspections Conducted	155
PC Upgrades Completed	0		
Service Calls Completed	924	<u>Engineering Division:</u>	
		Annual Update Packages Completed	914
<u>Human Resources:</u>		New Applications Received	259
Manager/Employee Consultation (Hrs.)	350	Authorities to Construct Issued	70
Management Projects (Hrs.)	400	Permits to Operate Issued	158
Employee/Benefit Transaction	600	Exemptions	2
Training Sessions Conducted	3	New Facilities Added	78
Applications Processed	413	Registrations (New)	37
Exams Conducted	9	Health Risk Assessments (HRA)	51
New Hires	12	Regular Employees Staffed	57
Promotions	7	Position Vacancies	9
Separations	18	Temporary Employees Staffed	3
Payroll Administration (Hrs.)	700	Interns Staffed	0
Safety Administration	150		
Inquiries	4,000	<u>Communications and Public Information:</u>	
		Responses to Media Inquires	481
<u>Facility/Vehicle:</u>		Events Staffed with Air District Booth	17
Request for Facility Service	50		
Vehicle Request(s)	281	<u>Community Engagement:</u>	
Vehicle Maintenance Request(s)	54	Presentations Made	50
		Visitors	18
		Air District Tours	2
		Community Meetings Attended	50

STATISTICS (continued)			
Compliance and Enforcement Division:		4th Quarter 2018 Agricultural Burn Days	
Enforcement Program		October - December Permissive Burn Days-North	53
Violations Resulting in Notices of Violations	251	October - December No-Burn Days-North	39
Violations Resulting in Notice to Comply	1	October - December Permissive Burn Days-South	52
New Hearing Board Cases Reviewed	0	October - December No-Burn Days-South	40
Reportable Compliance Activity Investigated	100	October - December Permissive Burn Days-Coastal	53
General Complaints Investigated	1,121	October - December No Burn Days-Coastal	39
Wood Smoke Complaints Received	1,089		
Mobile Source Violations	0	Laboratory	
		Sample Analyzed	2,356
		Inter-Laboratory Analyses	12
Meteorology Measurements & Rules:			
4th Quarter 2018 Ambient Air Monitoring			
Days Exceeding Nat'l 24-Hour PM _{2.5} Std.	14	Technical Library	
Days Exceeding Nat'l 24-Hour PM ₁₀ Std.	0	Titles Indexed/Cataloged	
Days Exceeding State 24-Hour PM ₁₀ Std.	0	Periodicals Received/Routed	
Days Exceeding the Nat'l 8-Hour Ozone Std.	0		
Days Exceeding the State 1-Hour Ozone Std.	0	Source Test	
Days Exceeding the State 8-Hour Ozone Std.	0	Cargo Tank Tests Performed	66
		Total Source Tests	36
Ozone Totals, Year to Date 2018		Pending Source Tests	1
Days Exceeding State 1-Hour Ozone Std.	2	Further Evaluation Notices Recommended	14
Days Exceeding Nat'l 8-Hour Ozone Std.	3	Contractor Source Tests Reviewed	3,959
Days Exceeding State 8-Hour Ozone Std.	3	Outside Test Observed	26
		Further Evaluation Notices Recommended After Review	15
Particulate Totals, Year to Date 2018			
Days Exceeding Nat'l 24-Hour PM _{2.5} Std.	20	Continuous Emissions Monitoring (CEM)	
Days Exceeding Nat'l 24-Hour PM ₁₀ Std.	0		
Days Exceeding State 24-Hour PM ₁₀ Std.	0	Indicated Excess Emission Report Eval.	11
		Monthly CEM Reports Reviewed	135
PM_{2.5} Winter Season Totals for 2018-2019		Indicated Excesses from CEM	8
Days Exceeding Nat'l 24-Hour PM _{2.5} Std.	14	Field Accuracy Test Performed	2
		Ground Level Monitoring (GLM)	
		October - December Ground Level Monitoring SO ₂ Excess Reports	0
		October - December Ground Level Monitoring H ₂ S Excess Reports	0

**These facilities have received one or more Notices of Violations
Report period: October 1, 2018 – December 31, 2018**

Alameda County				
Status Date	Site #	Site Name	City	Regulation Title
11/26/2018	Z5484	Lawrence J Ramos	San Leandro	Mandatory Burn Ban
11/26/2018	Z5490	Tragnii Development LLC	Livermore	Mandatory Burn Ban
11/28/2018	A1067	Oro Loma Sanitary District	San Lorenzo	Failure to Meet Permit Conditions
11/19/2018	Z5434	Recipient	Hayward	Mandatory Burn Ban
11/19/2018	Z5438	Recipient	Hayward	Mandatory Burn Ban
11/21/2018	Z5516	Recipients	Livermore	Mandatory Burn Ban
12/4/2018	Z5561	Unocal	Oakland	Failure to Meet Permit Conditions
10/15/2018	A0062	A B & I Foundry	Oakland	Non-Compliance; Major Facility Review
11/6/2018	Z5324	Air-Sea Containers	Oakland	No Authority to Construct
11/6/2018	Z5324	Air-Sea Containers	Oakland	No Permit to Operate
12/6/2018	Z5563	Hertz Rentals	Oakland	Excessive Visible Emissions
10/5/2018	Z5102	SFD	Oakland	Asbestos; Reporting Demolition and Renovation
10/5/2018	Z5100	SFD	Oakland	Asbestos; Reporting Demolition and Renovation
11/28/2018	Z5461	Commercial Building	Oakland	Asbestos; Schedule Changes and Updates
11/30/2018	Z5635	Com	Oakland	Asbestos; Schedule Changes and Updates
11/27/2018	Z5460	Grand Petroleum Inc	Hayward	Failure to Meet Permit Conditions
11/27/2018	C0275	Oakland Unified School	Oakland	No Permit to Operate
11/28/2018	C9693	Golden Gas	Oakland	No Permit to Operate
10/25/2018	Z5251	MFD	Fremont	Asbestos; Schedule Changes and Updates
10/30/2018	Z5557	COM	Fremont	Asbestos; Schedule Changes and Updates
11/28/2018	Z5537	SFD	Newark	Asbestos; Schedule Changes and Updates
Contra Costa County				
Status Date	Site #	Site Name	City	Regulation Title
11/14/2018	Z5384	Resident	Concord	Mandatory Burn Ban
11/21/2018	Z5488	Uganda A Dailey	Pittsburg	Mandatory Burn Ban
11/8/2018	A1840	West Contra Costa County Landfill	Richmond	Non-Compliance; Major Facility Review
11/15/2018	Z5425	Recipient	Antioch	Mandatory Burn Ban
11/15/2018	Z5428	Resident	Concord	Mandatory Burn Ban
11/16/2018	Z5430	Recipient	Brentwood	Mandatory Burn Ban
11/21/2018	Z5517	Recipient	Concord	Mandatory Burn Ban
10/29/2018	A0907	Central Contra Costa Sanitary District	Martinez	Non-Compliance; Major Facility Review
11/26/2018	Z5450	Tri-City Concrete	Martinez	No Authority to Construct
11/26/2018	Z5450	Tri-City Concrete	Martinez	No Permit to Operate
11/26/2018	Z5452	Diablo Valley Rock	Martinez	No Authority to Construct
11/26/2018	Z5452	Diablo Valley Rock	Martinez	No Permit to Operate
12/11/2018	A2634	StoneMor California Subsidiary, Inc	Lafayette	Failure to Meet Permit Conditions
12/17/2018	A0209	IT Environmental Liquidating Trust, Vine Hill	Martinez	Wasterwater Standard for a solid, gasketed, fixed cover totally enclosing the separator tank, chamber, or basin
11/15/2018	A0011	Shell Martinez Refinery	Martinez	Opacity Limitation
11/15/2018	A0011	Shell Martinez Refinery	Martinez	Code of Federal Regulations
10/4/2018	Z5063	Pinole Flyers	Pinole	GDF Standard Phase II CARB Certified Requirement

These facilities have received one or more Notices of Violations
Report period: October 1, 2018 – December 31, 2018
(continued)

Contra Costa County Cont'd				
10/4/2018	Z5105	Quick Gas Mart	El Sobrante	GDF Standard Phase II CARB Certified Requirement
10/10/2018	Z5119	San Pablo Chevron	San Pablo	Failure to Meet Permit Conditions
10/16/2018	Z5214	Kirby Pinole	Pinole	GDF Standard Phase I CARB Certified Requirement
10/16/2018	Z5214	Kirby Pinole	Pinole	Failure to Meet Permit Conditions
10/18/2018	Z5217	Valero Refining Co SS#7272	San Pablo	Failure to Meet Permit Conditions
10/18/2018	Z5217	Valero Refining Co SS#7272	San Pablo	GDF Standard Phase II CARB Certified Requirement
10/31/2018	B3744	East Bay Municipal Utility Dist	Richmond	Failure to Meet Permit Conditions
10/31/2018	B3744	East Bay Municipal Utility Dist	Richmond	No Pressure Vacuum on Storage Tanks
11/5/2018	Z5214	Kirby Pinole	Pinole	Failure to Meet Permit Conditions
11/29/2018	Z5533	Conoco Phillips #2611152	San Pablo	GDF Standard Phase II CARB Certified Requirement
10/18/2018	A0016	Phillips 66 Company - San Francisco Refinery	Rodeo	Non-Compliance; Major Facility Review
10/30/2018	A0022	Phillips 66 Carbon Plant	Rodeo	Non-Compliance; Major Facility Review
11/6/2018	B7419	Air Liquide Large Industries US LP	Rodeo	Non-Compliance; Major Facility Review
11/29/2018	A0022	Phillips 66 Carbon Plant	Rodeo	Non-Compliance; Major Facility Review
12/13/2018	A0016	Phillips 66 Company - San Francisco Refinery	Rodeo	Continuous Emission Monitoring and Recordkeeping
12/13/2018	A0016	Phillips 66 Company - San Francisco Refinery	Rodeo	Non-Compliance; Major Facility Review
10/2/2018	A0010	Chevron Products Company	Richmond	Standards for New Stationary Sources
10/2/2018	A0010	Chevron Products Company	Richmond	Standards for New Stationary Sources
10/2/2018	A0010	Chevron Products Company	Richmond	Vent Gas Composition Monitoring
10/30/2018	A0010	Chevron Products Company	Richmond	Standards for New Stationary Sources
11/5/2018	A0010	Chevron Products Company	Richmond	Standards for New Stationary Sources
11/26/2018	A0010	Chevron Products Company	Richmond	Vessels shall be inspected prior to loading more than 20% of the cargo for Equipment Leaks
11/26/2018	A0010	Chevron Products Company	Richmond	Non-Compliance; Major Facility Review
10/9/2018	E3796	Concord Ready Mix Inc	Antioch	Failure to Meet Permit Conditions
12/17/2018	M7982	Contra Costa Sanitary Landfill	Antioch	California Code of Regulations
Contra Costa County				
Status Date	Site #	Site Name	City	Regulation Title
12/10/2018	Z5546	Superstop	Rodeo	Failure to Meet Permit Conditions
12/10/2018	Z5546	Superstop	Rodeo	GDF Standard Phase II CARB Certified Requirement
12/10/2018	Z5546	Superstop	Rodeo	GDF Phase II Requirement: Hold Open Latch
12/17/2018	B3746	East Bay Municipal Utility Dist	El Sobrante	GDF Phase I Requirement
11/29/2018	A2094	Contra Costa County	Martinez	Asbestos; Schedule Changes and Updates
12/28/2018	C8486	Four Corners Union 76	Concord	GDF Phase I Requirement
11/15/2018	A0011	Shell Martinez Refinery	Martinez	Opacity Limitation
11/15/2018	A0011	Shell Martinez Refinery	Martinez	Code of Federal Regulations
10/23/2018	Z5211	East Contra Costa Irrigation District	Brentwood	Failure to Meet Permit Conditions
10/5/2018	A0091	Chevron Avon Terminal	Martinez	No Holes, Tears, or other openings in Secondary Seal for Storage of Organic Liquids
11/15/2018	Z5395	SFD	Diablo	Asbestos; Schedule Changes and Updates
12/6/2018	A2094	Contra Costa County	Martinez	Asbestos; Schedule Changes and Updates

These facilities have received one or more Notices of Violations
Report period: October 1, 2018 – December 31, 2018
(continued)

Contra Costa County Cont'd				
12/18/2018	Z5582	MFD	Antioch	Asbestos; Written Plan or Notification
12/18/2018	Z5602	MFD	Danville	Asbestos; Containment Requirement
11/26/2018	A0010	Chevron Products Company	Richmond	Non-Compliance; Major Facility Review
11/29/2018	Z5522	Recipient	Concord	Mandatory Burn Ban
12/18/2018	Z5613	Recipient	Antioch	Mandatory Burn Ban
Marin County				
Status Date	Site #	Site Name	City	Regulation Title
10/16/2018	Z5215	SFD	San Anselmo	Asbestos; Written Plan or Notification
11/14/2018	Z5388	Resident	San Anselmo	Mandatory Burn Ban
11/21/2018	Z5485	Richard M Carrade	San Rafael	Mandatory Burn Ban
11/15/2018	Z5426	Iman of the Islamic Society of CAL	Fairfax	Mandatory Burn Ban
10/3/2018	Z5065	Valentine Corporation	San Rafael	Failure to Meet Permit Conditions
10/3/2018	Z5065	Valentine Corporation	San Rafael	All Phase II vapor recovery equipment shall be both leak free and vapor tight
11/29/2018	V9061	JS Company	San Rafael	Asbestos; Containment Requirement
11/26/2018	Z5505	Maryanna G Shaw	Sausalito	Mandatory Burn Ban
11/26/2018	Z5506	Mark E Labelle	San Anselmo	Mandatory Burn Ban
Napa County				
Status Date	Site #	Site Name	City	Regulation Title
11/14/2018	Z5382	Receipient	Napa	Mandatory Burn Ban
11/15/2018	Z5427	Receipient	Napa	Mandatory Burn Ban
11/16/2018	X0382	Craig/Amy Warren	Napa	Mandatory Burn Ban
10/1/2018	Z5049	United Rentals	Napa	Failure to Meet Permit Conditions
10/4/2018	B1855	California Highway Patrol	Napa	Failure to Meet Permit Conditions
10/22/2018	U2427	Bureau of Reclamation	Napa	Failure to Meet Permit Conditions
10/22/2018	U2427	Bureau of Reclamation	Napa	GDF Phase I Requirement
10/29/2018	U2427	Bureau of Reclamation	Napa	GDF Phase II Equipment Not Maintained
11/6/2018	Z5323	Silverado Country Club and Resort	Napa	Phase I Requirements
12/18/2018	E4066	California Depart of Forestry & Fire Protection	Angwin	Failure to Meet Permit Conditions
12/19/2018	Z5601	Beckstofefer Vineyards	Rutherford	Failure to Meet Permit Conditions
San Francisco County				
Status Date	Site #	Site Name	City	Regulation Title
10/24/2018	Z5210	Golden State Warriors LLC	San Francisco	Asbestos; Written Plan or Notification
12/14/2018	A4116	San Francisco Public Utilities Commission	San Francisco	No Authority to Construct
12/4/2018	A8420	San Francisco Municipal Railway	San Francisco	No Permit to Operate
12/4/2018	A8420	San Francisco Municipal Railway	San Francisco	Failure to Meet Permit Conditions
10/1/2018	Z5048	Commercial	San Francisco	GDF Pressure Vacuum Valve Requirements, Underground Storage Tanks
10/18/2018	Z5223	MFD	San Francisco	GDF Operating Practices
11/8/2018	Z5379	MFD	San Francisco	Asbestos; Schedule Changes and Updates
11/14/2018	Z5377	Commercial	San Francisco	Failure to Meet Permit Conditions

These facilities have received one or more Notices of Violations
Report period: October 1, 2018 – December 31, 2018
(continued)

San Francisco County Cont'd				
11/14/2018	Z5469	COM	San Francisco	GDF Phase II Requirement: Hold Open Latch
11/14/2018	Z5397	Commercial	San Francisco	California Code of Regulations
11/27/2018	Z5454	Commercial Building	San Francisco	Asbestos; Schedule Changes and Updates
12/3/2018	Z5560	Commercial	San Francisco	Asbestos; Schedule Changes and Updates
12/27/2018	Z5617	MFD	San Francisco	Asbestos; Schedule Changes and Updates
San Mateo County				
Status Date	Site #	Site Name	City	Regulation Title
11/14/2018	Z5368	Iris Jean McCleod	Belmont	Mandatory Burn Ban
11/14/2018	Z5387	Resident	San Mateo	Mandatory Burn Ban
11/16/2018	V6993	Steven & Christine Wolf	Palo Alto	Mandatory Burn Ban
10/24/2018	A3887	San Mateo Medical Center	San Mateo	No Authority to Construct
10/24/2018	A3887	San Mateo Medical Center	San Mateo	No Permit to Operate
10/24/2018	B6113	Bay Pacific A/B	Belmont	No Authority to Construct
10/24/2018	B6113	Bay Pacific A/B	Belmont	No Permit to Operate
10/24/2018	A7759	Paw Prints Inc	Redwood City	No Authority to Construct
10/24/2018	A7759	Paw Prints Inc	Redwood City	No Permit to Operate
10/25/2018	E1288	Golden Auto Body & Paint	Redwood City	No Permit to Operate
11/7/2018	A5322	Magic Auto Paint & Body	Redwood City	No Permit to Operate
12/19/2018	Z5600	San Mateo Beacon	San Mateo	No Permit to Operate
12/19/2018	Y4157	San Mateo Auto Services	San Mateo	No Permit to Operate
12/19/2018	Y4157	San Mateo Auto Services	San Mateo	Failure to Meet Permit Conditions
12/10/2018	Z4190	Double AA El Camino	San Bruno	GDF Phase I Equipment Not Maintained
12/10/2018	Z4190	Double AA El Camino	San Bruno	GDF Phase II Equipment Not Maintained
12/26/2018	Z4190	Double AA El Camino	San Bruno	Failure to Meet Permit Conditions
10/10/2018	Z5118	SFD	Daly City	Asbestos; Schedule Changes and Updates
10/23/2018	Z5615	Trubeck Construction	South San Francisco	Asbestos; Schedule Changes and Updates
10/25/2018	Z5463	COM	Brisbane	Asbestos; Schedule Changes and Updates
11/27/2018	Z3745	BluCAL Inc.	Half Moon Bay	Asbestos; Containment Requirement
12/18/2018	Z5612	Recipient	Pacifica	Mandatory Burn Ban
Santa Clara County				
Status Date	Site #	Site Name	City	Regulation Title
11/16/2018	A4020	SFPP, LP	San Jose	Vapor Integrity Requirement for Cargo Tank
11/16/2018	A4020	SFPP, LP	San Jose	Vapor Tight Requirement for Cargo Tank
11/16/2018	A0049	Chevron Products Company	San Jose	Vapor Tight Requirement for Cargo Tank
10/3/2018	Z5064	SFD	Palo Alto	Asbestos; Written Plan or Notification
11/20/2018	Z5422	Commercial	Santa Clara	Asbestos; Schedule Changes and Updates

These facilities have received one or more Notices of Violations
Report period: October 1, 2018 – December 31, 2018
(continued)

Santa Clara County Cont'd				
11/30/2018	W2635	Marina Cove Apts	Santa Clara	Asbestos; Written Plan or Notification
12/27/2018	Z5608	SFD	San Jose	Asbestos; Written Plan or Notification
12/27/2018	Z5622	R&B Equipment	Santa Clara	Asbestos; Written Plan or Notification
11/20/2018	Z5480	Lureva J Reynolds (TE) and Richard D Adams (T	Morgan Hill	Mandatory Burn Ban
11/21/2018	Z5483	Maurice J Hart / Tana M Hart	Los Gatos	Mandatory Burn Ban
11/26/2018	Z5489	William J Floyd / Diana S De Sales	Gilroy	Mandatory Burn Ban
10/30/2018	B1925	Clean Harbors San Jose, LLC	San Jose	Requirements for Pressure Vacuum Valves for Storage of Organic Liquids
10/30/2018	B1925	Clean Harbors San Jose, LLC	San Jose	Not Gas Tight
11/28/2018	A9013	International Disposal Corp of CA	Milpitas	Non-Compliance; Major Facility Review
11/19/2018	Z5431	Receipient	San Jose	Mandatory Burn Ban
11/19/2018	Z5437	Recipient	San Jose	Mandatory Burn Ban
11/19/2018	Z5435	Recipient	Los Altos	Mandatory Burn Ban
10/23/2018	Z5224	Prudential Insurance Co.	Santa Clara	No Authority to Construct
10/23/2018	Z5224	Prudential Insurance Co.	Santa Clara	No Permit to Operate
10/24/2018	B6408	Franklin Cleaners	Santa Clara	Administration Requirement: Registration
12/12/2018	E0539	ICU Medical Fleet Services LLC	San Jose	No Permit to Operate
10/2/2018	Z5058	SFD	San Jose	Asbestos Containing Waste Disposal
10/2/2018	Z5058	SFD	San Jose	Asbestos; Written Plan or Notification
10/3/2018	B0969	Central Concrete Supply Company	San Jose	No Permit to Operate
10/31/2018	A9013	International Disposal Corp of CA	Milpitas	Non-Compliance; Major Facility Review
10/22/2018	A0914	Armstrong Technology Inc	Sunnyvale	Failure to Meet Permit Conditions
11/8/2018	B0861	Northrop Grumman Systems Corporation	Sunnyvale	Monitoring and Records: Continuous Emissions Monitoring & Record Keeping Procedures
11/29/2018	B0861	Northrop Grumman Systems Corporation	Sunnyvale	Failure to Meet Permit Conditions
10/2/2018	Z5058	SFD	San Jose	Improper Demolition, Renovation and Removal
10/24/2018	Z5220	SFD	San Jose	Asbestos; Containment Requirement
10/24/2018	Z5220	SFD	San Jose	Asbestos; Written Plan or Notification
11/19/2018	U6698	Lincoln Glen Manor	San Jose	Asbestos; Schedule Changes and Updates
11/26/2018	Z5457	SFD	San Jose	Asbestos; Schedule Changes and Updates
Solano County				
Status Date	Site #	Site Name	City	Regulation Title
11/26/2018	Z5491	Duan P Berthoux / Ann Berthoux	Fairfield	Mandatory Burn Ban
11/19/2018	A7618	Nexeo Solutions, LLC	Fairfield	Failure to Meet Permit Conditions
12/20/2018	A2168	Jelly Belly Candy Company	Fairfield	Failure to Meet Permit Conditions
11/29/2018	B2626	Valero Refining Company - California	Benicia	Parametric Monitoring and Recordkeeping Procedures
11/29/2018	B2626	Valero Refining Company - California	Benicia	Non-Compliance; Major Facility Review
10/23/2018	A9570	Ultramar, Inc c/o TRC	Vallejo	GDF Phase I Equipment Not Maintained
10/23/2018	A9570	Ultramar, Inc c/o TRC	Vallejo	GDF Standard Phase II Requirements of CARB certified and manufacturer's specification
10/23/2018	Z5328	Pal Gas	Vallejo	GDF Standard Phase II Requirements of CARB certified and manufacturer's specification
10/2/2018	Z5059	Arco	Fairfield	Failure to Meet Permit Conditions
10/16/2018	Z0380	A & A Gas	Vallejo	No Permit to Operate
10/11/2018	Z5116	ASHRIA, LLC	Suisun City	Failure to Meet Permit Conditions
11/7/2018	Z5218	Arco #6095	Fairfield	GDF Phase I Equipment Not Maintained
10/30/2018	Z5268	Vallejo Toyota	Vallejo	Failure to Meet Permit Conditions

These facilities have received one or more Notices of Violations
Report period: October 1, 2018 – December 31, 2018
(continued)

Solano County Cont'd				
Status Date	Site #	Site Name	City	Regulation Title
11/2/2018	Z4535	Fairgrounds Gas Station	Vallejo	GDF Standard Phase II Requirements of CARB certified and manufacturer's specification
11/7/2018	Z4831	G&M Oil Company	Vallejo	GDF Phase II Requirement: Posting of Operating Instructions
11/8/2018	Z5353	Flyers Valero	Fairfield	GDF Periodic Testing Notification and Submission Requirements
11/16/2018	Z5328	Pal Gas	Vallejo	GDF Standard Phase II Requirements of CARB certified and manufacturer's specification
11/29/2018	Z5538	Star Gas & Liquor	Fairfield	GDF Standard Phase II Requirements of CARB certified and manufacturer's specification
12/17/2018	Z5581	Pacific Auto Salvage Inc	American Canyon	Failure to Meet Permit Conditions
12/4/2018	Y7153	SFD	American Canyon	Demolition, Renovation, and Removal Requirement
12/4/2018	Y7153	SFD	American Canyon	Asbestos; Written Plan or Notification
11/26/2018	Z5498	Abdiel Rocha	Fairfield	Mandatory Burn Ban
Sonoma County				
11/7/2018	Z5329	CVE NB Contracting Group Inc.	Rohnert Park	Asbestos; Schedule Changes and Updates
11/19/2018	Z2334	Mitchell Riedel	Santa Rosa	Mandatory Burn Ban
11/19/2018	Z5439	Way Family Trust	Santa Rosa	Mandatory Burn Ban
11/19/2018	Z5440	Derlin & Cheryl German	Petaluma	Mandatory Burn Ban
10/2/2018	Y7818	Santa Rosa Chevron	Santa Rosa	No Permit to Operate
11/7/2018	F7776	Chevron USA	Santa Rosa	Failure to Meet Permit Conditions
11/7/2018	F7776	Chevron USA	Santa Rosa	GDF Pressure Vacuum Valve Requirements, Underground Storage Tanks
12/6/2018	Z5532	SFD	Santa Rosa	Open Burning; Prohibition of Fires
12/11/2018	E2457	Lagunitas Brewing Company	Petaluma	Failure to Meet Permit Conditions
12/18/2018	Z5583	24/7 Gas Service Co	Santa Rosa	Phase I vapor recovery equipment shall be both leak free and vapor tight
12/18/2018	Z5583	24/7 Gas Service Co	Santa Rosa	All Phase II vapor recovery equipment shall be both leak free and vapor tight

**Closed Notice of Violations with Penalties by County
October 1, 2018 – December 31, 2018**

Alameda				
Site Name	Site #	City	Penalty Amount	# of Violations Closed
58 Vasco Corporation	Z4802	Livermore	\$6,800	3
A B & I Foundry	A0062	Oakland	\$5,000	1
ALCAL Specialty Contracting, Inc.	Z2884	Fremont	\$1,000	1
Au Energy LLC	Z1937	Fremont	\$1,250	1
Bayview Environmental	G2974	Oakland	\$500	1
Bonfilio Gonzales	Z4667	Hayward	\$100	1
California Reflections	Z5060	Livermore	\$500	1
City of Berkeley/Engr Div/Public Works	A3590	Berkeley	\$4,500	1
Community First	Z4002	Newark	\$500	1
DeLong Oil Inc.	Z4987	Pleasanton	\$250	1
East Bay Municipal Utility District	A0591	Oakland	\$500	1
ERI	Y6209	Hayward	\$100	1
Form Factor	B4266	Livermore	\$1,000	1
Las Positas Golf Course	Z4383	Livermore	\$2,500	1
Livermore, City of	L1819	Livermore	\$100	1
MV Transportation	Z4770	San Leandro	\$4,000	1
Oakland Country Coliseum	Z4283	Oakland	\$250	1
P.W. Stephens Environmental Inc.	V8868	Hayward	\$2,500	1
Quick Gas N Shop	V6719	Hayward	\$1,000	1
Recipient	Z5434	Hayward	\$0	1
Recipient	Z5438	Hayward	\$0	1
Recipients	Z5516	Livermore	\$0	1
Restoration Management Company	R2288	Hayward	\$750	1
Self-Serve Petroleum, Inc.	Z4741	Livermore	\$250	1
SFD	Z4675	Livermore	\$250	1
SFD- Garage	Z4345	Alameda	\$250	1

**Closed Notice of Violations with Penalties by County
October 1, 2018 – December 31, 2018
(continued)**

Alameda Continued...

Suds Machine Inc.	V2460	Oakland	\$350	1
Sunko	Z4763	San Leandro	\$500	2
Tragnii Development LLC	Z5490	Livermore	\$0	1
Tri Valley Shell	Z4740	Livermore	\$150	1
Vasco Investments LLC dba Arco AM	Z4758	Livermore	\$4,000	1
Winton Valero	Z4866	Hayward	\$350	1
Yuji Matsumoto	Z4597	Oakland	\$500	1

Total Violations Closed: 36

Contra Costa

Site Name	Site #	City	Penalty Amount	# of Violations Closed
ALROB Building Services - Danville	X9851	Danville	\$20,000	4
Bridgehead Chevron	Z2612	Oakley	\$1,250	2
Canyon Lakes Country Club	Z5134	San Ramon	\$1,500	1
Chevron Inc (Americas OE/HES)	A0072	Richmond	\$3,500	2
Concord Police Department	Z4272	Concord	\$250	1
Crockett Cogeneration, A Cal Ltd Partnership	A8664	Crockett	\$15,000	2
Cutting Arco	Z4832	Richmond	\$250	1
Delta Scrap & Salvage	J8988	Oakley	\$250	1
Dutch Pride Gas	Z4757	Antioch	\$500	1
Eisen Environmental & Construction	Q7448	Concord	\$3,000	2
Future Ford of Concord	Z4786	Concord	\$3,500	1
Gateway Generating Station	B8143	Antioch	\$10,000	1
Harbour Way Mini Mart	Z4461	Richmond	\$1,500	2
KT Builders	Z4872	Brentwood	\$500	1
L.D Strobel	Z4641	Concord	\$750	1
Lone Tree Gas & Food	V5589	Antioch	\$1,000	4
Lone Tree Gas & Food	X4210	Antioch	\$500	1

**Closed Notice of Violations with Penalties by County
October 1, 2018 – December 31, 2018
(continued)**

Contra Costa Continued...

N + D Energy, Inc.	Z4869	El Sobrante	\$600	1
New Bridge Marina	Z4055	Antioch	\$1,750	4
Orwood Resort INC.	Z4826	Brentwood	\$1,500	1
P & T Valero	V6203	Pleasant Hill	\$8,800	1
Pinole Flyers	Z5063	Pinole	\$500	1
Pittsburg Unified School District	Z2150	Pittsburg	\$700	2
Receptient	Z5430	Brentwood	\$0	1
Recipient	Z5517	Concord	\$0	1
Recipient	Z5522	Concord	\$0	1
Resident	Z5384	Concord	Passed Wood Smoke Course	1
Resident	Z5428	Concord	\$0	1
Richmond Country Club	W0697	Richmond	\$500	1
Rolling Hills Memorial Park	A7564	Richmond	\$2,000	1
San Pablo Chevron	Z5119	San Pablo	\$750	1
San Pablo Kwik Serve	Z4784	San Pablo	\$500	1
Sandstone Construction Services	Z4587	San Pablo	\$500	1
Tim Lawlor Construction	Z4495	Martinez	\$1,000	2
Uganda A Dailey	Z5488	Pittsburg	\$100	1
UNOCAL #4296	Z4827	El Cerrito	\$500	1
UNOCAL 76 #6578	Z4801	San Ramon	\$750	2
Weitekamp Remodeling & Construction	Z4438	Antioch	\$500	1
			Total Violations Closed:	55

**Closed Notice of Violations with Penalties by County
October 1, 2018 – December 31, 2018
(continued)**

Marin				
Site Name	Site #	City	Penalty Amount	# of Violations Closed
Bridgeway Gas	Z5527	Sausalito	\$250	1
Ghilotti Bros	Z4729	San Rafael	\$350	1
Laura Natkins	Z5099	Point Reyes Station	\$125	1
Lexus of Marin Attn: P Terrel	X4860	San Rafael	\$2,500	1
Marin Acura	A3881	Corte Madera	\$1,500	1
Maryanna G Shaw	Z5505	Sausalito	\$100	1
Richard M Carrade	Z5485	San Rafael	\$0	1
San Rafael Rock Quarry	Z4540	San Rafael	\$1,000	1
Skywalker Properties	Z4466	Nicasio	\$500	1
Stan Camiccia Jr	Y8203	San Rafael	\$250	2
Total Violations Closed:				11

Napa				
Site Name	Site #	City	Penalty Amount	# of Violations Closed
Napa Valley Country Club	Z4835	Napa	\$3,000	1
Receipient	Z5382	Napa	Passed Wood Smoke Course	1
Receipient	Z5427	Napa	\$0	1
S and R Partnership	Z4824	Napa	\$350	1
Saint Helena Chevron	Z4771	Saint Helena	\$500	1
Veterans Home of CA	Z2894	Yountville	\$1,500	1
Total Violations Closed:				6

San Francisco				
Site Name	Site #	City	Penalty Amount	# of Violations Closed
Arco	Z4562	San Francisco	\$1,750	2
Golden State Warriors LLC	Y8780	San Francisco	\$34,000	5
Romkon, Inc.	H9084	San Francisco	\$3,500	2
San Francisco, City & County, PUC	Y8816	San Francisco	\$6,000	3
Twin Peaks Car Care	Z5421	San Francisco	\$500	1
Total Violations Closed:				13

**Closed Notice of Violations with Penalties by County
October 1, 2018 – December 31, 2018
(continued)**

San Mateo				
Site Name	Site #	City	Penalty Amount	# of Violations Closed
Chevron	Z5373	San Carlos	\$1,000	1
Chico's Service Station	Z4883	South San Francisco	\$900	2
City of San Mateo	G1560	San Mateo	\$750	1
Daly City Autobody Center	Z5230	Daly City	\$2,500	1
Double AA Transportation, Inc	R1549	South San Francisco	\$750	1
Eddie's Union 76	Y4205	Pacifica	\$150	1
Holly Patroleum	Z5044	San Carlos	\$125	1
Iris Jean McCleod	Z5368	Belmont	Passed Wood Smoke Course	1
Menlo Park Protection District	E1156	East Palo Alto	\$250	1
Mid Peninsula Water District	B3793	Belmont	\$1,500	1
More For Less	Z4823	Half Moon Bay	\$1,500	1
Reliance Construction	N4905	Burlingame	\$750	1
Resident	Z5387	San Mateo	Passed Wood Smoke Course	1
Total Violations Closed:				14
Santa Clara				
Site Name	Site #	City	Penalty Amount	# of Violations Closed
Bonfare Markets	Z5173	Milpitas	\$1,000	1
Chevron USA/Food Mart #0243	Y4414	Santa Clara	\$1,500	1
City Gas	Y8342	San Jose	\$3,000	1
Conoco Phillips #255957	Y8486	Los Altos	\$5,000	1
Craig A. Rogers	Z5221	San Jose	\$500	1
DJB Construction	Q6820	Saratoga	\$250	1
Ferma Corporation	K6081	Mountain View	\$250	1
Google LLC	B5103	Sunnyvale	\$3,000	2
HGST, a Western Digital Company	A0085	San Jose	\$1,500	1
JTN Construction & Management	Z4435	San Jose	\$125	1
Leshell	Z4225	Milpitas	\$500	1

**Closed Notice of Violations with Penalties by County
October 1, 2018 – December 31, 2018
(continued)**

Santa Clara Continued...

Lureva J Reynolds (TE) and Richard D Adams (TE)	Z5480	Morgan Hill	\$0	1
Maurice J Hart / Tana M Hart	Z5483	Los Gatos	\$100	1
MFAS Homes Realty and Development	Z4984	San Jose	\$1,000	1
Mountain View ARCO	Y8482	Mountain View	\$1,000	1
Pantano Demolition	W6489	San Jose	\$100	1
Randazzo Enterprises, Inc	M2174	San Jose	\$250	1
Receptient	Z5431	San Jose	Passed Wood Smoke Course	1
Recipient	Z5435	Los Altos	\$0	1
SFD	Z4795	San Jose	\$750	1
Shell	V0476	San Jose	\$750	1
Sudharshan Kadari	Z4751	Cupertino	\$250	1
William J Floyd / Diana S De Sales	Z5489	Gilroy	\$0	1

Total Violations Closed: 24

Solano

Site Name	Site #	City	Penalty Amount	# of Violations Closed
Abdiel Rocha	Z5498	Fairfield	\$0	1
ARCO/Napa Bay, LP	Z4828	Vallejo	\$2,500	1
BUZZ OATES COMPANY	Z4849	Fairfield	\$2,000	2
Duan P Berthoux / Ann Berthoux	Z5491	Fairfield	\$0	1
Earthquake Protection Systems, Inc	B6025	Vallejo	\$1,000	1
Fairgrounds Gas Station	Z4535	Vallejo	\$1,000	2
Gas & Shop	Z5061	Vallejo	\$16,000	1
Holitna Construction	Z4900	Suisun City	\$250	1
Lake Herman/Benicia Shell	Z4750	Benicia	\$500	1
Valero Refining Company	B2611	Benicia	\$11,000	3
Valero Refining Company	B5574	Benicia	\$7,500	1
Valero Refining Company - California	B2626	Benicia	\$247,500	25
Walters Road Arco	Z4843	Fairfield	\$500	1

Total Violations Closed: 41

**Closed Notice of Violations with Penalties by County
October 1, 2018 – December 31, 2018
(continued)**

Sonoma				
Site Name	Site #	City	Penalty Amount	# of Violations Closed
Acre Coffee	E2925	Petaluma	\$500	1
Derlin & Cheryl German	Z5440	Petaluma	\$0	1
Hunt And Behrens, Inc	A1889	Petaluma	\$1,500	2
Jeff Moseley	Z4364	Santa Rosa	\$750	1
County of Sonoma Fleet Operation Division	Y6085	Santa Rosa	\$500	2
Joseph Maloney	Z4321	Sebastopol	\$250	1
Santa Rosa Water - Laguna Treatment Plant	A1403	Santa Rosa	\$12,000	1
Sonoma County Fairgrounds	Z5244	Santa Rosa	\$2,400	2
Total Violations Closed:				11
District Wide				
Site Name	Site #	City	Penalty Amount	# of Violations Closed
Anabi Oil Corporation	Z4780	Upland	\$750	1
PARC Environmental - Fresno, CA	Y0262	Fresno	\$5,500	2
Safeway Inc	Z4398	Phoenix	\$500	2
Total Violations Closed:				5

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: February 20, 2019

Re: Consider Adopting 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 adopting 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, the Board of Directors will consider adopting, 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.

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. These proposed amendments were noticed at the Board of Directors' meeting of February 6, 2019. Adoption of these proposed amendments can now be considered.

All amendments are reflected in the attached underline/strikethrough version of the Administrative Code. 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 9A: Air District's Administrative Code, Division I: Operating Policies and Procedures, Section 6: Board of Directors, Committees, Section 6.2: Standing Committees
- Attachment 9B: 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: 9B – 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: February 20, 2019

Re: Referral of Proposed Budget for Fiscal Year Ending (FYE) 2020 to the Budget &
Finance Committee

RECOMMENDED ACTION

Refer proposed operating budget for Fiscal Year Ending (FYE) 2020 to the Budget and Finance Committee for review and consideration.

BACKGROUND

Pursuant to Administrative Code Division II, Section 3.2 Fiscal Policies and Procedures and in compliance with Health and Safety Code Section 40276, the Executive Officer/APCO requests that the Board of Directors refer the proposed budget for FYE 2020 to the Budget and Finance Committee for review and consideration.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 21, 2019

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

RECOMMENDED ACTIONS

Recommend the 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 and partners for the recommended projects.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the California Air Resources Board (CARB), since the program began in fiscal year ending (FYE) 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 (AB) 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). AB 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible under the CMP.

In 2017, Assembly Bill (AB) 617 directed CARB, 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. CMP projects with grant award amounts over \$100,000 are typically brought to the Mobile Source Committee for consideration at least on a quarterly basis.

DISCUSSION

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 February 15, 2019, the Air District had received 177 project applications for the CMP Year 20 cycle. Of the applications evaluated between January 3, 2019 and February 15, 2019, seven eligible projects have proposed individual grant awards over \$100,000. These projects will replace five diesel marine engines, one diesel loader, two locomotives, two school buses, and one diesel tractor. These projects will reduce over 23.16 tons of NO_x, ROG and PM per year.

On May 18, 2016, the Air District Board approved Environmental Engineering Studies, Inc. (EES) and Pick-N-Pull Auto Dismantlers (Pick-N-Pull) as vehicle retirement contractors and Direct Mail Center as the direct mail service contractor for the Vehicle Buyback Program (VBB). Staff has included the annual VBB allocation for FYE 2019 as part of this recommendation.

Staff recommends the allocation of \$15,866,422 for these projects from a combination of CMP, CHP funds and MSIF revenues. Table 1 provides additional information on these projects. Attachment 1 lists all of the eligible Year 20 projects that have been received by the Air District as of February 15, 2019, and summarizes the allocation of funding by equipment category, and county. Approximately 56% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities.

Table 1: Carl Moyer Program/ Mobile Source Incentive Fund, and Community Health Protection Grant Program projects with grant awards greater than \$100k

(Evaluated between 1/3/19 and 2/15/19)

Project #	Applicant/ Contractor name	Project description	Proposed contract award	Emission Reductions (Tons per year)			County
				NOx	ROG	PM	
Vehicle buyback program (VBB) FYE2019	Pick n Pull, and Environmental Engineering, Services	FYE2019 VBB implementation	VBB FYE2019 Project total: \$7,000,000	TBD	TBD	TBD	Regional
	Direct Mail Center	FYE2019 VBB outreach	\$200,000	TBD	TBD	TBD	Regional
20MOY157	McClelland's Dairy	Replacement of one diesel loader	\$205,830	0.716	0.066	0.038	Sonoma
20MOY159	Petaluma Pumpkin Patch, LLC	Replacement of one diesel tractor	\$186,400	0.341	0.031	0.017	Sonoma
20MOY148	John Henry Mellor (Commercial fishing)	Replacement of one diesel marine engine	\$196,500	0.460	0.008	0.017	San Francisco
20MOY90	Riverview Equipment Company LLC	Replacement of two diesel marine engines	\$156,000	0.274	0.000	0.015	Solano
20MOY70	Bay Marine Services, LLC	Replacement of two diesel marine engines	\$160,000	1.490	0.029	0.047	Solano
20SBP23	Sonoma Valley Unified School District	Replacement of two diesel buses with electric buses and infrastructure	\$361,692	0.131	0.009	0.001	Sonoma
20MOY175 *	California Department of Transportation	Replacement of two passenger locomotives	\$7,400,000	18.485	0.698	0.288	Solano, Contra Costa, Alameda, Santa Clara

8 projects

\$15,866,422

21.897

0.841

0.422

** In addition to the proposed Air District funding, the contract award for project 20MOY175 may include additional pass-through funding from other air districts for this project*

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
Reviewed by: Karen Schkolnick

Attachment 1: CMP/MSIF, FARMER, and Community Health Protection Grant Program approved projects

ATTACHMENT 1

*CMP/MSIF, FARMER and Community Health Protection Grant Program approved projects
(between 7/6/18 and 2/15/19)*

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
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

ATTACHMENT 1

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
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
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

ATTACHMENT 1

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
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
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

ATTACHMENT 1

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
20MOY107	Marine	Equipment replacement	1	\$ 109,000.00	Argo Sportfishing	1.031	0.016	0.036	2/6/2019	San Francisco
20MOY132	Off-road	Equipment replacement	1	\$ 540,000.00	County Quarry Products, LLC	2.412	0.112	0.066	2/6/2019	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	2/6/2019	Alameda
20MOY141	Off-road	Engine replacement	1	\$ 111,000.00	Concord Iron Works, Inc.	0.308	0.034	0.021	2/6/2019	Contra Costa
20MOY126	Ag/ off-road	Equipment replacement	1	\$ 134,000.00	Kabeela, Inc.	0.229	0.024	0.014	2/6/2019	Santa Clara
20MOY144	Ag/ off-road	Equipment replacement	1	\$ 66,379.00	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	2/6/2019	Napa
20SBP140	School bus	Equipment replacement	5	\$ 751,061.00	Sunnyvale School District	0.235	0.013	0.005	2/6/2019	Santa Clara
20MOY151	Ag/ off-road	Equipment replacement	1	\$ 68,475.00	Bianchini Inc.	0.165	0.020	0.011	APCO	Marin
20MOY147	On-road	Equipment replacement	1	\$ 40,000.00	Surjit Singh	1.162	0.241	0.000	APCO	Santa Clara

ATTACHMENT 1

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
20MOY131	Ag/ off-road	Equipment replacement	1	\$ 25,117.00	E & M Deniz Dairy	0.153	0.024	0.014	APCO	Sonoma
20MOY136	Ag/ off-road	Equipment replacement	1	\$ 27,690.00	Hidden Gem Farms, LLC	0.024	0.023	0.006	APCO	Sonoma
20MOY125	Ag/ off-road	Equipment replacement	1	\$ 41,900.00	O'Brien Family Vineyard LLC	0.199	0.031	0.018	APCO	Napa
20MOY61	On-road	Equipment replacement	1	\$ 15,000.00	Lindsey Anderson Trucking Service	0.437	0.041	0.002	APCO	San Mateo
VBB FYE2019	VBB	Vehicle retirement program	tbd	\$ 7,000,000.00	Pick n Pull, and Environmental Engineering, Services	TBD	TBD	TBD	TBD	Regional
VBB FYE2019	VBB	Vehicle retirement outreach	tbd	\$ 200,000.00	Direct Mail Center	TBD	TBD	TBD	TBD	Regional
20MOY137	Ag/ off-road	Equipment replacement	1	\$ 58,320.00	Dotti Bros. LLC	0.198	0.033	0.025	APCO	Sonoma
20MOY157	Ag/ off-road	Equipment replacement	1	\$ 205,830.00	McClelland's Dairy	0.716	0.066	0.038	TBD	Sonoma
20MOY159	Ag/ off-road	Equipment replacement	1	\$ 186,400.00	Petaluma Pumpkin Patch, LLC	0.341	0.031	0.017	TBD	Sonoma
20MOY102	Ag/ off-road	Equipment replacement	1	\$ 18,420.00	Leonard Gianno (Farmer)	0.023	0.023	0.006	APCO	Solano
20MOY148	Marine	Engine replacement	1	\$ 196,500.00	John Henry Mellor (Commercial fishing)	0.460	0.008	0.017	TBD	San Francisco
20MOY3	Marine	Engine replacement	2	\$ 97,000.00	Christopher Noel Smith, DBA, Captain Hook Sportfishing	0.947	-0.014	0.038	APCO	Alameda
20MOY90	Marine	Engine replacement	2	\$ 156,000.00	Riverview Equipment Company LLC	0.274	0.000	0.015	TBD	Solano
20MOY70	Marine	Engine replacement	2	\$ 160,000.00	Bay Marine Services, LLC	1.490	0.029	0.047	TBD	Solano
20SBP23	School bus	Equipment replacement	2	\$ 361,692.00	Sonoma Valley Unified School District	0.131	0.009	0.001	TBD	Sonoma
20MOY175	Locomotive	Equipment replacement	2	\$ 7,400,000.00	California Department of Transportation	18.485	0.698	0.288	TBD	Solano, Contra Costa, Alameda, Santa Clara
87 Projects			202	\$ 45,458,731.00		91.645	5.118	3.392		

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: February 21, 2019

Re: Report of the Personnel Committee Meeting of February 20, 2019

RECOMMENDED ACTION

The Personnel Committee (Committee) recommends Board of Directors' approval of the following item:

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

BACKGROUND

The Committee met on Wednesday, February 20, 2019, and received the following report:

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

Committee Chairperson, Jim Spring, will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marjorie Villanueva
Reviewed by: Vanessa Johnson

Attachment 12A: Personnel Committee Meeting Agenda #4 – 02/20/19

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Jim Spering and Members
of the Personnel Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 7, 2019

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

RECOMMENDED ACTION

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

BACKGROUND

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

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

DISCUSSION

The terms of office for the Principal and Alternate Hearing Board members in the Medical Profession category will expire on April 20, 2019. As a result, there are two positions to fill. Staff initiated a recruitment effort to fill the position. After extensive recruitment and outreach efforts, staff received a total of four applications. Staff have assessed the candidates' experience and education relative to the position for which the candidates applied and have determined that two of the candidates are eligible to serve.

Interviews of the candidates will occur during the Personnel Committee meeting of February 20, 2019. The length of each interview will be approximately 15 minutes. The application materials of the candidates will be provided to you for your review.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Judy Yu
Reviewed by: Rex Sanders

Personnel Committee Meeting
of 02/20/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 21, 2019

Re: Report of the Public Engagement Committee Meeting of February 21, 2019

RECOMMENDED ACTIONS

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

- A) 2019 Workplan for the Community and Public Health Committee
 - 1) None; receive and file.
- B) Overview of Air Pollution and Health Impacts
 - 1) None; receive and file.
- C) Consideration of the Prioritization Framework for School Air Filter Supplemental Environment Project (SEP)
 - 1) Approve the Air District enter into contract with IQAir North America for the installation of air filtration systems in sensitive receptor facilities, specifically local schools, in Bay Area communities; and
 - 2) Approve criteria that will be used to select local schools for installation for air filtration systems.

BACKGROUND

The Committee met on Thursday, February 21, 2019, and received the following reports:

- A) 2019 Workplan for the Community and Public Health Committee;
- B) Overview of Air Pollution and Health Impacts; and
- C) Consideration of the Prioritization Framework for School Air Filter Supplemental Environment Projects (SEP).

Committee Chairperson, Shirlee Zane, will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

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

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha de Guzman
Reviewed by: Vanessa Johnson

Attachment 13A: Public Engagement Committee Meeting Agenda #4 – 02/21/19
Attachment 13B: Public Engagement Committee Meeting Agenda #5 – 02/21/19
Attachment 13C: Public Engagement Committee Meeting Agenda #6 – 02/21/19

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Shirlee Zane and Members
of the Public Engagement Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 15, 2019

Re: 2019 Workplan for the Community and Public Health Committee

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

At the next full Board of Directors (Board) meeting on March 6, 2018, the Board is expected to amend the Administrative Code to expand the function and change the name and the responsibilities of the Public Engagement Committee. The new Community and Public Health Committee will review and provide input to staff on community outreach and engagement related to the implementation of Assembly Bill (AB) 617, wood smoke rules, clean air centers, Bay Area Air Quality Management (Air District) activities supporting local public health efforts responding to air quality events, etc. and make recommendations on same to the Board when budget, formal policy, or other action is required, or as the committee determines important for the Board's review. Although the Bay Area is near attainment regionally for criteria air pollutants, many local communities are disproportionately affected by health effects of air pollution. These health risks are increased by heavy exposure associated with air pollution. Programs, such as AB 617 and the Air District's Community Health Protection Program, offer opportunities to diminish health inequities associated with heavy exposure to air pollution and to maximize health co-benefits in disproportionately impacted communities.

DISCUSSION

In 2019, the Committee will focus on both activities related to AB 617 and the Air District's response to the recurring wildfires that are expected to continue to plague the region. Staff will provide a brief overview and timeline for these two major efforts, and discuss how the Committee will be incorporated into the decision-making process.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Reviewed by: Greg Nudd

PUBLIC ENGAGEMENT COMMITTEE
MEETING OF 02/21/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Shirlee Zane and Members
of the Public Engagement Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 13, 2019

Re: Overview of Air Pollution and Health Impacts

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Although the Bay Area is near attainment regionally for criteria air pollutants, many local communities are disproportionately affected by health effects of air pollution. These health risks are increased by heavy exposure associated with air pollution. Programs, such as Assembly Bill (AB) 617 and the Air District's Community Health Protection Program, offer opportunities to diminish health inequities associated with heavy exposure to air pollution and to maximize health co-benefits in disproportionately impacted communities.

DISCUSSION

Ms. Tammy Lee, Epidemiologist with Alameda County Public Health Department, will discuss the associations between air pollution and community health in Alameda County. Health impacts from air pollution are influenced by several key factors. These include the level of exposure to air pollution, pre-existing health risks and cumulative health burdens in the community, and the population vulnerability due to economic and social conditions. Asthma, heart disease, stroke, chronic lower respiratory disease, cancer and decreased life expectancy are among the many health impacts associated with exposure to air pollution. Many factors, including lack of resources associated with poverty and longstanding disinvestment, contribute to health inequities in disproportionately affected communities.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Judith Cutino

Reviewed by: Greg Nudd

PUBLIC ENGAGEMENT COMMITTEE
MEETING OF 02/21/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Shirlee Zane and Members
of the Public Engagement Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 13, 2019

Re: Consideration of the Prioritization Framework for School Air Filter Supplemental
Environmental Project (SEP)

RECOMMENDED ACTION

Recommend Board of Directors:

1. Approve the Air District enter into contract with IQAir North America for the installation of air filtration systems in sensitive receptor facilities, specifically local schools, in Bay Area communities; and
2. Approve criteria that will be used to select local schools for installation of air filtration systems.

BACKGROUND

In May 2018, the Air District submitted a SEP proposal to the California Air Resources Board (CARB) entitled "Installation of Air Filtration Systems in Sensitive Receptor Facilities in Bay Area, Community Air Risk Evaluation (CARE) Communities." This SEP proposed to install and maintain high-performance air filtration systems in sensitive receptor facilities (such as schools, community centers, senior residences, hospitals and similar) located in communities impacted by air pollution, especially Environmental Justice and/or Disadvantaged Communities (including Assembly Bill (AB) 617 communities) disproportionately impacted by air pollution.

In early September 2018, the Air District's Board of Directors, approved the Air District to enter into a SEP agreement with CARB and accept the \$2 million in funds to complete this project within 30 months, once funding is received.

IQAir is the vendor identified in the Air District's SEP proposal to assess sites, install, maintain, and replace filtration systems for a period of five years in each school.

DISCUSSION

Air District staff reviewed potential sensitive receptor facilities, and for the purposes of this SEP, will focus on local schools in AB 617 Years 1-5 communities. The Air District developed an initial set of criteria to select schools for air filtration systems, recognizing that funding will limit installation to between 10-15 schools, and understanding that not all schools selected may have the infrastructure or staff to support a project at this time. For those schools that do not receive air filtration systems now, the Air District will continue to work with the schools to provide air quality information and consideration for future SEP grant funding. Attachment A for your review and approval is an overview of the evaluation criteria to support the selection of these schools. Attachment B is a technical analysis of high-performance air filtration installations in schools, which provides additional background information on the cost and efficacy of these types of air filtration systems.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Elizabeth Yura

Reviewed by: Greg Nudd

Attachment 6A: Supplemental Environmental Project (SEP) Proposed Site Selection Criteria and Framework

Attachment 6B: Technical Assessment of High-Performance Air Filtration Installations in Schools

Supplemental Environmental Project (SEP) Proposed Site Selection Criteria and Framework

Background Information

In 2018, with the Air District Board's approval, the Air District applied for and was selected to receive \$2 million in funding from the California Air Resources Board (CARB) under their Supplemental Environmental Project (SEP) Policy. The policy allows community-based projects to be funded from a portion of the penalties received during settlement of CARB's enforcement actions. SEPs are intended to improve public health, reduce pollution, increase environmental compliance and raise environmental awareness in neighborhoods most burdened by environmental harm. The Air District will use these funds to install and maintain high-performance air filtration systems in sensitive receptor facilities, specifically elementary schools, in communities disproportionately impacted by air pollution in the Bay Area. The Air District's SEP application identified IQAir North America (IQAir) as the vendor that will install and monitor the filtration systems in Bay Area schools. IQAir has worked extensively with South Coast Air Quality Management District (SCAQMD) and is one of the leading international providers of high-performance indoor air quality engineering solutions. In addition, IQAir worked with the Air District to install air filtration systems at five schools in Bayview-Hunters Point between 2010 and 2011.

This document outlines the conceptual framework and selection criteria the Air District proposes to use to identify the schools that will receive filtration systems. We anticipate approximately 10-15 schools will benefit from this first round of funding through the SEP program. The Air District considers this a pilot project and plans to continue to seek additional funding to serve more schools in our region in the future.

Conceptual Framework

The first step in implementing this SEP is identifying schools that serve the most vulnerable children in communities highly impacted by air pollution. Installing high-performance indoor air filtration systems in these schools would help mitigate chronic exposure to particulate matter in classrooms. As described in the SEP proposal, the Air District will prioritize CARE Communities and Environmental Justice and/or disadvantaged communities for this program. After filing the application, AB 617 became law and the Air District identified high priority communities for air quality action. We propose to build upon the AB 617 efforts by selecting elementary schools in the communities already identified for the first five years of program implementation, utilizing the below criteria to further refine the list of eligible schools in these areas.

Primary Selection Criteria

AB 617 Years 1-5 Communities

In 2018, the Air District implemented the Community Health Protection Program to work together with Bay Area communities to plan and implement AB 617. As part of this program, the Air District is working closely with CARB, community groups, environmental organizations, regulated industries and other key stakeholders, to reduce harmful air pollutants. As part of the Community Health Protection Program, the Air District together with the community and stakeholders, identified priority communities most impacted by air pollution. For the purposes of this SEP, the Air District is focusing efforts on AB 617 years

1-5 communities. The communities identified are West Oakland, Richmond-San Pablo Area, East Oakland-San Leandro Area, Eastern San Francisco, the Pittsburg-Bay Point Area, San Jose and Vallejo. In addition, the Air District proposes IQAir revisit the five schools in Bayview-Hunters Point that received air filtration systems between 2010 and 2011 to provide any needed maintenance and updates.

Proximity to Sources of Diesel Particulate Matter (DPM)

Diesel exhaust poses substantial risks to public health and the environment. It is estimated that 70% of total known cancer risk related to air toxics in California is attributable to diesel PM (DPM). Health concerns include lung cancer, heart disease, and other respiratory illnesses. Children are particularly vulnerable to DPM. For the purposes of this SEP, the Air District will consider schools located near major sources of diesel emissions such as ports, rail yards, and heavily traveled roadways.

School Characteristics

Elementary school-age children have a higher breathing rate than adolescents and adults. The Air District recognizes that younger children are more susceptible to the health effects of air pollution. As a result, for the purposes of this SEP, the Air District recommends prioritizing public elementary schools and schools with larger enrollment, where possible, for greatest impact. Another measure of vulnerability the Air District will consider is the proportion of students receiving free or reduced-price lunch at school.

Community and Health Department Recommendations

The Air District has consulted with environmental justice leaders in East and West Oakland, Bayview-Hunters Point, Vallejo, Pittsburg, San Jose and Richmond to solicit recommendations for schools that the Air District should prioritize. Local health departments have also provided some recommendations based on local epidemiologic and socio-economic data.

Secondary Selection Criteria

School Readiness

The Air District recognizes that some schools or school districts may not have the infrastructure or staff available to support an installation project at this time, or may be slated to close in the near future. These factors may make a school ineligible to receive air filtration systems during this SEP implementation. The Air District will continue to work with school sites to provide information and education on the health impacts of air pollution and consider the school for a future project.

Next Steps

The Air District anticipates receiving the \$2 million within a month. The Air District seeks direction from the Board of Directors regarding the proposed criteria outlined in this document. After incorporating the Board's guidance, and once funding is received, the Air District will enter into a contract with IQ Air. While the contract with IQ Air is finalized, the Air District will reach out to school sites and develop agreements for installation and monitoring of the air filtration systems, pending the results of IQAir's site assessment. The contract with IQAir will include five years of filter replacement, maintenance, and monitoring for each school. The Air District will continue to keep the Board of Directors apprised of developments. CARB requires the project to be completed within 30 months.



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

**Technical Assessment of High-Performance
Air Filtration Installations in Schools**

February 13, 2019

PUBLIC ENGAGEMENT COMMITTEE
MEETING OF 02/21/2019

**Bay Area Air Quality Management District
375 Beale Street, San Francisco, CA 94105**

Technical Assessment of High-Performance Air Filtration Installations in Schools

Summary

The installation of high-performance panel filters in HVAC systems or stand-alone air filtration units are a mitigation measure to reduce the concentration of indoor air pollutants. The performance efficiency of IQAir high performance HVAC panel filters was studied in the South Coast AQMD Pilot Study of High-Performance Air Filtration for Classrooms Applications, and further validated in the UC Riverside CE-CERT report, Performance Evaluation of Air Filtration Devices.

When using the high-performance panel filter within an existing HVAC system or a stand-alone unit for lowering indoor concentrations of black carbon, ultrafine particulate and PM_{2.5}, reductions were close to 90%.

Of the 15 different air filtration technologies tested by UC California, Riverside, CE-CERT, the high-performance panel filters for HVAC systems and the stand-alone units manufactured by IQAir were the only technologies that met the performance specification criteria of the test.

The average costs for installation of a PM air filtration system for PM are as follows: pre-kindergarten \$25,000, elementary school - \$106,500, middle school - \$146,500, and high school - \$200,000.

For the Bayview Hunters Point project, elementary schools with existing HVAC systems cost less than \$50,000 to install high-performance panel filters. For schools without HVAC systems, installing stand-alone units in each classroom costs between \$100,000 and \$200,000, depending on the number of classrooms in the school.

Introduction

Health studies show that fine and ultra-fine particles, including diesel soot and other toxic air contaminants, are associated with air pollution health risk to our communities. Children are especially vulnerable to the health effects of exposure to particulate matter due to their developing respiratory systems and higher breathing rates compared to adults. Health impacts of particulate matter (PM) exposure include new onset asthma, lung inflammation, allergies and other types of respiratory conditions. Impacts of air pollution on public health disproportionately affect specific communities often due to historic land use decisions and current zoning practices.

Despite decades of effort to reduce regional air pollution by both BAAQMD and the California Air Resources Board (CARB), the San Francisco Air Basin still has specific localized areas with higher levels of particulate pollution. High pollution levels are associated with negative health impacts on vulnerable communities in close proximity to mobile and stationary sources emitting these pollutants.

For schools in close proximity to heavily traveled roadways, including traffic from freeways, refineries and other sources of air pollution, the installation of effective air filtration technology in classrooms can be an important mitigation measure to help reduce the exposure of school children to indoor pollutants, including ultrafine particles and diesel particulate matter. Outdoor ambient pollutants can infiltrate indoor environments. Older, poorly weatherized buildings are especially susceptible to this migration.

The specific air pollutants addressed by the air filtration systems in the studies discussed in this document are fine and ultra-fine particles, and diesel particles from combustion sources, such as automobiles, trucks, locomotives, ships, and industrial sources. In addition, these air filtration technologies are suitable to remove coarser particles, such as fine dust, pollen, mold spores, and tire debris. Black Carbon is related to elemental carbon and is a component of PM, such as diesel and soot particles, that is formed through the incomplete combustion of fossil fuels. Ultrafine particles are also primarily produced by combustion of fossil fuels. Diesel PM, generally consists of particles $< 0.3 \mu\text{m}$. Evidence associates exposure to these particles with increased toxicity and cancer risk.

MERV Rating

The Minimum Efficiency Reporting Value (MERV) rating was developed by the American Society of Heating, Refrigeration and Air-Conditioner Engineers (ASHRAE) in 1987 to rate the effectiveness of air filters. MERV values typically vary from 1 to 16, but they can go as high as 20. The higher the MERV rating, the more efficient the filter is at removing airborne particles.

The scale is designed to represent the worst-case performance of a filter when handling particles with diameter of 0.3 to 10 micrometers. MERV 16 filters are rated to capture more than 95% of particles greater than 0.3 microns.

True HEPA filters are rated at 99.97% for particles greater than 0.3 microns. However, true HEPA filters may cause a large pressure drop impacting function of the air heating, ventilation, and air conditioning (HVAC) system due to the dense filter material. Replacing with filters that have very high air resistance may damage the HVAC system and result in higher energy costs to run the system.

MERV CHART

Standard 52.2 Minimum Efficiency Reporting Value (MERV)	Composite Average Particle Size Efficiency, % In Size Range, μm			Average Arrestance, %
	Range 1 (0.3-1.0)	Range 2 (1.0-3.0)	Range 3 (3.0-10.0)	
1	n/a	n/a	E3 < 20	$A_{\text{avg}} < 65$
2	n/a	n/a	E3 < 20	$65 \leq A_{\text{avg}} < 70$
3	n/a	n/a	E3 < 20	$70 \leq A_{\text{avg}} < 75$
4	n/a	n/a	E3 < 20	$75 \leq A_{\text{avg}}$
5	n/a	n/a	$20 \leq E3$	n/a
6	n/a	n/a	$35 \leq E3$	n/a
7	n/a	n/a	$50 \leq E3$	n/a
8	n/a	$20 \leq E_2$	$70 \leq E3$	n/a
9	n/a	$35 \leq E_2$	$75 \leq E3$	n/a
10	n/a	$50 \leq E_2$	$80 \leq E3$	n/a
11	$20 \leq E_1$	$65 \leq E_2$	$85 \leq E3$	n/a
12	$35 \leq E_1$	$80 \leq E_2$	$90 \leq E3$	n/a
13	$50 \leq E_1$	$85 \leq E_2$	$90 \leq E3$	n/a
14	$75 \leq E_1$	$90 \leq E_2$	$95 \leq E3$	n/a
15	$85 \leq E_1$	$90 \leq E_2$	$95 \leq E3$	n/a
16	$95 \leq E_1$	$95 \leq E_2$	$95 \leq E3$	n/a

National Air Filtration Association User's Guide for ANSI/ASHRAE Standard 52.2-2017

Method of Testing General Ventilation Air-Cleaning Devices for Removal Efficiency by Particle Size
 Author(s): NAFA Technical Committee

South Coast Pilot Study Results

The South Coast AQMD conducted a pilot study to investigate the effectiveness of air filtration systems for reducing the exposure of children to particulate air pollution: Pilot study of high-performance air filtration for classroom applications, (2012) *Indoor Air*.

Three classrooms in each of three elementary schools in Los Angeles County were selected for the study. All of the classrooms had forced air HVAC systems, with three different configurations of filters: panel filters for HVAC systems, register systems and stand-alone systems. Indoor and outdoor concentrations of ultrafine particles, PM_{2.5}, PM₁₀, black carbon and volatile organic compounds were measured. Baseline measurements performed by IQAir North America (IQAir)

were taken before installing any of the air filtration devices to estimate the pre-existing relative and overall removal efficiencies of the classroom before modification.

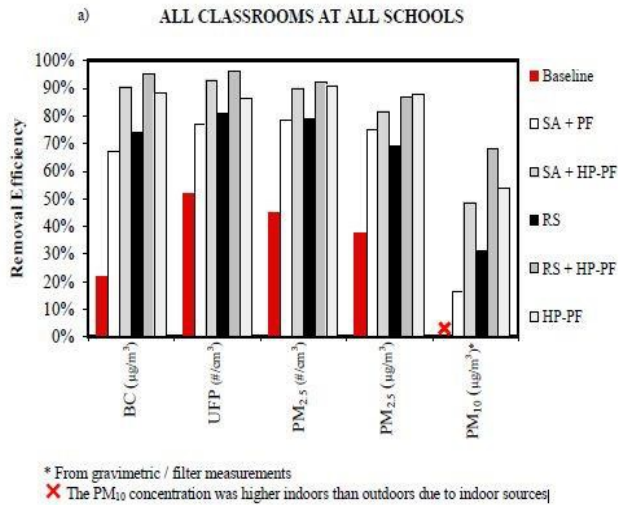
When using the high-performance panel filter within an existing HVAC system for lowering indoor concentrations of black carbon, ultrafine particulate and $PM_{2.5}$, reductions were close to 90%. Testing results indicate that the IQAir Nanomax S-220 panel filter had removal efficiencies between 89%-92% for ultrafine particulate matter and between 88%-91% for black carbon.- 88% for black carbon, 86% for ultrafine particles, 91% for $PM_{0.3-2.5}$, and 88% for $PM_{2.5}$.

The removal efficiency for the stand-alone unit was also close to 90% for black carbon, ultrafine particles, and $PM_{0.3-2.5}$.

The primary purpose of most standard air filters, rated at MERV 7 or 8, is to remove coarse particles and dust. IQAir NanoMax high-performance filters are rated at MERV 16 (ASHRAE 52.2). These high-performance panel filters are made of a multi-layered, non-woven filter media, composed of glass and synthetic fibers. The media are arranged in a 'mini-pleat' configuration, similar to that used in HEPA filters. These filters are 5.08 cm (2 inches) thick and have a larger surface area, which is 5 to 9 times larger than a standard filter. Standard filters are typically half this thickness. The increased surface area of these high-performance filters allows similar air resistance properties as conventional filters. The pilot study demonstrated that IQAir's air filtration devices do not significantly reduce the existing airflow rates through the HVAC system and, therefore, do not require higher power consumption to achieve similar flow rates.

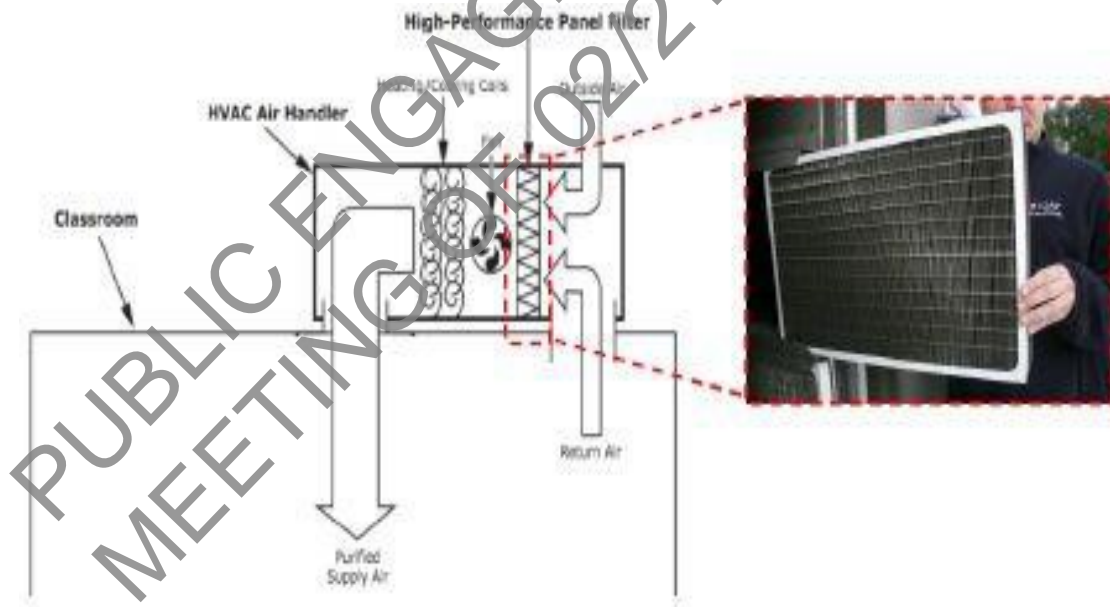
The stand-alone system showed a 52 to 72% removal performance for benzene. The stand-alone filters showed some ability to reduce VOC's indoors, although not as consistently or effectively as the particle filtration. Data on the performance of the gas-absorbing media included in the stand-alone unit, and the ability to remove VOC's, was inconclusive. Addition of a gas-phase filtration media for the register system filters alone reduced the HVAC system airflow by 9%. This small reduction in airflow was due to the increased pressure drop from the addition of the gas-phase filtration media.

In all cases, air quality conditions were improved with respect to the corresponding baseline conditions. Since the pilot study and over the past 10 years, South Coast AQMD has worked with IQAir to install high-performance air filtration systems in over 180 schools near the Ports of Los Angeles and Long Beach.



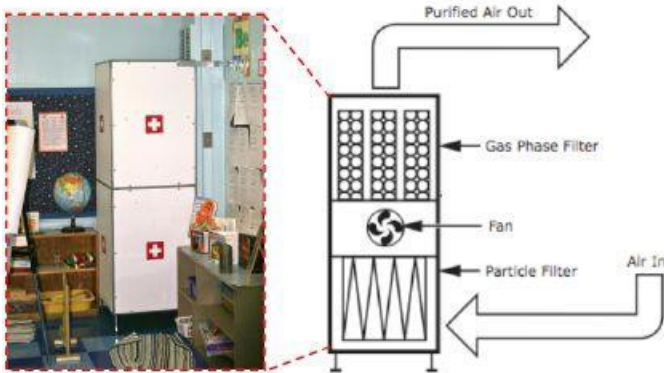
Replacing a conventional HVAC- based panel filter (PF) with a HP-PF resulted in a substantial reduction in the indoor levels of all particulate pollutants inside classrooms. When the HP-PF alone, the study average removal efficiencies were close to 90% (88, 86, 91, and 88%, for BC, UFP, PM_{2.5} count, and PM_{2.5} mass, respectively). This is significantly higher than baseline (pre-existing) removal efficiencies of 20-50%.

Source: SCAQMD Pilot Study of High-Performance Air Filtration for Classroom Applications (2009)



High-performance panel filters used in the SCAQMD Pilot Study of High- Performance Air Filtration for Classroom Applications

Schematic of High-performance stand-alone units used in the SCAQMD Pilot Study of High- Performance Air Filtration for Classroom Applications



(Photos courtesy of the SCAQMD Pilot Study of High- Performance Air Filtration for Classroom Applications, 2009).

**Performance Evaluation of Air Filtration Devices, Final Report
University of California, Riverside, College of Engineering – Center for Research and
Technology, (CE-CERT)**

In 2010, the Univ. of Calif., Riverside CE-CERT, evaluated the efficiency of air filtration devices for reducing the concentrations of ultrafine particulate and black carbon in a typical classroom. Nine manufacturers submitted 15 different air filtration devices for evaluation. The school selected for testing had a portable classroom located within 1000 feet of a major freeway in Riverside, California. The average fine particulate matter concentration ($PM_{2.5}$; particles with an aerodynamic diameter equal or less than $2.5 \mu m$) at this location is generally high.

For panel filters, the overall and relative particle removal efficiencies were tested. The relative removal efficiency of each air filtration device tested was defined as the percentage reduction in the concentration of ultrafine particulate or black carbon downstream of the device tested relative to its concurrent ambient (outdoor) level upstream of the HVAC system. The overall removal efficiency of each air filtration device tested was defined as the percentage reduction in the concentration of ultrafine or black carbon inside the classroom, relative to its concurrent ambient (outdoor) level.

The IQAir NanoMax S-220, rated as MERV 16, was the only HVAC-compatible device that satisfied the performance requirements of the study. The overall removal efficiencies for ultrafine particulate and black carbon were 89%. There was no significant increase in the pressure drop across the panel filters tested.

All stand-alone units tested showed high relative removal efficiencies for ultrafine particulate of 94 to 100%. The relative removal efficiency for black carbon was 83% to 94%. Also, the IQAir CleanZone SL model did not exceed a noise level threshold of 45 decibels. This level is set by many school districts for equipment used in classrooms. No measurable ozone levels were detected from the stand-alone units.

Of the 15 different air filtration technologies tested by UC California, Riverside, CE-CERT, the high-performance panel filters for HVAC systems and the stand-alone units manufactured by IQAir were the only technologies that met the performance specification criteria of the test.

Improved Indoor Air Quality Pilot Project at Bayview Hunters Point Schools From IQAir Performance Testing and Monitoring Final Report for Bayview Hunters Point Project

In 2010, the BAAQMD contracted with IQAir to install high-performance air filtration at five schools in the Bayview Hunters Point neighborhood in San Francisco, California. BAAQMD worked with community members to invest penalty settlement funds to retrofit the five schools in the neighborhood with air filtration units. The goal of this project was to improve indoor air quality in classrooms.

Three of the schools, Carver Elementary School, Drew Elementary School and the Muhammad University of Islam, were serviced by forced air HVAC systems that were upgraded with high-performance panel filters. All existing HVAC systems initially used typical MERV 8 medium-efficiency panel filters prior to upgrade with high-performance (MERV 16) HVAC panel filters. Two other schools (Malcolm X Academy and Bret Harte Elementary School) required wall-mounted stand-alone air filtration systems.

To verify the effectiveness of the high-performance air filtration systems, one school of each type was monitored for two weeks before and two weeks after installation of the filters. A laser particle counter was used to determine the number of particles down to 0.3 microns in diameter. A laser-based particle mass monitor was used to measure mass concentration of PM_{2.5}. IQAir calculated the removal efficiencies as the percentage reduction in the indoor air concentration of a particular pollutant relative to its concurrent outdoor concentration.

Carver Elementary School was monitored to demonstrate the effectiveness of improved filtration in an existing HVAC system. The existing filters were replaced with IQAir NanoMax MERV 16 filters. Upgrading this school's HVAC system resulted in an average removal efficiency of 92% for particles greater than 0.3 microns and 52% for PM_{2.5}, compared with outside air. The baseline removal efficiencies using the MERV 8 filters were 61% for particles greater than 0.3 microns and 24% for PM_{2.5}. The new filters resulted in 80% reduction in average fine particles compared with the previous MERV 8 filters.

At Carver Elementary School, IQAir took differential pressure readings for the large HVAC systems. They found that replacing the conventional medium efficiency filter panels with high-

performance panels improved the measured pressure drop in the three Carver Elementary School air handlers that were evaluated.

Malcolm X Academy does not have an HVAC system in place. Therefore, stand-alone air filtration systems were installed in each of the classrooms. These filters resulted in average removal efficiencies of 74% for fine particulate matter number concentrations of particles greater than 0.3 microns and 77%, for PM_{2.5}.

In both cases the indoor air quality conditions within the classrooms were improved compared with the corresponding baseline conditions prior to air filtration upgrades.

Costs for Installation of High-Performance Air Filtration

IQ Air gave average costs for PM filtration for different size schools. The average costs for installation of a PM air filtration system for PM are as follows:

pre-kindergarten \$25,000,
elementary school - \$106,500,
middle school - \$146,500, and
high school - \$200,000.

For the Bayview Hunters Point project, elementary schools with existing HVAC systems cost less than \$50,000 to install high-performance panel filters. For schools without HVAC systems, installing stand-alone units in each classroom costs between \$100,000 and \$200,000, depending on the number of classrooms in the school. See Table 1. Summary of BAAQMD 2010 Bayview Hunters Point Project.

The costs include a site assessment for each facility, installation of equipment, five-years of replacement filter supply and a maintenance contract. Installation costs will vary based on the number of buildings, whether the school is equipped with an existing HVAC system, to what extent an existing building will require retrofit to accommodate a higher efficiency filter, the number of enclosed spaces or classrooms, and other factors.

Each school project is divided into several phases: project administration, access agreements with the school districts, selection of individual school sites, installation, training of school maintenance staff, air flow and monitoring to verify performance of the systems, and reporting (site assessments, post installation reports, annual operation and maintenance reports).

Agreements executed with school districts require school district board approval. Air filtration installation is after school hours and during vacations when schools are not in session to minimize impacts upon students.

Filter replacement and maintenance costs are approximately half of the initial installation cost. Therefore, a vendor contract providing replacement and maintenance services is important to ensure continuing efficacy of the program. High replacement costs discourage the school district from maintaining the high efficiency filters and maintaining good air quality in the classrooms.

Table 1. Summary of BAAQMD 2010 Bayview Hunters Point School Project

School Name	Filter System	No. of Filters Replaced	Filter Size	Cost	No. of Students	No. of Faculty
Malcolm X Academy	Stand-alone air filtration system - No HVAC	22	27x29x14	\$110,421	120	10
Bret Harte Elementary School	Stand-alone air filtration system - No HVAC	33	27x29x14	\$166,995	261	18
George Washington Carver Elementary School	HVAC	92	20x20x2	\$31,517	268	15
Drew Elementary School	HVAC	67	16x20x2 20x24x2	\$21,925	269	20
Muhammad University of Islam	HVAC	3	20x30x2	\$2,230	91	9
Total				\$333,088		

SEP Proposal

The BAAQMD requested and was granted Supplemental Environmental Project (SEP) funding from the California Air Resources Board (CARB) to install and maintain high-performance air filtration systems in sensitive receptor facilities, such as schools, community centers, senior residences, hospitals and similar. The selected facilities for this program are to be located in communities impacted by air pollution, especially Environmental Justice and/or Disadvantaged Communities disproportionately impacted by air pollution. Sensitive receptor facilities will be selected by BAAQMD and agreements will be developed with school districts to allow access to sites.

The BAAQMD will enter into a contract with IQAir for installation, facilitation, monitoring, training, and 5-years of maintenance for the installation of high-performance air filtration. IQAir, as the contractor, will also provide Air Visual Pro (AVP) measurement sensor systems (up to 3 per site) as part of the installation and measurement process. Real-time access to AVP monitoring data will be provided on-line.

IQAir North America (IQAir) worked with SCAQMD on the 2009 pilot study and on a subsequent multi-site/multi-year air filtration installation and monitoring program for schools near the Ports of Los Angeles and Long Beach. Based on the South Coast experience, they were the only vendor that could meet the established performance criteria at the time of their study of potential vendors.

The implementation project will include:

- 1) installation of high-performance air filtration systems in classrooms and/or common areas depending on type of facility,
- 2) collection of air flow and monitoring data after installation of the air filtration systems results to verify the performance of the systems,
- 3) post installation reports,
- 4) training of school maintenance staff on maintenance of these air filtration systems to ensure their proper and efficient operation, and
- 5) five to ten year supply of replacement filters.

Conclusion

Air filtration technologies, such as high-performance air filters for HVAC and stand-alone units, have been successfully demonstrated in classroom environments to significantly reduce exposure to particulate air pollution. During the past 10 years, South Coast AQMD has funded, and continues to fund, the installation of air filtration systems in more than 180 schools. The schools have included pre-kindergarten, elementary, middle, and high schools. All of the work was focused on improving air quality in classrooms. South Coast AQMD uses SEP funds and penalty fines to fund these projects. Thus far, the work has not included large spaces, such as gymnasiums and cafeterias.

Several studies discussed above have demonstrated the removal efficiency of IQAir filters. The IQAir NanoMax high-performance panel filters use technology that allows similar air resistance compared with conventional MERV 8 HVAC filters. They have been demonstrated not to adversely affect HVAC performance.

Classrooms may have doors and windows that are frequently opened to the outside air, which decreases the efficiency of air filtration units. Even in these conditions, there is an overall positive improvement in indoor air quality. Onsite training and education on how to effectively maintain the reduction efficiency of the high-performance air filtration system will be included in the program contracts.

References

A. Polidori, P.M. Fine, V. White, P.S. Kwon, (2012) Pilot study of high-performance air filtration for classroom applications, *Indoor Air*, doi:10.1111/ina.12013

Dr. Robert L Russell, William A. Welch, James Gutierrez, Performance Evaluation of Air Filtration Devices, Final Report Prepared for South Coast Air Quality Management District, University of California, Riverside, College of Engineering Research and Technology

Air Filtration Post-Installation Report for Bret Hart Elementary School, Prepared for BAAQMD by IQ Air North America, Inc. 7/7/2011

Air Filtration Post-Installation Report for The Muhammad University of Islam, Prepared for BAAQMD by IQ Air North America, Inc. January 25, 2011

Air Filtration Post-Installation Report for Carver Elementary School, Prepared for BAAQMD by IQ Air North America, Inc. 4/21/2011

Air Filtration Post-Installation Report for Charles Drew Elementary School, Prepared for BAAQMD by IQ Air North America, Inc. January 25, 2011

Air Filtration Post-Installation Report for Malcolm X Academy, Prepared for BAAQMD by IQ Air North America, Inc. 7/7/2011

IQAir Performance Testing & Monitoring Progress Report, San Francisco Unified School District, Monitoring Period: 4/4/2011 – 5/2/2011, Location: George Washington Carver Elementary School

IQAir Performance Testing & Monitoring Progress Final Report, San Francisco Unified School District, Monitoring Period: 4/4/2011 – 5/2/2011 (Carver Elementary School), 10/24/2011 – 11/18/2011 (Malcolm X Academy), Location: George Washington Carver Elementary School, 1360 Oakdale Avenue, San Francisco, CA 94124; Malcolm X Academy, 350 Harbor Road, San Francisco, CA 94124

PUBLIC ENGAGEMENT COMMITTEE
MEETING OF 02/12/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 21, 2019

Re: Report of the Budget and Finance Committee Meeting of February 27, 2019

RECOMMENDED ACTIONS

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

BACKGROUND

The Committee met on Wednesday, February 27, 2019, and received the following reports:

- A) Air District Financial Audit Report for Fiscal Year Ending (FYE) 2018;
- B) Second Quarter Financial Report – Fiscal Year Ending (FYE) 2019;
- C) Air District Economic Outlook; and
- D) Continued Discussion on Air District’s Financial Plan.

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None. Funding for the Auditors’ report is included in the FYE 2019 Budget;
- B) None; receive and file;
- C) None; and
- D) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha de Guzman
Reviewed by: Vanessa Johnson

Attachment 14A: Budget and Finance Committee Meeting Agenda #4 – 02/27/19
Attachment 14B: Budget and Finance Committee Meeting Agenda #5 – 02/27/19
Attachment 14C: Budget and Finance Committee Meeting Agenda #6 – 02/27/19
Attachment 14D: Budget and Finance Committee Meeting Agenda #7 – 02/27/19

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: February 13, 2019

Re: Air District Financial Audit Report for Fiscal Year Ending (FYE) 2018

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Pursuant to the Section II.2.1 of the Administrative Code, the Air District is required to have an annual independent financial audit. The Independent Auditors, Simpson & Simpson, LLP completed the Financial Audit Report of the District's Financial Statements for the Fiscal Year Ending (FYE) 2018. The Independent Auditors also completed the Financial Audit Report of the Office of Management and Budget (OMB) Circular A-133 for the FYE 2018.

DISCUSSION

The Air District's independent auditors completed their audit of the District's financial records and activities for the year ended June 30, 2018 and issued an "unqualified opinion" or clean opinion on the financial statements. Attached are the audit reports being presented along with a brief summary:

1. Basic Financial Statements

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

2. Office of Management and Budget (OMB) Circular A-133

This report addresses the auditors' consideration of the Air District's internal control over financial reporting, and results of auditor's tests of the Air District's compliance with provisions of laws, regulations, contract and grant agreements, and other areas in accordance with *Government Auditing Standards*. As noted on page 9 of the Schedule of Audit Findings and Questioned Costs, there were no federal compliance findings or financial statement findings.

A member of the independent audit firm, Simpson & Simpson LLP, will be at the meeting to present audited reports to the Committee.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Funding for the Auditors' report is included in the FYE 2019 Budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeffrey McKay

Attachment 4A: Basic Financial Statements with Independent Auditor's Report for the Year Ended June 30, 2018

Attachment 4B: OMB Circular A-133 Report (Single Audit) for Year Ended June 30, 2018

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT
Basic Financial Statements
With Independent Auditor's Report
For the Year Ended June 30, 2018**

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Basic Financial Statements
 For the Year Ended June 30, 2018

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BUDGET AND FINANCE COMMITTEE
 MEETING OF 02/27/2019



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

The Board of Directors of
Bay Area Air Quality Management District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of the **Bay Area Air Quality Management District** (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Bay Area Air Quality Management District as of June 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.





Emphasis of Matter

As discussed in Note 1(n) to the basic financial statements, on July 1, 2017 the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the required supplementary information on pages 48 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information on page 55 is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Los Angeles, California
February 13, 2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

This discussion and analysis of the Bay Area Air Quality Management District (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the accompanying basic financial statements and notes.

A. Financial Highlights

- At the close of the fiscal year 2017-2018, the District's net position is \$172,286,438. Total net position includes \$38.8 million for net investment in capital assets, \$144.5 million for restricted net position and a negative \$15.1 million for unrestricted net position.
- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the fiscal year 2017-18, increasing the District's overall (net position) by \$27.8 million or 19.2%.
- Fiscal Year Ended June 30, 2018 was the first year that the District reported its net OPEB liability per Government Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Other Post Retirement Benefits.
- The District's governmental funds reported a fund balance of \$218,260,269. The entire fund balance of the Special Revenue Fund in the amount of \$143,294,064 is reserved for air quality grants and projects. The \$74,966,205 General Fund balance consists of \$33,059,370 representing the assigned fund balance, \$5,320,244 restricted, \$1,860,802 committed or nonspendable and the remaining balance of \$34,725,789 unassigned.

BUDGET AND FINANCIAL COMMITTEE
MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Management's Discussion and Analysis
 Year Ended June 30, 2018
 (Unaudited)

Table 1 presents the General Fund detail of fund balances as of June 30, 2018, and June 30, 2017.

Table 1. General Fund Balances as of June 30, 2018 and 2017

Category	General Fund June 30, 2018	General Fund June 30, 2017	Increase/ (Decrease)
Fund Balances:			
Nonspendable:			
Prepaid Expenses	\$ 860,802	\$ 655,962	\$ 204,840
Restricted:			
Air Quality Grants and Projects	1,160,696	1,054,899	105,797
Post-Employment Benefits	3,286,872	3,164,259	122,613
Debt service	872,676	109,545	763,131
Committed:			
Self-Funded Worker's Compensation	1,000,000	1,000,000	-
Assigned:			
PERS Funding and Post Employment Benefits	1,000,000	800,000	200,000
Building and Facilities	4,668,200	4,668,200	-
Capital Equipment	711,100	711,100	-
Air Quality Grants and Projects	13,238,088	12,246,640	5,991,448
Other Assigned	8,441,982	1,500,000	6,941,982
Unassigned:	<u>34,725,789</u>	<u>37,842,169</u>	<u>(3,116,380)</u>
Total Fund Balance	<u>\$ 74,966,205</u>	<u>\$ 63,752,774</u>	<u>\$ 11,213,431</u>

B. Overview of the Financial Statements

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

Government-Wide Financial Statements

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

B. Overview of the Financial Statements, Continued

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

The Statement of Net Position reports all assets, deferred outflows of resources, liabilities owed by the District, and deferred inflows of resources on a full accrual basis. The difference between the assets held and deferred outflows of resources, and the liabilities owed and deferred inflows of resources, is reported as *Net Position*. The net position total is comparable to total stockholder's equity presented on the balance sheet of a private enterprise. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Position as of June 30, 2018 is presented on page 13.

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

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

Fund Financial Statements

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

B. Overview of the Financial Statements, Continued

Governmental Funds

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

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

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

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 19 to 47.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's other post-employment benefit (OPEB) liabilities, retirement pension liabilities held by California Public Employees Retirement System (PERS), general fund and special revenue fund budget comparison schedules, and supplementary information concerning the District's TFCA and Carl Moyer program expenditures on pages 48 to 55.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

C. Government-Wide Financial Analysis

The government-wide financial analyses focus on net position and changes in net position of the District's governmental activities. Table 2 below shows a condensed Statement of Net Position as of June 30, 2018 compared to the fiscal year ended June 30, 2017.

Table 2. Statement of Net Position as of June 30, 2018 and June 30, 2017

	Governmental Activities June 30, 2018	Governmental Activities June 30, 2017 (As Restated)	Increase/ (Decrease)
Current & Other Assets	\$ 261,747,182	\$ 217,832,163	\$ 43,915,019
Capital Assets	59,241,087	59,446,052	(204,965)
Total Assets	320,988,269	277,278,215	43,710,054
Deferred Outflows of Resources	28,583,434	16,879,611	11,703,823
Current Liabilities	44,356,304	30,069,103	14,289,701
Noncurrent Liabilities	128,941,189	94,700,122	34,241,266
Total Liabilities	173,300,192	124,769,225	48,530,967
Deferred Inflows of Resources	3,985,073	3,428,488	556,585
Net Position			
Invested in Capital Assets	38,757,113	38,603,469	153,644
Restricted	148,614,308	130,942,212	17,672,096
Unrestricted net position	(15,084,983)	(25,030,717)	9,945,734
Total Net Position	\$ 172,286,438	\$ 144,514,964	\$ 27,771,474

At June 30, 2018 the District's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$172,286,438, an increase of \$27.8 million over the previous fiscal year.

As noted earlier, total net position may serve over time as a useful indicator of the District's financial position. Restricted net position is to be used for specific programs and purposes according to legal terms and conditions. The remaining portion of the District's net position is unrestricted and at the end of the fiscal year had a negative balance of \$15.1 million which is mainly related to the implementation of GASB Statement 75; which requires the District to report its current obligations for Other Post-Employment Benefit.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Management's Discussion and Analysis
 Year Ended June 30, 2018
 (Unaudited)

C. Government-Wide Financial Analysis, Continued

Table 3 below provides changes in net position for the fiscal year ending June 30, 2018 compared with the fiscal year ended June 30, 2017.

Table 3. Statement of Activities for Fiscal Years 2017-18 and 2016-17

	Governmental Activities <u>FY 2017-18</u>	Governmental Activities <u>FY 2016-17</u> <u>(Restated)</u>	Dollar Increase / (Decrease)	Percentage Increase / (Decrease)
Revenues:				
Program Revenues:				
Charges for services	\$ 51,596,011	\$ 46,297,658	\$ 5,298,353	11%
Operating grants and contributions	53,474,181	53,305,549	168,632	0%
Total Program Revenues	<u>105,070,192</u>	<u>99,603,207</u>	<u>5,466,985</u>	5%
General Revenues:				
County apportionment	33,032,767	30,541,028	2,491,739	8%
Investment income not restricted for a specific program	997,879	669,209	328,670	49%
Donated assets	-	196,226	(196,226)	-100%
Other	150,958	267,804	(116,846)	-44%
Total General Revenues	<u>34,181,604</u>	<u>31,674,267</u>	<u>2,507,337</u>	8%
Total Revenues	<u>139,251,796</u>	<u>131,277,474</u>	<u>7,974,322</u>	6%
Expenses:				
Primary government	81,950,526	99,078,292	(17,127,766)	-17%
California goods movement program	399,084	1,381,955	(982,871)	-71%
Interest expense	482,502	50,295	432,207	859%
TFCA / MSIF & other program distribution	22,224,037	26,443,963	(4,219,926)	-16%
Carl Moyer Program	6,424,173	5,922,319	501,854	8%
Total Expenses	<u>111,480,322</u>	<u>132,876,824</u>	<u>(21,396,502)</u>	-16%
Changes in Net Position	27,771,474	(1,599,350)	29,370,824	-1836%
Net Position - Beginning of Year, Restated	<u>144,514,964</u>	<u>146,114,314</u>	<u>(1,599,350)</u>	-1%
Net Position - End of Year	<u>\$ 172,286,438</u>	<u>\$ 144,514,964</u>	<u>\$27,771,474</u>	19%

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

C. Government-Wide Financial Analysis, Continued

Governmental Activities

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

The Statement of Activities presents information showing how the District's net position changed during the fiscal year 2017-2018. All changes in net position are reported as soon as the underlying event occurs regardless of the timing of the cash flows.

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

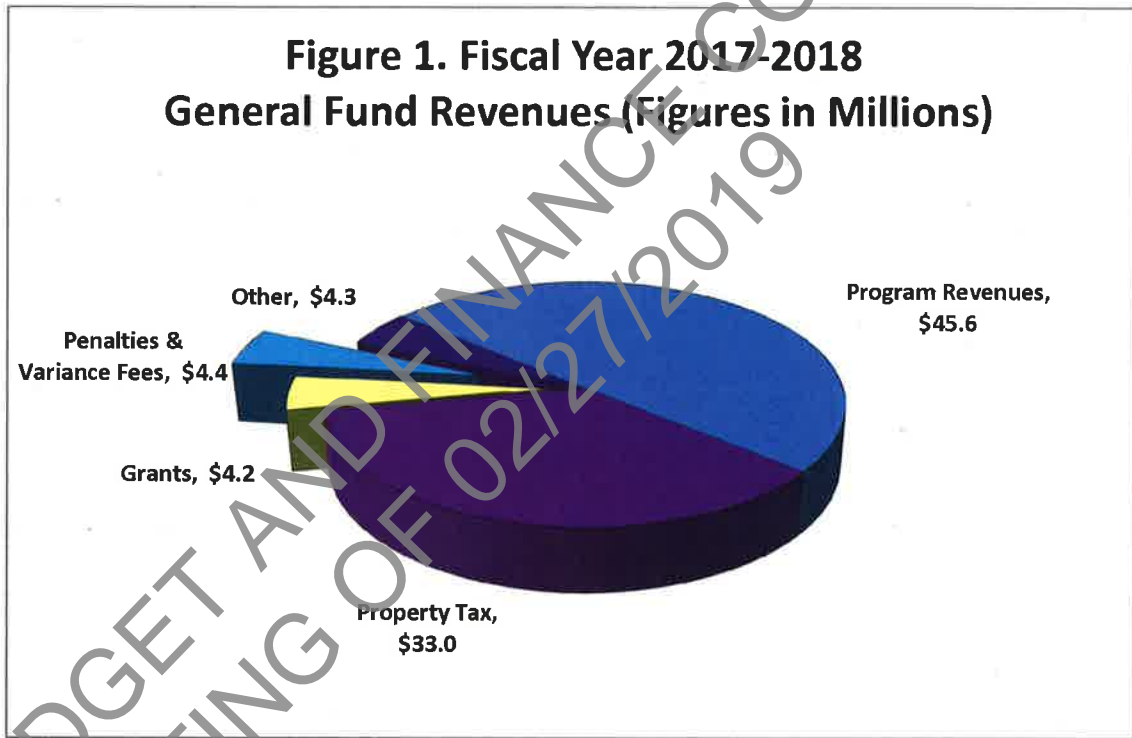
At June 30, 2018, the District's governmental activities reported ending net position of \$172,286,438, an increase of \$27,771,474 in comparison to the prior year. The primary reason is due to increase in revenues offset by a restatement of beginning net position due to the implementation of GASB 75 Other Post-Employment Benefits.

- Overall governmental revenues are \$139,251,796; an increase of \$7,974,322 from the prior year. The primary reason for the increase is due to higher penalties and settlements in the current year, increases in county apportionment and permitting fees related to higher assessed valuations and construction activities in the Bay Area.
- Overall governmental expenditures are \$111,480,322; a decrease of \$21,396,502 over the prior year. This decrease is the combination of \$17.1 million in the General Government Program primary due to restatement of prior year's net position related to the implementation of GASB Statement 75 and \$4.7 million reduction in TFCA/MSIF and Goods Movement due to less grant activities in the current year; offset by a \$0.4 million increase in Debt Service interest payments. Additional information on GASB Statement 75 can be found on pages 24-25, and 41-46 of the notes.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

D. General Fund Financial Analysis

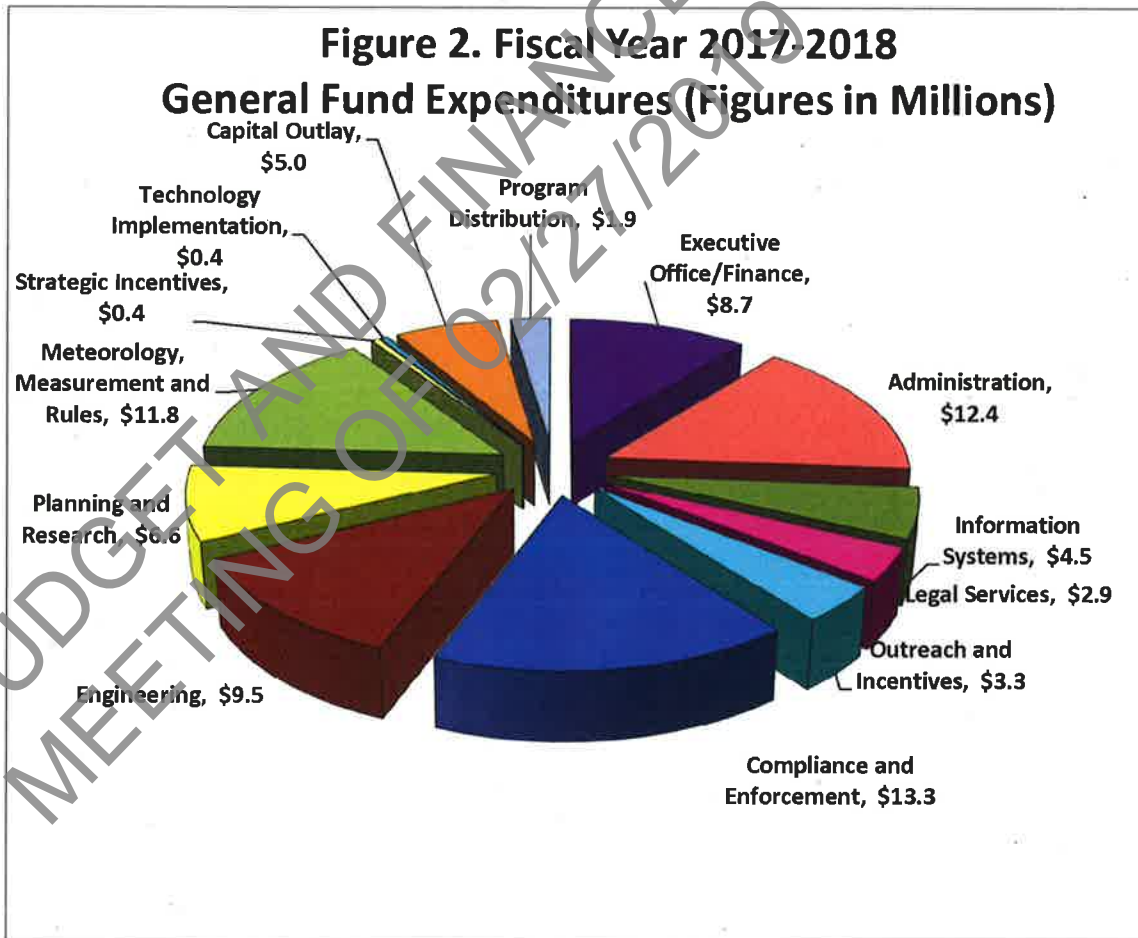
Figure 1 below provides a pie chart of the District's General Fund revenues (net of other financing sources) for fiscal year 2017-2018. The General Fund received total revenue of \$91,431,945 in fiscal year 2017-18, an increase of \$7.2 million over fiscal year 2016-17. This increase is mainly comprised of increased revenues of \$6.6 million in property tax, penalties, and permits fees resulting in an average rate increase of approximately 6.4% over the prior year, as well as, increased economic activities. This increase is offset by \$0.6 million decrease to asbestos fees, grant revenues and one-time revenues. Program Revenues include: Permit, AB2588, Title V, and Asbestos fees. Program revenues are the largest General Fund revenue source in fiscal 2017-18 (\$45.6 million), followed by Property Tax (\$33.0 million), Grants (\$4.2 million), Penalties (\$4.4 million), and Other revenues (\$4.3 million).



BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Management's Discussion and Analysis
 Year Ended June 30, 2018
 (Unaudited)

D. General Fund Financial Analysis, Continued

Figure 2 below provides a graph of General Fund operating expenditures (net of other financing uses) for fiscal year 2017-18. General Fund operating expenditures totaled \$81,329,194 which is a decrease of \$7,356,890 over fiscal year 2016-17. This decrease resulted from an initial down payment made towards the purchase of District's new headquarters offset by increased personnel & benefit cost associated with increase in staffing levels. General Fund expenditures represent the District's general government operating costs categorized into the following operating divisions: Compliance and Enforcement (\$13.3 million), Engineering (\$9.5 million), Administration (\$12.4 million), Information Systems (\$4.5 million), Meteorology, Measurements and Rules (\$11.8 million), Executive (\$8.7 million), Planning & Research (\$6.6 million), Outreach & Incentives (\$3.3 million), Strategic Incentives (\$0.4 million) and Legal Services (\$2.9 million). Capital Outlay (5.0 million), Debt Service (\$0.8 million) and Program Distribution (\$1.9 million) are not operating divisions, but rather categories capturing expenditures related to capital assets, COPs financing and special projects, respectively. General Fund operating expenditures exceeded operating revenues by \$10.1 million in fiscal year 2017-18.



BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2018
(Unaudited)

D. General Fund Financial Analysis, Continued

The General Fund is the operating fund of the District and at the end of the fiscal year, the total fund balance of the General Fund was \$75.0 million. The assigned fund balance was \$33.1 million, committed \$1.0 million, restricted \$5.3 million, non-spendable \$0.8 million, and the remaining \$34.7 million is unassigned. The unassigned fund balance represents 43% of the total General Fund expenditures, while the total fund balance represents 92% of the total General Fund expenditures. The District has available funds for unanticipated emergencies.

The FY 2017-18 adopted budget as compared to the actual expenditures and revenues reflects a \$30.1 million budget appropriation over actual expenditures and an increase in actual revenues of \$5.4 million over budgeted revenues. The budget appropriations were the result of multi-year projects and obligations that will carry over to the next fiscal year. The increase in actual revenues resulted increased economic activities related to property tax receipts, asbestos fees and settlement/penalties.

E. Capital Assets

Capital assets include land, buildings, laboratory equipment, air monitoring stations, computers, office furniture and District fleet vehicles. As of June 30, 2018, the District's investment in capital assets was \$59.2 million net of accumulated depreciation, a decrease of \$0.2 million or 0.3% from prior year.

F. Long-Term Liabilities

At the end of the current fiscal year, the District had total long-term liabilities of \$133.1 million. Of this amount, \$107.9 million comprises of the District's Net Pension Liability and Net OPEB Liability, while \$19.3 million pertains to the District's outstanding Certificate of Participation (COPs). Total Long-Term Liabilities increased from the prior year by \$12.0 million or 10%, as restated.

G. Economic Factors and Next Year's Budget

The District receives approximately 36% of its General Fund revenue from property taxes levied in nine Bay Area counties and 45% from permit fees charged to local businesses. Consequently, District revenues are impacted by changes in the state and local economy. The District takes a fiscally conservative approach to its budget and it strives to balance its budget within available current revenues. To recover a greater share of the costs of maintaining air quality, the District increased its permitting fees an average of 6% in FY 2018-19. The District continues to focus on long term financial planning to ensure the vitality and effectiveness of its programs. For the 2020 budget, the District is in the process of preparing a Five-Year Financial Plan.

H. Requests for Information

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 67,945,886
Restricted cash and cash equivalents	176,968,858
Receivables	13,796,128
Due from other governments	2,029,038
Prepays, deposits, and other assets	1,007,272
Capital assets:	
Non-depreciable	2,476,199
Depreciable	83,214,850
Less: accumulated depreciation	(26,449,962)
Total capital assets, net of depreciation	<u>59,241,087</u>
Total Assets	<u>320,988,269</u>
Deferred Outflows of Resources	<u>28,583,434</u>
Liabilities:	
Accounts payable	1,624,128
Accrued liabilities	1,367,223
Other liabilities	527,992
Unearned revenue	36,661,068
Long-term liabilities	
Portion due within one year:	
Compensated absences	3,410,000
Certificates of participation	400,000
Capital lease obligation	368,393
Portion due after one year:	
Compensated absences	1,372,817
Certificates of participation	18,900,000
Capital lease obligation	815,581
Net pension liability	79,318,718
Net OPEB liability	28,534,272
Total Liabilities	<u>173,300,192</u>
Deferred Inflows of Resources	<u>3,985,073</u>
Net Position:	
Net investment in capital assets	38,757,113
Restricted for:	
Air quality grants and projects	144,454,760
Post-employment benefits	3,286,872
Debt service	872,676
Unrestricted	(15,084,983)
Total Net Position	<u>\$ 172,286,438</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Activities
Year Ended June 30, 2018

Functions/programs	Expenses	Program Revenues		Net
		Charges for Services	Operating Grants and Contributions	(Expense) Revenue and Changes in Net Assets
Governmental activities:				
Primary government	\$ 81,950,526	\$ 51,596,011	\$ 6,635,552	\$ (23,718,963)
California Goods Movement Program	399,084		326,827	(72,257)
Interest expense	482,502			(482,502)
TFCA / MSIF, CPM & other programs:				
TFCA / MSIF & other program distribution	22,224,037		39,851,127	17,627,090
Carl Moyer Program	6,424,173		6,660,675	236,502
Total Governmental Activities	<u>\$ 111,480,322</u>	<u>\$ 51,596,011</u>	<u>\$ 53,474,181</u>	<u>(6,410,130)</u>
General revenues:				
County apportionment				33,032,767
Investment income not restricted for a specific program				997,879
Other				150,958
Total General Revenues				<u>34,181,604</u>
Change in Net Position				<u>27,771,474</u>
Net Position – Beginning of Year, Restated				<u>144,514,964</u>
Net Position – End of Year				<u>\$ 172,286,438</u>

See accompanying notes to basic financial statements.

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental</u>
Assets:			
Cash and cash equivalents	\$ 67,945,886	-	\$ 67,945,886
Restricted cash and cash equivalents	4,159,548	\$ 172,809,310	176,968,858
Receivables	6,123,345	7,672,783	13,796,128
Due from other governments	1,966,592	62,446	2,029,038
Due from other funds	4,497,462	-	4,497,462
Prepays, deposits, and other assets	1,007,272	-	1,007,272
Total Assets	85,700,105	180,544,539	266,244,644
Liabilities and Fund Balances:			
Accounts payable	1,443,615	180,513	1,624,128
Accrued liabilities	1,367,677	-	1,367,677
Due to other funds	-	4,497,462	4,497,462
Other liabilities	527,992	-	527,992
Unearned revenue	4,088,568	32,572,500	36,661,068
Total Liabilities	7,427,852	37,250,475	44,678,327
Deferred Inflows of Resources:			
Unavailable revenue	3,306,048	-	3,306,048
Fund Balances:			
Nonspendable:			
Prepaid items	860,802	-	860,802
Restricted:			
Air quality grants and projects	1,160,696	143,294,064	144,454,760
Postemployment benefits	3,286,872	-	3,286,872
Debt service	872,676	-	872,676
Committed:			
Self-funded workers' compensation	1,000,000	-	1,000,000
Assigned:			
Pension and postemployment	1,000,000	-	1,000,000
Building and facilities	4,668,200	-	4,668,200
Capital equipment	711,100	-	711,100
Air quality grants and projects	18,238,088	-	18,238,088
Other assigned	8,441,982	-	8,441,982
Unassigned	34,725,789	-	34,725,789
Total Fund Balances	74,966,205	143,294,064	218,260,269
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 85,700,105	\$ 180,544,539	\$ 266,244,644

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2018

Total Fund balances - Governmental Funds	\$218,260,269
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$85,691,049 and accumulated depreciation is \$26,449,962	59,241,087
Receivables that will be collected in the following year and therefore are not available soon enough to pay for current period's expenditures and therefore are not reported in the governmental funds.	3,306,048
Long-term liabilities, including compensated absences, COPs liability, and capital lease obligation are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(25,266,337)
Proportionate share of net pension liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(60,909,062)
Net other post-employment benefits liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(22,345,567)
Total Net Position - Governmental Activities	<u>\$172,286,438</u>

See accompanying notes to basic financial statements

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental</u>
Revenues:			
TFCA / MSIF DMV fees	-	\$ 39,329,200	\$ 39,329,200
Permit fees	\$ 41,509,837	-	41,509,837
County apportionment	33,032,767	-	33,032,767
California Goods Movement revenue	-	326,827	326,827
Carl Moyer Program	-	6,660,675	6,660,675
Federal grants	4,170,943	58,217	4,229,160
Penalties and variance fees	4,384,673	-	4,384,673
Asbestos fees	4,066,794	-	4,066,794
State subvention	1,724,380	-	1,724,380
State and other grants	740,229	463,710	1,203,939
Portable equipment registration program (PERP)	547,588	-	547,588
Other revenues	150,958	-	150,958
Interest and investment gain (loss)	997,879	-	997,879
Special environmental projects	105,797	-	105,797
Total Revenues	<u>91,431,845</u>	<u>46,838,629</u>	<u>138,270,474</u>
Expenditures:			
General government:			
Program distribution	1,919,719	-	1,919,719
Executive office and finance	8,670,435	-	8,670,435
Administration	12,401,554	-	12,401,554
Information systems	4,468,731	-	4,468,731
Legal services	2,927,496	-	2,927,496
Outreach and incentives	3,253,419	-	3,253,419
Compliance and enforcement	13,236,127	-	13,236,127
Engineering	9,468,340	-	9,468,340
Planning and research	6,591,444	-	6,591,444
Meteorology, measurement and rules	11,762,598	-	11,762,598
Strategic incentives division	370,441	-	370,441
Technology implementation	374,878	-	374,878
TFCA / MSIF & other programs:			
Program distribution	-	15,365,919	15,365,919
Intermittent control	-	1,822,226	1,822,226
TFCA administration	-	1,067,598	1,067,598
Vehicle buy-back	-	2,859,211	2,859,211
Mobile source incentive	-	619,852	619,852
Miscellaneous incentive program	-	132,925	132,925
Regional electric vehicle deployment	-	308,109	308,109
Enhanced mobile source inspection	-	48,197	48,197
Carl Moyer Program			
Project funding	-	5,918,629	5,918,629
Grant administration	-	505,544	505,544
California Goods Movement Program & other			
Project funding	-	130,000	130,000
Grant administration	-	269,084	269,084
Debt Service			
Principal	358,609	-	358,609
Interest	482,502	-	482,502
Capital outlay	5,022,901	-	5,022,901
Total Expenditures	<u>81,329,194</u>	<u>29,047,294</u>	<u>110,376,488</u>
Excess of Revenues	-	-	-
Over Expenditures	10,102,651	17,791,335	27,893,986
Other Financing Sources (Uses):			
Transfers in	1,110,780	-	1,110,780
Transfers out	-	(1,110,780)	(1,110,780)
Total Other Financing Sources (Uses)	<u>1,110,780</u>	<u>(1,110,780)</u>	<u>-</u>
Net Changes in Fund Balances	<u>11,213,431</u>	<u>16,680,555</u>	<u>27,893,986</u>
Fund Balances, July 1, 2017	63,752,774	126,613,509	190,366,283
Fund Balances, June 30, 2018	<u>\$ 74,966,205</u>	<u>\$ 143,294,064</u>	<u>\$ 218,260,269</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
 and Changes in Fund Balances to the Statement of Activities
 Year Ended June 30, 2018

Net Changes in Fund Balances - Governmental Funds	\$27,893,986
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	(204,965)
Repayment on debt principal are reported as expenditures in the governmental funds, but constitute reductions to liabilities in the statement of net position	358,609
In the statement of activities, compensated absences are measured by the amounts the employees earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(42,464)
Permit and other miscellaneous fees receivables recognized in the government-wide statements in previous years have been deemed uncollectible and must be written off to expense.	(6,327)
Because certain revenues will not be collected soon enough to be considered "available" revenues for this year.	981,322
Actuarial pension expense is recognized in the government wide statements and actual pension contributions are reclassified in the current year as deferred outflow of resources.	(4,430,098)
Actuarial OPEB revenue is recognized in the government wide statements and actual OPEB contributions are reclassified in the current year as deferred outflow of resources.	3,221,411
Changes in Net Position of Governmental Activities	<u>\$27,771,474</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

(1) Summary of Significant Accounting Policies

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

The following summary of the more significant accounting policies of the District is provided to assist the reader in interpreting the basic financial statements presented in this section. These policies, as presented, should be viewed as an integral part of the accompanying basic financial statements.

(a) Reporting Entity

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

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

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

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

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

(b) Government-wide and Fund Financial Statements

The District's basic financial statements consist of fund financial statements and government-wide statements which are intended to provide an overall viewpoint of the District's finances. The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all District funds excluding the effect of interfund activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column.

(c) *Basis of Accounting*

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities.

The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 (ninety) days after year end, with the exception of revenues related to CMAQ Spare the Air, which are included in revenue if received within seven months after year end.

Expenditures for the governmental funds are generally recognized when the related fund liability is incurred, except debt service expenditures and expenditures related to compensated absences which are recognized when payment is due. Governmental capital asset acquisitions are reported as expenditures in the governmental funds.

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

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

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

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

(d) Fund Accounting

The District's accounting system is organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A description of the activities of the major funds is provided below:

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

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for the specific purpose of the individual funds.

(e) Cash and Investments

Cash includes amounts in deposits with the San Mateo County Investment Fund (County Pool).

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County of San Mateo Treasurer. All District investments are stated at fair value based on quoted market prices.

(f) Receivables

During the course of normal operations, the District carries various receivable balances for taxes, interest, and permitting operations. The District considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations when that determination is made. During the year ending June 30, 2018, management deemed \$6,327 of outstanding receivables to be uncollectible.

(g) Short-term Interfund Receivables/Payables

Occasionally, a fund will not have sufficient cash to meet its financial obligations and a cash transfer will be required to enable that fund to pay its outstanding invoices and other obligations. These temporary borrowings between funds are classified as "due from other funds" or "due to other funds" on the governmental funds balance sheet. Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

(h) Capital Assets

Capital assets, which include land, depreciable assets, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of \$5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings, grounds & improvements	15 - 20
Equipment	5 - 15

(i) Deferred Outflows / Deferred Inflows

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

Contributions made to the District's pension plan after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources. Additional factors involved in the calculation of the District's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, and differences between projected and actual investment earnings. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 7 for further details related to these pensions deferred outflows and inflows. In the fund financial statements, the District reports unavailable revenues as a deferred inflow of resources.

(j) Compensated Absences

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

The District's liability for compensated absences is recorded in the Statement of Net Position. District employees are allowed to accrue no more than four hundred and sixty hours of vacation as of the end of the calendar year. In the event of termination, the employees are reimbursed for all accumulated vacation at the time of separation from the District. There are no restrictions regarding the accumulation of sick leave. On termination, employees are not paid for accumulated sick leave, but the accumulated sick leave is counted as service credit by the CalPERS pension plan administered by the State of California.

(k) Pensions

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

(l) Use of Management Estimates

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

(m) Net Position / Fund Balance

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

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

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

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

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers assigned amounts to be reduced first, before the unassigned amounts.

(n) *New Pronouncements*

The GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (other postemployment benefits or OPEB)*, effective for periods beginning after June 15, 2017. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for OPEB*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This addresses the accounting and financial reporting by state and local governments for OPEB that is provided to its employees. It establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures.

In 2018, the District adopted GASB Statement No. 75, which requires the restatement of the June 30, 2017 net position in governmental activities by the amount of the District's net OPEB liability as this liability is now required to be recognized in full in its financial statements. The result is a decrease in net position at July 1, 2017 of \$21,445,149. This change is in accordance with generally accepted accounting principles.

The GASB has issued Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement is effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The District adopted applicable standards of this statement as of June 30, 2018.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

The GASB has issued Statement No. 85, *Omnibus 2017*, effective for periods beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The District adopted applicable standards of this statement as of June 30, 2018.

The GASB has issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for periods beginning after June 15, 2017. This Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement did not have an impact on the District’s financial statements for the fiscal year 2017-18.

(o) Restatements

The following table illustrates the cumulative effect of the change in accounting principles as shown on the face of the District’s Statement of Activities:

	<u>Governmental Activities</u>
Net position at beginning of year, as previously reported	\$ 165,960,113
Restatement –	
Recognition of net OPEB liability in full (see Note 1n)	<u>(21,445,149)</u>
Net position at beginning of year, as restated	<u>\$ 144,514,964</u>

(2) Cash, Cash Equivalents, and Investments

Cash and Investments

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

Cash, cash equivalents, and investments as of June 30, 2018, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 67,945,886
Restricted cash and cash equivalents	<u>176,968,858</u>
Total cash, cash equivalents and investments	<u>\$ 244,914,744</u>

Cash, cash equivalents and investments as of June 30, 2018 consist of the following:

Cash and investments in San Mateo	
Pooled Fund Investment Program	\$ 240,755,196
Cash, cash equivalents, and investments with fiscal agent	<u>4,159,548</u>
Total cash, cash equivalents and investments	<u>\$ 244,914,744</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

Cash in County Treasury

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

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

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

Investments Authorized by the District's Investment Policy

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

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

Except for investments by trustees of Certificates of Participation (COPs) proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from the website at <http://ttax.co.la.ca.us/>. The table below identifies some of the investment types permitted in the investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Government Agency / Sponsored Enterprise Securities	7 Years	100%	40%
U.S. Treasury Obligations	7 Years	100%	100%
Asset-Backed Securities	5 Years	20%	5%
Banker 's Acceptances	180 Days	15%	5%
Commercial Paper	270 Days	40%	5%
Negotiable Certificates of Deposit	5 Years	30%	5%
Collateralized Certificates of Deposit	1 Year	15%	5%
Repurchase Agreements	92 Days	100%	100%
Mutual Funds	N/A	10%	5%
Corporate Bonds, Medium-Term Notes & Covered Bonds	5 Years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	Up to the state limit	Up to the state limit

Investments Authorized by Debt Agreements

The District's cash, cash equivalents, and investments with fiscal agent in the General Fund in the amount of \$872,676, represent funds which are restricted for specific purposes under terms of the debt agreement at June 30, 2018.

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

Derivative Investments

The District did not directly enter into any derivative investments, and the County Pool was not holding derivative investments at June 30, 2018.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

Disclosures Related to Interest Rate Risk and Credit Risk

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

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

The District's cash, cash equivalents, and investments were categorized as follows at June 30, 2018:

	Ratings:		Maturities	Fair Value
	Moody's	S&P		
AIG Fixed Annuity	Not Rated	Not Rated	Current	\$ 3,286,872
Dreyfus Treasury Securities	Aaa-mf	AAAm	Current	872,676
Investments in San Mateo Pooled Fund Investment Program	Aaa to P-1	AAA to A-1	0.96 Years	240,755,196
Total cash, cash equivalents, and investments				<u>\$ 244,914,744</u>

Restricted Cash, Cash Equivalents, and Investments

The District's restricted cash, cash equivalents, and investments are \$176,968,858 at June 30, 2018. Included in this restricted balance is \$172,809,310 for air quality grants and projects, \$872,676 for debt service and \$3,286,872 restricted for postemployment benefits.

Fair Value Measurement

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

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

(3) Receivable

At June 30, 2018, the District had the following accounts receivable:

General Fund:		
Permit and other fees	\$	4,315,619
County apportionments		1,212,782
Interest		299,298
Other		295,646
Total General Fund		<u>\$ 6,123,345</u>
 Special Revenue Fund		
TFCA DMV fees	\$	4,734,551
MSIF DMV fees		2,205,000
Interest		733,232
Total Special Revenue Fund		<u>\$ 7,672,783</u>
Total Receivables		<u><u>\$ 13,796,128</u></u>

(4) Interfund Transactions

Current interfund balances (due to/from other funds) arise in the normal course of business and represent short-term borrowings occurring as a result of expenditures which are paid prior to the receipt of revenues. These balances are expected to be repaid shortly after the end of the fiscal year when revenues are received. At June 30, 2018, the General Fund was owed \$4,497,462 by the Special Revenue Fund.

With Board approval, resources are transferred from one fund to another. The purpose of the majority of transfers is to move approved administrative revenue charged to restricted programs in the Special Revenue Fund to the General Fund. Interfund transfers for the year ended June 30, 2018 were as follows:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>
General Fund	Special Revenue Fund	\$1,110,780

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

(5) Capital Assets

The District's capital assets were comprised of the following at June 30, 2018:

	<u>Balance at 7/1/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance at 6/30/2018</u>
Nondepreciable Assets:					
Land	\$ 1,018,521	\$ -	\$ -	\$ -	\$ 1,018,521
Construction in progress	2,709,047	1,112,646	-	(2,364,015)	1,457,678
Total nondepreciable assets	<u>3,727,568</u>	<u>1,112,646</u>	<u>-</u>	<u>(2,364,015)</u>	<u>2,476,199</u>
Depreciable assets:					
Building and grounds	31,463,819	-	-	-	31,463,819
Leasehold improvements	2,908,329	-	-	-	2,908,329
Computer and network equipment	9,691,038	675,000	-	-	10,366,038
Production system	18,914,659	2,426,992	-	2,364,015	23,705,666
Motorized equip (vehicle)	432,954	37,270	(43,792)	-	426,432
Lab & monitoring equipment	9,920,582	735,641	(46,299)	-	10,609,924
Furniture and other equipment	3,699,290	35,352	-	-	3,734,642
Total depreciable assets	<u>77,030,671</u>	<u>3,910,255</u>	<u>(90,091)</u>	<u>2,364,015</u>	<u>83,214,850</u>
Accumulated depreciation:					
Building and grounds	416,608	1,583,311	-	-	1,999,919
Leasehold improvements	2,717,526	12,321	-	-	2,729,847
Computer and network equipment	5,137,273	1,164,479	-	-	6,301,752
Production system	2,120,659	1,418,578	-	-	3,539,237
Motorized equip (vehicle)	152,502	36,868	(21,489)	-	167,881
Lab & monitoring equipment	7,737,855	703,793	(43,984)	-	8,397,664
Furniture and other equipment	3,029,764	283,898	-	-	3,313,662
Total accumulated depreciation	<u>21,312,187</u>	<u>5,203,248</u>	<u>(65,473)</u>	<u>-</u>	<u>26,449,962</u>
Total depreciable assets, net	<u>55,718,484</u>	<u>(1,292,993)</u>	<u>(24,618)</u>	<u>2,364,015</u>	<u>56,764,888</u>
Total capital assets, net	<u>\$59,446,052</u>	<u>\$ (180,347)</u>	<u>\$ (24,618)</u>	<u>\$ -</u>	<u>\$59,241,087</u>

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2018

Depreciation expense by function for capital assets for the year ended June 30, 2018, is as follows:

Primary Government:

Executive office	\$	478,555
Administrative services		250,046
Legal services		182,375
Public information and outreach		150,729
Compliance enforcement		832,759
Engineering		579,800
Planning		392,208
Meteorology measurements and		1,130,385
Information services		1,206,195
Strategic incentives		196
Total depreciation expense	\$	5,203,248

(6) Unearned / Unavailable Revenue

The governmental fund financial statements report unavailable revenues as a deferred inflow of resources in connection with receivables for revenues that are not available when they are not collectible within the current period or soon enough thereafter to pay for liabilities of the current period. The District reports a liability for unearned revenue in connection with resources that have been received, but not yet earned.

As of June 30, 2018, the various components of unavailable revenue and unearned revenue reported were as follows:

	Unearned Revenue	Unavailable Revenue	Total
General Fund:			
Permits and licenses	\$ -	\$ 3,306,048	\$ 3,306,048
Community Air Protection Program	4,088,567	-	4,088,567
Total General Fund	4,088,567	3,306,048	7,394,615
Special Revenue Fund:			
GMB Administration	629,513	-	629,513
GMB On-Road Projects	9,969,344	-	9,969,344
Shore Power Projects	38	-	38
TRUs	48,721	-	48,721
Locomotive	3,102,607	-	3,102,607
Carl Moyer Program	11,761,130	-	11,761,130
Carl Moyer Program Administration	3,860,240	-	3,860,240
Low Carbon Project Funding	1,250,000	-	1,250,000
Low Carbon Program Administration	711,877	-	711,877
CEC Project Funding	155,028	-	155,028
Special Projects	1,084,002	-	1,084,002
Total Special Revenue Fund	32,572,500	-	32,572,500
Total Unearned and Unavailable Revenue	\$ 36,661,067	\$ 3,306,048	\$ 39,967,115

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

(7) Deferred Outflows and Inflows of Resources

District's deferred outflows and inflows of resources as of June 30, 2018 are comprised of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes of assumptions - Pension	\$ 12,335,371	\$ 1,119,857
Differences between expected and actual experience - Pension	-	2,236,222
Differences between projected and actual earnings on plan investments - Pension	3,023,268	-
Differences between projected and actual earnings on plan investments - OPEB	-	628,994
Pension contributions subsequent to measurement date	6,407,096	-
OPEB contributions subsequent to measurement date	6,817,699	-
Total	\$ 28,583,434	\$ 3,985,073

(8) Long-Term Liabilities

(a) Certificate of Participation

On November 7, 2013, the District issued \$30,000,000 through a private placement of taxable Certificates of Participation (COPs) with Bay Area Headquarters Authority (BAHA) to finance its ownership interest of approximately 75,000 square feet of office space at 375 Beale Street. The COPs were held by the Bank of New York Mellon Trust Company, N.A., as Trustee, in an escrow account until the acquisition of the premises by the District which occurred in May 2017. The escrow account paid interest due during the escrow period, at an annual rate of 0.247%, using proceeds of the COPs. Upon acquisition date, the escrow period ended, and the District began making base rental payments of \$100,000 starting July 1, 2017.

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

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

Total payments of principal and interest are structured as follows:

<u>Fiscal Year</u>	<u>Total Annual Payments</u>
2019	\$ 1,200,000
2020	1,200,000
2021	1,200,000
2022	1,200,000
2023-2027	6,000,000
2028-2032	6,850,000
2033	450,000
	<u>\$ 18,100,000</u>

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

(b) Capital Lease

Capital lease is related to hardware, software and services for IT infrastructure located at the new building at 375 Beale Street which includes but is not limited to servers, storage, Voice Over IP, computer networks, and security systems. The capital lease agreement had a total principal amount of \$2,300,000 of which the District borrowed \$2,275,000 with an annual payment of principal and interest of \$399,379 over 6 years. The fair value of fixed assets purchased with the capital lease is \$2,275,000. The capital lease expense during the year ended June 30, 2018 was \$358,609.

(c) Summary of Long-Term Liabilities

A schedule of changes in general long-term debt for the year ended June 30, 2018, is shown below:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Certificates of participation (COPs)	\$19,300,000			\$ 19,300,000	\$ 400,000
Compensated absences	4,754,707	42,464	(14,354)	4,782,817	3,410,000
Capital lease	1,542,583		(358,609)	1,183,974	368,393
Total	<u>\$25,597,290</u>	<u>\$ 42,464</u>	<u>\$(372,963)</u>	<u>\$ 25,266,791</u>	<u>\$4,178,393</u>

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

Future annual payments on COPs are as follows:

Year Ending June 30	Certificates of Participation	
	Principal	Interest
2019	\$400,000	\$ 512,190
2020	400,000	501,350
2021	400,000	490,510
2022	500,000	476,960
2023	500,000	463,410
2024-2028	2,700,000	2,103,670
2029-2033	3,300,000	1,691,040
2034-2038	4,000,000	1,178,850
2039-2043	4,700,000	888,070
2044-2048	2,000,000	48,780
	<u>\$ 18,900,000</u>	<u>\$ 8,056,830</u>

COPs bears a variable interest rate structure with preset interest rate caps. The interest rate is based on an agreed upon spread of 120 basis point or 1.2% plus a commonly used interest rate index published by the Securities Industry and Financial Markets Association (SIFMA). The SIFMA index rate used to calculate the interest rate is determined by the Index Agent on (1) each Index Rate Determination Date determined by the Index Agent, plus (2) the applicable spread of 1.2%, the sum of which is subject to the preset interest rate cap as follows:

Preset Interest Rate Caps structure:

Year 1-5	3.20%
Year 6-10	4.20%
Year 11-30	5.20%

The District utilized the SIFMA rate as the end of the fiscal year ending June 30, 2018 to calculate the interest based on the predetermined principal payment schedule above.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

(9) Operating Leases

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

<u>Fiscal Year Ending</u>	<u>Amount</u>
2019	\$ 1,061,481
2020	1,112,027
2021	348,230
2022	335,303
2023	254,624
2024-2028	774,206
2029-2033	503,391
2034-2038	503,391
	<u>\$ 4,892,653</u>

Air-monitoring station leases are renewable with minor escalations.

Rental expense for lease agreements above during the year ended June 30, 2018, was \$1,267,731.

(10) County Apportionment Revenue

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

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

Property taxes levied are recorded as revenue and receivables in the fiscal year of levy, provided that they are collected within the fiscal year or within ninety days after year end to be consistent with the District's collection period used in the measurement of the collection period for when revenues are considered available.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

County apportionment revenue recognized as of June 30, 2018, is as follows:

<u>County</u>	<u>Amount</u>
Alameda	\$ 5,858,293
Contra Costa	3,671,228
Marin	1,488,042
Napa	1,042,396
Santa Clara	8,969,426
San Francisco	3,224,019
San Mateo	4,479,649
Solano	832,404
Sonoma	1,467,239
Total county apportionment revenue	\$ 33,032,767

(11) Pension Plan

Plan Description

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

Benefits Provided

Benefit provisions under the Plan are established by State statute and District resolution. The benefits are based on members' years of service, age, final compensation, and benefit formula. The California Public Employees Pension Reform Act of 2013 (PEPRA) made significant changes to the benefit structure that primarily affect members first hired to perform CalPERS creditable activities on or after January 1, 2013. As a result of PEPRA, the Plan has two benefit structures: 1) CalPERS Miscellaneous Employee "2% at 55" for members first hired prior to January 1, 2013, to perform CalPERS creditable activities (Classic members), and 2) CalPERS Miscellaneous Employee "2% at 62" for members first hired on or after January 1, 2013, to perform CalPERS creditable activities (PEPRA members). The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits, while PEPRA members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan is applied as specified by the Public Employees' Retirement Law.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Classic</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hiring date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: minimum	50	52
Monthly benefit, as a % of eligible compensation	1.43%	1.00%
Required employee contribution rates	7.00%	5.50%
Required employer contribution rates	18.090%	18.090%

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	284
Inactive employees entitled to but not yet receiving benefits	77
Active employees	330
	<u>691</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended.

For the year ended June 30, 2018, the contributions to the Plan amounted to \$6,407,096.

Net Pension Liability

The District's net pension liability for the Plan of \$79,318,718 at June 30, 2018 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability of the Plan is shown below.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

The total pension liability in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Actuarial cost method	Entry-Age Normal
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.15% ⁽¹⁾
Mortality rate table ⁽²⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

⁽¹⁾ Net of pension plan investment and administrative expenses; includes inflation.

⁽²⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality and retirement dates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

During the measurement period ended June 30, 2017, the discount rate was reduced from 7.65% to 7.15%.

Discount Rate

The discount rate used to measure the total pension liability of the Plan was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15% is applied to all plans in the PERF. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

In determining the long-term expected rate of return, CalPERS' staff considered both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global equity	47.00%	4.90%	5.38%
Global fixed income	19.00	0.80	2.27
Inflation sensitive	6.00	0.60	1.39
Private equity	12.00	6.60	6.63
Real estate	11.00	2.80	5.21
Infrastructure and forestland	3.00	3.90	5.36
Liquidity	2.00	(0.40)	(0.90)
Total	100.00%		

^(a) An expected inflation of 2.50% used for this period.

^(b) An expected inflation of 3.00% used for this period.

BUDGET AND FINANCE COMMITTEE
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BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2018

Changes in the Net Pension Liability

The changes in the net pension liability for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a-b)
Balance at June 30, 2017	\$ 276,883,408	\$ 206,953,321	\$ 69,930,087
Changes recognized for the measurement period:			
Service cost	5,251,175	-	5,251,175
Interest on the total pension liability	20,568,801	-	20,568,801
Differences between expected and actual experience	(2,082,303)	-	(2,082,303)
Changes of assumptions	16,314,523	-	16,314,523
Contributions from the employer	-	5,682,917	(5,682,917)
Contributions from employees	-	2,429,913	(2,429,913)
Net investment income	-	22,856,288	(22,856,288)
Benefit payments, including refunds of employee contributions	(12,131,353)	(12,131,353)	-
Administrative expense	-	(305,553)	305,553
Net changes	27,920,843	18,532,212	9,388,631
Balance at June 30, 2018	\$ 304,804,251	\$ 225,485,533	\$ 79,318,718

Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability for the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

	1.00% Decrease (6.15%)	Current Discount Rate (7.15%)	1.00% Increase (8.15%)
District's net pension liability	\$ 118,473,853	\$ 79,318,718	\$ 46,596,442

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2018, the District recognized pension expense of \$10,837,194 for the Plan. As of June 30, 2018, the District reported deferred outflows and deferred inflows of resources related to the Plan as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 12,335,371	\$ 1,119,857
Differences between expected and actual experience	—	2,236,222
Net difference between projected and actual earnings on pension plan investments	3,023,268	
District contributions subsequent to the measurement date	6,407,096	—
Total	\$ 21,765,735	\$ 3,356,079

The amounts above are net of outflows and inflows recognized in the 2016-17 measurement period expense.

The \$6,407,096 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

<u>Year ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$ 1,734,098
2020	6,807,912
2021	4,765,644
2022	(1,305,094)

Payable to the Pension Plan

The District's contribution for all members to the Plan for the fiscal year ended June 30, 2018 was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2018.

(12) Postemployment Benefits – Health and Welfare for Retirees

Plan Description

The District contributes to an agent multiple-employer plan administered by CalPERS. The plan provides medical, dental, vision, and life insurance benefits to eligible retirees. Benefit provisions are established in accordance with the Employee Association Memorandum of Understanding (MOU) for represented employees and as adopted by Board Resolution for all other employees who retire from the District on or after attaining age 50 with at least 5 (five) years of service.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

The District established an irrevocable trust to prefund the other postemployment benefit annual required contribution by participating in the California Employers' Retiree Benefit Trust (CERBT) program during the fiscal year ended June 30, 2009. The funds in the CERBT are held in the trust and administered by the California Public Employees' Retirement System (CalPERS).

The CERBT fund, which is an IRC Section 115 Trust, is set up for the purpose of (i) receiving employer contributions to prefund health and other postemployment benefits for retirees and their beneficiaries, (ii) investing contributed amounts and income therein, and (iii) disbursing contributed amounts and income therein, if any, to pay for costs of administration of the fund and to pay for health care costs or other postemployment benefits in accordance with the terms of the District's OPEB plan. The District's Other Postemployment Benefits (OPEB) financial statements will be included in the CalPERS Comprehensive Annual Financial Report (CAFR). Copies of CalPERS' CAFR may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

Additionally, the plan maintains a closed group of retirees receiving coverage through a separate life insurance policy with American International Group, Inc. (AIG). The District makes contributions to the AIG Retiree Life Reserve Fund on an annual basis as needed to ensure that Fund's balance is equal to the present value of expected claims for the retirees covered by the policy. The AIG Retiree Reserve Fund can only be applied towards the benefits provided under the program. As of June 30, 2018, the AIG Retiree Life Insurance Fund had a total asset balance of \$658,077, making up 1.6% of the total Plan Fiduciary Net Position of \$40,028,423. All activities of the AIG Retiree Life Reserve Fund are accounted for in the measurement of the District's net OPEB liability.

Employees Covered

As of June 30, 2017, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's OPEB Plan:

Active employees	334
Inactive employees or beneficiaries currently receiving benefits	219
Inactive employees entitled to, but not yet receiving benefits	2
Total	<u>555</u>

Contributions

The District contributions to the Plan occur as benefits are paid to retirees (pay-as-you-go basis) and/or to the OPEB trust by means of discretionary funding payments as approved by the Board.

The District's actuary also accounts for the implicit subsidy contribution, which exists when premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. In the District's program, the claims experience for active employees and retirees not covered by Medicare is co-mingled in setting premiums rates for some members and gives rise to an implicit subsidy. The implicit subsidy is determined as the projected difference between (a) retiree medical and life insurance claim costs by age and (b) premiums charged for retiree coverage.

For fiscal year 2017-18, the District contributed a total of \$6,817,699 to the plan that includes \$4,000,000 contributed to the OPEB trust and \$441,085 identified as implicit contributions.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

Healthcare Reform Act

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, collectively referred to as the Health Care Reform Act of 2010 ("The Act"), were signed into law in March 2010. The Act imposes a 40.00% excise tax on employers that carry "Cadillac healthcare plans" beginning in 2022. The tax is applied to the amount of premium in excess of stated single (\$11,850 for ages 55-64 and \$10,200 for all other ages) and family (\$30,950 for ages 55-64 and \$27,500 for all other ages) thresholds. The District's actuary considered the potential additional costs due to excise taxes on high cost plans and these are included in the actuary's valuation of liabilities.

Net OPEB Liability

The District's net OPEB liability of \$28,534,272 at June 30, 2018 is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability is measured using an annual actuarial valuation as of June 30, 2017. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2017	
Measurement date	June 30, 2017	
Actuarial cost method	Entry Age Normal Cost	
Discount rate	7.25%	
Inflation	2.75% per year	
Salary increases	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years.	
Investment rate of return	7.25%, net of plan investment expenses and including inflation	
Mortality improvement	MacLeod Watts Scale 2017 applied generationally.	
Healthcare trend rates	Medical plan premiums and claims costs by age are assumed to increase once each year. The Increases over the prior year's levels are assumed to be effective as shown below (Effective January 1):	
	2018 - Actual	2022 - 6.00%
	2019 - 7.50%	2023 - 5.50%
	2020 - 7.00%	2024 - 5.00%
	2021 - 6.50%	2025 & later - 5.00%

Dental and vision premiums are assumed to increase by 3% per year. The Public Employee's Medical and Hospital Care Act (PEMHCA) Minimum Employer Contribution is assumed to increase at 4.5% per year.

Note: Demographic actuarial assumptions used in this valuation are based on the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for mortality improvement as noted above.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2018

Changes of Assumptions

There were no changes of assumptions during the measurement period ended June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liability 7.25%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was based on CalPERS' expected return for California Employers' Retirement Benefit Trust Strategy 1.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Target Allocation ⁽¹⁾	1-10 Year Expected Real Rate of Return ⁽²⁾	11-60 Year Expected Real Rate of Return ⁽³⁾
Global equity	57.00%	5.25%	5.71%
Fixed income	27.00	1.79	2.40
Treasury inflation protected securities (TIPS)	5.00	1.00	2.25
Real estate investment trusts (REITs)	8.00	3.25	7.88
Commodities	3.00	0.34	4.95
Total	<u>100.00%</u>		

⁽¹⁾ Allocation approved by the CalPERS Board at the October 2017 Investment Committee meeting

⁽²⁾ Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.50%.

⁽³⁾ Real rates of return come from a geometric representation of returns that assume a general inflation rate of 3.00%.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

Changes in the OPEB Liability

The changes in the net OPEB liability for the plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning Balance at June 30, 2017	\$ 64,908,798	\$ 32,741,243	\$ 32,167,555
Changes recognized for the measurement period			
Service cost	1,531,801		1,531,801
Interest on the total OPEB liability	4,722,673		4,722,673
Benefit payments	(2,600,577)	(2,600,577)	-
Contributions - employer		6,600,577	(6,600,577)
Net investment income		3,304,360	(3,304,360)
Other expenses - administrative expense		(17,180)	17,180
Net changes	3,653,897	7,287,180	(3,633,283)
Balance at June 30, 2018	\$ 68,562,695	\$ 40,028,423	\$ 28,534,272

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for fiscal year ended June 30, 2018:

	1.00% Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Net OPEB liability	\$ 36,521,067	\$ 28,534,272	\$ 21,797,920

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended June 30, 2018:

	1.00% Decrease	Trend Rate ⁽¹⁾	1.00% Increase
Net OPEB liability	\$ 23,670,340	\$ 28,534,272	\$ 33,760,646

⁽¹⁾ Refer above to actuarial assumptions for health trend rates.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of \$3,596,288. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual earnings on OPEB plan investments	\$	\$ 628,994
District contributions subsequent to the measurement date	6,817,699	—
Total	<u>\$ 6,817,699</u>	<u>\$ 628,994</u>

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

<u>Year ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2019	\$ (157,249)
2020	(157,249)
2021	(157,249)
2022	(157,247)

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2018

(13) Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District manages and finances these risks by purchasing commercial insurance and has a \$1,000 to \$10,000 deductible for general and special property liability with limits of \$10 million and \$350 million, respectively.

The District has a \$500,000 deductible for worker's compensation with a \$1 million limit.

The District has had no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the District's commercial insurance coverages.

As of June 30, 2018, the District had no material claims outstanding for general liability or for workers' compensation cases.

(14) Commitments and Contingencies

The District is subject to litigation arising in the normal course of business. In the opinion of the District's Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the District.

The District receives Federal and State grant funds. The amounts, if any, of the District's grant expenditures which may be disallowed upon audit by the granting agencies cannot be determined at this time, although the District expects any such amounts to be immaterial.

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019**

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Required Supplementary Information
 Schedule of Changes in the Net OPEB Liability and Related Ratios*
 For the Year Ended June 30, 2018
 (unaudited)

	2017-2018
Total OPEB Liability	
Service cost	\$ 1,531,801
Interest on the total OPEB liability	4,722,673
Benefit payments	(2,600,577)
Net change in total OPEB liability	3,653,897
Total OPEB liability – beginning	64,908,798
Total OPEB liability – ending (a)	\$ 68,562,695
Plan fiduciary net position	
Contributions – employer	\$ 6,600,577
Net investment income	3,304,360
Benefit payments	(2,600,577)
Administrative expense	(17,180)
Net change in plan fiduciary net position	7,287,180
Plan fiduciary net position – beginning	32,741,243
Plan fiduciary net position – ending (b)	40,028,423
Net OPEB liability – ending (a) - (b)	\$ 28,534,272
Plan fiduciary net position as a percentage of the total OPEB liability	58.4%
Covered – employee payroll	\$ 35,433,438
Net OPEB liability as percentage of covered – employee payroll	80.53%

* Fiscal year 2017-18 was the first year of implementation, therefore only one year is shown.

See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Required Supplementary Information
 Schedule of Contributions - OPEB*
 For the Year Ended June 30, 2018
 (unaudited)

	2017	2018
Actuarially determined contribution	\$	6,081,000
Contributions in relation to the actuarially determined contributions		6,817,699
Contribution deficiency (excess)	\$	(736,699)
Covered - employee payroll	\$	37,405,252
Contributions as a percentage of covered employee payroll		18.23%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2015
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	10 years
Asset valuation method	CERBT - 5-year smoothed market AIG Fund - contract value
Inflation	3.00%
Healthcare cost trend rates	Non-Med - 2015: Actual; 2016: Actual; 2017: 7.0%; 2018: 6.5%; 2019: 6.0%; 2020: 5.5%; 2021+: 5.0%
	Medicare - 2015: Actual; 2016: Actual; 2017: 7.2%; 2018: 6.7%; 2019: 6.1%; 2020: 5.6%; 2021+: 5.0%
Salary increases	3.25%
Investment rate of return	7.25%
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Fully generational with Scale MP-2014 modified to converge to ultimate improvement rates in 2022 for pre and post-retirement mortality

* Fiscal year 2017-18 was the first year of implementation, therefore only one year is shown.

See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Required Supplementary Information
 Schedule of Changes in the Net Pension Liability and Related Ratios *
 California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
 For the Year Ended June 30, 2018
 (unaudited)

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Total Pension Liability				
Service Cost	\$ 4,509,169	\$ 4,405,494	\$ 4,402,257	\$ 5,251,175
Interest on total pension liability	18,144,590	19,019,896	19,929,495	20,568,801
Changes in assumptions	—	(4,479,434)		16,314,523
Differences between expected and actual experience	—	(1,508,680)	(5,423,366)	(2,082,303)
Benefit payments, including refunds of employee contributions	(9,459,410)	(10,371,769)	(11,526,958)	(12,131,353)
Net change in total pension liability	13,194,349	7,065,507	12,920,555	27,920,843
Total pension liability – beginning	244,402,997	257,597,346	264,662,853	276,883,408
Total pension liability – ending (a)	<u>257,597,346</u>	<u>264,662,853</u>	<u>276,883,408</u>	<u>304,804,251</u>
Plan fiduciary net position				
Contributions – employer	3,815,653	4,268,315	5,253,802	5,682,917
Contributions – employee	2,622,951	2,372,392	2,502,885	2,429,913
Net investment income	31,178,442 ⁽¹⁾	4,871,767	1,102,999	22,856,288
Benefit payments, including refunds of employee contributions	(9,459,410)	(10,371,769)	(11,526,958)	(12,131,353)
Administrative expense	—	(236,125)	(127,831)	(305,553)
Net change in plan fiduciary net position	28,157,636	904,580	(2,795,103)	18,532,212
Plan fiduciary net position – beginning	180,686,208	208,843,844	209,748,424	206,953,321
Plan fiduciary net position – ending (b)	<u>208,843,844</u>	<u>209,748,424</u>	<u>206,953,321</u>	<u>225,485,533</u>
Net pension liability – ending (a) - (b)	<u>\$ 48,753,502</u>	<u>\$ 54,914,429</u>	<u>\$ 69,930,087</u>	<u>\$ 79,318,718</u>
Plan fiduciary net position as a percentage of the total pension liability	81.07%	79.25%	74.74%	73.98%
Covered – employee payroll	\$ 32,010,647	\$ 33,133,499	\$ 34,119,169	\$ 35,433,438
Net pension liability as percentage of covered – employee payroll	152.30%	165.74%	204.96%	223.85%

⁽¹⁾ Net of administrative expenses.

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2014-15 was the first year of implementation, therefore only four years are shown.

See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Required Supplementary Information
 Schedule of Contributions - Pension *
 California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
 For the Year Ended June 30, 2018
 (unaudited)

	2014-2015	2015-2016	2016-2017	2017-2018
Actuarially determined contribution	\$ 4,268,315	\$ 5,365,344	\$ 5,685,584	\$ 6,407,096
Contributions in relation to the actuarially determined contributions	(4,268,315)	(5,365,344)	(5,685,584)	(6,407,096)
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered – employee payroll	\$ 33,133,499	\$ 34,119,169	\$ 35,433,438	\$ 37,405,253
Contributions as a percentage of covered – employee payroll	12.88%	15.73%	16.05%	17.13%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Valuation date	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Actuarial cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method	Entry age normal cost method
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
Asset valuation method	Actuarial value of assets	Market value of assets	Market value of assets	Market value of assets
Inflation	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually
Salary increases	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll Growth	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.50% net of pension plan investment and administrative expenses; includes inflation.	7.50% net of pension plan investment and administrative expenses; includes inflation.	7.50% net of pension plan investment and administrative expenses; includes inflation.	7.50% net of pension plan investment and administrative expenses; includes inflation.
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Fiscal year 2014-15 was the first year of implementation, therefore only four years are shown.

See accompanying independent auditor's report.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - General Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permit fees	\$ 36,255,518	\$ 36,255,518	35,734,281	\$ (521,237)
Title V permit fees	5,467,881	5,467,881	5,439,167	(28,714)
Asbestos fees	2,500,000	2,500,000	4,066,794	1,566,794
Penalties and variance fees	2,750,000	2,906,936	4,369,253	1,462,317
Hearing board fees	20,000	20,000	15,420	(4,580)
State subvention	1,732,000	1,732,000	1,724,360	(7,620)
AB 2588 income	363,081	178,035	336,389	158,354
Miscellaneous	50,000	50,000	150,958	100,958
Federal grant -EPA	2,437,239	2,437,239	2,269,012	(168,227)
Federal grant - DHS	1,349,249	1,349,249	1,212,933	(136,316)
CMAQ Spare The Air	885,000	885,000	688,998	(196,002)
Other grants	-	50,343	740,229	689,885
Portable equipment registration program (PERP)/Inspection Fees	400,000	400,000	547,588	147,588
Interest/Investment	285,000	285,000	997,879	712,879
County apportionment	31,518,760	31,518,760	33,032,767	1,514,007
Special environmental projects			105,797	
Total revenues	<u>86,013,728</u>	<u>86,055,962</u>	<u>91,431,845</u>	<u>5,395,883</u>
Expenditures:				
Executive office & Finance	9,414,859	10,728,905	8,670,435	(2,058,470)
Administration	14,197,945	17,621,939	12,401,554	(5,223,385)
Information systems	5,585,201	5,926,151	4,468,731	(1,457,420)
Legal services	3,118,290	3,204,478	2,927,496	(276,982)
Communication & Outreach	3,979,828	4,653,265	3,253,419	(1,399,846)
Compliance and enforcement	13,220,872	13,417,169	13,256,127	(161,042)
Engineering	13,264,855	13,479,955	9,468,340	(4,011,615)
Planning and research	12,107,861	12,826,970	6,591,444	(6,235,526)
Meteorology, Measurement and Rules	14,399,590	15,448,756	11,762,598	(3,686,158)
Strategic incentives division	586,439	639,867	370,441	(269,426)
Technology Implementation Office	500,000	700,000	374,878	(325,122)
Program Distribution	-	-	1,919,719	1,919,719
1% Vacancy Savings	(2,203,833)	(2,203,833)	-	2,203,833
Total current expenditures	<u>88,171,928</u>	<u>96,446,623</u>	<u>75,465,182</u>	<u>(20,981,440)</u>
Capital outlay	5,691,775	9,577,591	5,022,901	(4,554,690)
Debt Service: Principal	-	-	358,609	358,609
Debt Service: Interest	-	-	482,502	482,502
Total expenditures	<u>93,863,703</u>	<u>106,024,214</u>	<u>81,329,194</u>	<u>(24,695,020)</u>
Excess of Revenues				
Over Expenditures	(7,849,975)	(19,988,252)	10,102,651	30,090,903
Other Financing Sources				
Transfers in	483,697	483,697	1,110,780	627,083
Total other financing sources	<u>483,697</u>	<u>483,697</u>	<u>1,110,780</u>	<u>627,083</u>
Net Change in Fund Balance	<u>\$ (7,366,278)</u>	<u>\$ (19,504,555)</u>	<u>11,213,431</u>	<u>\$ 30,717,986</u>
Beginning Budgetary Fund Balance			63,752,774	
Ending Budgetary Fund Balance			<u>\$ 74,966,205</u>	

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Special Revenue Fund
Year Ended June 30, 2018

	Budgeted Amounts		Actual (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
Revenues:				
TFCA/MSIF DMV fee	\$ 35,096,571	\$ 69,869,540	\$ 21,759,408	\$ (48,110,132)
Carl Moyer Program	7,168,326	9,598,220	6,660,675	(2,937,545)
AB 434/923 others	964,807	964,807	889,236	(75,571)
Other grants	16,150,000	309,074	848,754	539,680
Total revenues	59,379,704	80,741,641	30,158,074	(50,583,567)
Expenditures:				
TFCA/MSIF & Other Programs				
Program distribution	21,215,369	52,299,650	15,365,918	(36,933,732)
Intermittent control	1,773,694	3,280,109	1,822,226	(1,457,883)
TFCA administration	1,585,414	2,036,893	1,057,082	(979,810)
Miscellaneous Incentive Program	19,997	19,997	132,925	112,928
Regional Electric Vehicle Deployment	807,555	1,337,713	308,109	(1,029,605)
Enhanced Mobile Source Inspection	1,167,289	1,175,110	48,197	(1,126,913)
Mobile source incentive	676,692	706,709	619,852	(86,857)
Vehicle Buy-Back	7,286,219	8,449,016	2,859,211	(5,589,805)
Commute Assistance	564,342	564,342	10,515	(553,827)
CMP				
Project Funding	6,710,883	9,140,777	5,918,629	(3,222,148)
Grant administration	457,443	57,443	505,544	48,101
California Goods Movement Program:				
Project Funding	16,000,000	130,000	130,000	
Grant administration	631,110	660,185	269,084	(391,101)
Total expenditures	58,896,007	80,257,944	29,047,294	(51,210,651)
Excess of Revenues				
Over Expenditures	483,697	483,697	1,110,780	627,083
Other Financing Uses				
Transfers out	(483,697)	(483,697)	(1,110,780)	\$ (627,083)
Total other financing uses				
Net Change in Fund Balance	\$ -	\$ -	-	
Beginning Budgetary Fund Balance				
Ending Budgetary Fund Balance			\$ -	

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Required Supplementary Information
Year Ended June 30, 2018

Budgetary Principles

Through the budget process, the Board of Directors sets the direction of the District. The annual budget assures the most efficient and effective use of the District's economic resources and establishes the priority of objectives that are to be accomplished during the fiscal year.

The annual budget covers the period from July 1 to June 30 and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees, and other public agencies. In addition, it establishes the foundation of effective financial planning by providing resource allocation, performance measures and controls that permit the evaluation and adjustment of the District's performance.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a) The Board of Directors adopts an annual budget by resolution prior to July 1 of each fiscal year. The annual budget indicates appropriations by fund and by program. The Board of Directors may also adopt supplemental appropriations during the year. At the fund level, expenditures may not legally exceed appropriations. The Air Pollution Control Officer (APCO) is authorized to transfer budgeted amounts between divisions and programs within any fund.
- b) Budgets are adopted on a basis that is consistent with Generally Accepted Accounting Principles (GAAP) with the exception of recognition of certain revenue, as discussed below. Annual appropriated budgets are adopted for the General and Special Revenue funds.
- c) Supplementary budgetary revenue and expenditure appropriations were adopted by the Board of Directors during the fiscal year. These supplemental appropriations have been included in the Budgeted Amounts - Final column of the Budgetary Comparison Schedules.

Reconciliation to the Statement of Revenues, Expenditures, and Changes in Fund Balances

The District's budgetary basis is consistent with Generally Accepted Accounting Principles (GAAP), with the exception of certain revenues that are recognized when earned in the GAAP-basis financial statements but deferred until expended on the budgetary basis. Revenues in the Budget and Actual schedules have been presented on the budgetary basis to provide a more meaningful comparison of actual results with the budget. The following is a reconciliation between revenues on the budgetary basis and the GAAP basis reflected in the statement of revenues, expenditures, and changes in fund balance.

	Special Revenue Fund
Revenues - Budgetary Basis	\$ 30,158,074
Revenue recognition adjustments	16,680,555
Revenues - GAAP Basis	\$ 46,838,629

SUPPLEMENTARY INFORMATION

**BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019**

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Transportation Fund for Clean Air (TFCA) Program, Mobile Source Incentive Fund Program,
 Carl Moyer Program, & Other Programs

Schedule of Expenditures
 Year Ended June 30, 2018

<u>Programs</u>	<u>Salaries and Benefits</u>	<u>Services and Supplies</u>	<u>Program Distribution</u>	<u>Total</u>
Program distribution	\$ -	\$ -	\$ 15,365,919	\$15,365,919
Intermittent control	788,098	1,034,128	-	1,822,226
TFCA administration	879,351	177,732	-	1,057,082
Miscellaneous Incentive Program	74,973	57,952	-	132,925
Regional Electric Vehicles	248,562	59,547	-	308,109
Enhanced Inspection Program	42,826	5,371	-	48,197
Commuter Assistance	10,515	-	-	10,515
Vehicle Buy-Back	28,360	2,830,851	-	2,859,211
Mobile source incentive	563,999	55,855	-	619,852
Total expenditures	<u>\$2,636,684</u>	<u>\$ 4,221,434</u>	<u>\$ 15,365,919</u>	<u>\$22,224,037</u>

BUDGET AND FINANCE COMMITTEE
 MEETING OF 02/27/2019

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

Single Audit Reports

For the Year Ended June 30, 2018

(With Independent Auditor's Reports Thereon)

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Single Audit Reports
For the Year Ended June 30, 2018

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BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019



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FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors of the
Bay Area Air Quality Management District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Bay Area Air Quality Management District** (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 13, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "Simpson & Simpson".

Los Angeles, California
February 13, 2019

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019



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Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors of the
 Bay Area Air Quality Management District

Report on Compliance for Each Major Federal Program

We have audited the **Bay Area Air Quality Management District’s** (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2018. The District’s major federal programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the District’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District’s compliance.

BUDGET AND FINANCE COMMITTEE
 MEETING OF 02/27/2019





Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the District's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated February 13, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

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

Los Angeles, California
February 13, 2019

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through/Grant Identifying Number	Federal CFDA Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Environmental Protection Agency:				
Air Pollution Control Program Support	A009056 I 6	66.001		\$ 37,924
Air Pollution Control Program Support	A00905617	66.001	\$ 629,892	1,869,598
Total CFDA 66.001			<u>629,892</u>	<u>1,907,522</u>
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	PM99T08001-4	66.034		155,407
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	PM99T0800 I-7	66.034		98,157
National Air Toxics Trend Study	XA99T39801	66.034		102,115
Community Scale Air Toxics Ambient Monitoring	XA99T70701	66.034		5,811
Total CFDA 66.034				<u>361,490</u>
National Clean Diesel Assistance	DE-99T42401	66.039		14,683
National Clean Diesel Assistance	DE-99T70001	66.039		10,904
Total CFDA 66.039				<u>25,587</u>
Total U.S. Environmental Protection Agency				<u>2,294,599</u>
U.S. Department of Homeland Security:				
Homeland Security Biowatch Program	2006-ST-9 1-2	97.091		1,212,933
Total U.S. Department of Homeland Security				<u>1,212,933</u>
U.S. Department of Transportation:				
Passed through California Department of Transportation:				
Highway Planning and Construction	CML-6297 (003)	20.205		688,998
Highway Planning and Construction	CML-6297 (007)	20.205		32,630
Total CFDA 20.205				<u>721,628</u>
Total U.S. Department of Transportation				<u>721,628</u>
Total Expenditures of Federal Awards			<u>\$ 629,892</u>	<u>\$ 4,229,160</u>

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

1. General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the Bay Area Air Quality Management District (the District) for the year ended June 30, 2018. The District's reporting entity is defined in Note 1 of the District's basic financial statements. Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included in the SEFA.

2. Summary of Significant Accounting Policies

Basis of Accounting - Funds received under the various grant programs have been recorded within the general fund and the special revenue fund of the District. The accompanying SEFA is presented using the modified accrual basis of accounting for expenditures that are accounted for in the general fund and the special revenue fund, which are both governmental funds, as described in Note 1 of the District's basic financial statements.

Relationship to Financial Statements - Federal award expenditures reported in the accompanying SEFA agree, or can be reconciled, in all material respects, to amounts reported in the District's basic financial statements.

Catalog of Federal Domestic Assistance (CFDA) - The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant or contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

3. Pass-through Entities' Identifying Numbers

When federal awards are received from a pass-through entity, the SEFA indicates, if assigned, the identifying grant or contract number that has been assigned by the pass-through entity.

4. Indirect Cost Rate

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial statements:

- | | |
|--|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | |
|--|------------|
| 4. Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | No |
| 5. Type of auditor's report issued on compliance for major program: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516? | No |
| 7. Identification of major programs: | |

CFDA Number
97.091

Name of Federal Program or Cluster
Homeland Security Biowatch Program

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |

BUDGET AND FINANCE COMMITTEE MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2018

Section II – Financial Statement Finding

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2018

Section II – Financial Statement Finding

There were no audit findings in the prior year.

Section III – Federal Award Findings and Questioned Costs

There were no audit findings in the prior year.

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

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: February 13, 2019

Re: Second 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 second 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	2nd QTR FY 2018	2nd QTR FY 2019	FY 2019 - % of BUDGETED REVENUE
County Receipts	\$12,602,763	\$12,848,493	39%
Permit Fee Receipts	\$27,921,937	\$33,312,960	86%
Title V Permit Fees	\$4,531,526	\$5,616,575	97%
Asbestos Fees	\$1,956,790	\$2,193,742	88%
Toxic Inventory Fees	\$375,639	\$298,624	59%
Penalties and Settlements	\$1,121,691	\$1,286,607	47%
Interest Income	\$346,519	\$690,297	139%
Misc. Revenue	\$20,794	\$74,824	75%
Total Revenue	\$48,877,658	\$56,322,122	67%

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

EXPENDITURE TYPE	2nd QTR FY 2018	2nd QTR FY 2019	FY 2019 - % of BUDGETED EXPENDITURES
Personnel - Salaries*	\$18,965,893	\$20,583,169	44%
Personnel - Fringe Benefits*	\$10,059,540	\$10,628,523	43%
Operational Services / Supplies	\$9,284,686	\$9,138,653	31%
Capital Outlay	\$3,244,123	\$2,136,710	46%
Office Acquisition		\$13,130,123	0%
Total Expenditures	\$41,554,241	\$55,617,177	53%

* Consolidated (includes Special Funds)

** Acquisition approved using GF Reserves

CASH INVESTMENTS IN COUNTY TREASURY – Account Balances as of 2nd Quarter

CASH/INVESTMENTS	2nd QTR FY 2018	2nd QTR FY 2019
General Fund	\$65,115,333	\$64,839,756
TFCA	\$89,137,168	\$99,193,498
MSIF	\$40,382,365	\$41,031,566
Carl Moyer	\$5,075,327	\$18,940,093
CA Goods Movement	\$10,553,891	\$15,077,651
Bike Share	\$1,072,305	\$1,084,000
Total	\$211,336,388	\$240,166,564

FUND BALANCES	6/30/2017	6/30/2018	6/30/2019
	Audited	Audited	Projected
DESIGNATED: *			
Building Acquisition			7,000,000
Diversity Equity & Inclusion		100,000	-
Economic Contingency	\$16,519,959	\$17,390,311	19,084,769
IT- Event Response	\$500,000	\$500,000	-
Litigation		\$500,000	-
Napa/Sonoma Fireplace Replacement Grant		\$1,000,000	1,000,000
Pension & Post Employment Liability	\$1,600,000	\$1,000,000	1,000,000
Tech- Meteorological Network Equipment	\$151,100	\$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	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			<u>\$18,840,854</u>
TOTAL UNFUNDED LIABILITIES			\$93,495,350
CERTIFICATE OF PARTICIPATION NOTES (Est. @ June 2018)			\$26,956,830

VENDOR PAYMENTS

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

Below is a list of vendors with cumulative payments made through the second quarter of 2018-19 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 - Dec 2018)	Explanation
1. Alliant Insurance Services	\$330,020	Various Business Insurance Policies
2. Bay Area Headquarters Authority	\$1,107,768	Shared Services & Common Areas
3. Benefits Coordinators Corp.	\$421,383	Life Insurance Plan & LTD Insurance
4. Berkeley Communications Corp.	\$255,348	IT Network Services
5. CA Public Employee Retirement System	\$3,159,785	Health Insurance Plan
6. CA Public Employee Retirement System	\$1,038,931	Retirement Benefits & 457 Supplemental Plan
7. Cubic Transportations Systems	\$207,421	Clipper Transit Subsidy
8. Enterprise Fleet Services	\$245,495	Fleet Leasing and Maintenance services
9. Hartford Life Ins Co.	\$375,855	457 Supplemental Insurance
10. O'Rourke Inc.	\$278,242	Marketing & Advertising Services
11. Preferred Benefit Insurance AD	\$391,136	Dental Insurance Plan
12. SoftwareOne Inc.	\$343,386	Microsoft Subscription Service
13. Thermo Environmental Instrument	\$183,654	Air monitoring and source test instrumentation
14. Wang Brother Investment	\$265,895	Richmond Site Lease

BUDGET CONSIDERATION/FINANCIAL IMPACT

None; receive and file.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze

Reviewed by: Jeffrey McKay

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/27/2019

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: February 13, 2019

Re: Air District Economic Outlook

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will present the Air District's Economic Outlook. The Economic Outlook provides an overview of historical economic trends and describes key assumptions and policies for the future economic growth of the region.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Leonid Bak
Reviewed by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 13, 2019

Re: Continued Discussion on Air District's Financial Plan

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will continue discussion of the Air District's 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.

The first introduction to the Plan was presented at the January 23, 2019, Budget & Finance Committee Meeting. With the reassignment of the Budget & Finance Committee members, a second presentation of the Plan will be provided.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeffrey McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 21, 2019

Re: Report of the Legislative Committee Meeting of February 28, 2019

RECOMMENDED ACTIONS

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

A) Consideration of New Bills

- 1) Assembly Bill (AB) 40 – Phil Ting (D-San Francisco) – “Support” position if amendments include more explicit air district participation;
- 2) AB 210 – Randy Voepel (R-Santee) – “Oppose”; and
- 3) Senate Bill (SB) 210 – Senator Connie Leyva (D-Chino) – “Support.

B) Wildfire Smoke Public Health Bill

- 1) None; receive and file.

BACKGROUND

The Committee met on Thursday, February 28, 2019, and received the following reports:

A) Consideration of New Bills; and

B) Wildfire Smoke Public Health Bill.

Committee Chairperson, Doug Kim, will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

A) None; and

B) None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Aloha de Guzman
Reviewed by: Vanessa Johnson

Attachment 15A: Legislative Committee Meeting Agenda #4 – 02/28/19
Attachment 15B: Legislative Committee Meeting Agenda #5 – 02/28/19

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Doug Kim and Members
of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 21, 2019

Re: Consideration of New Bills

RECOMMENDED ACTION

Recommend the Board of Directors take the following positions on proposed legislation:

- **Assembly Bill (AB) 40** - Phil Ting (D-San Francisco) - “Support” position if amendments include more explicit air district participation.
- **AB 210** - Randy Voepel (R-Santee) - “Oppose”
- **Senate Bill (SB) 210** - Senator Connie Leyva (D-Chino) - “Support”

OVERVIEW

Each year, as part of California’s legislative process new State Assembly and Senate bills are put in print by a deadline imposed for bill introduction. This legislative cycle, the deadline is on February 22, 2019. The attached list of bills of interest is current as of February 14, 2019.

The Committee will discuss and review the attached list, as well as an updated list of bills introduced by the date of its meeting. The Committee will also consider the recommendations above, as well as any new recommendations resulting from additional bills submitted by its meeting date.

DISCUSSION

Staff will provide a brief rundown of bills on the attached list, with a focus on the following bills:

Bills with Recommended Positions

Assembly Bill (AB) 40 is authored by Assemblymember Phil Ting (D-San Francisco), and would require the California Air Resources Board (CARB) to develop a strategy by January 1, 2021 to ensure all new motor vehicles and light-duty trucks are zero-emission by 2040. The strategy would include examining credit provisions, regulatory structures, market acceptance, potential technology advancements, and further research needs. The bill also requires

identification of areas of coordination with other state agencies and air districts to implement the strategy. In developing the strategy, CARB shall consult with experts in academia, industry, and the community. Air districts are not specifically noted as being part of the strategy development process, which appears to be an oversight that could be part of a future amendment. It should be noted that the timeline to complete the strategy would be very aggressive. California has set ambitious goals for electrifying transportation via regulation, Executive Orders, and statute. At the direction of the Board of Directors (Board), staff met with the Assemblymember's staff about including references to air districts more explicitly in the bill language prior to taking an official position of support. The current version of the bill is attached, however, it is likely that the bill will be amended soon, per discussions with staff, which may include our requested changes. **Staff recommends a "Support" position if amendments include more explicit air district participation.**

AB 210 is authored by Assemblymember Randy Voepel (R-Santee), and would expand exemptions of smog check testing from the current exemption given to pre-1976 model year gasoline powered vehicles, to pre-1983 model years. The bill would also exempt from smog check all diesel vehicles with a gross vehicle weight of greater than 14,001 pounds, regardless of the model year. Smog check is a cost effective way to reduce motor vehicle emissions by identifying vehicles in need of repair and maintenance. Expansion of exemptions to the oldest model years in the smog check program would run counter to efforts to improve air quality. In addition, the added diesel exemption as written runs counter to Senate Bill 210 which would establish a heavy duty diesel inspection and maintenance program. **Staff recommends taking an "Oppose" position.**

SB 210 was a bill introduced by Senator Connie Leyva (D-Chino) in 2017 that eventually died in the Assembly in 2018. The 2019 version is also SB 210, and would create a Heavy-Duty Vehicle Inspection and Maintenance program, a "Smog Check" for non-gasoline vehicles in excess of 14,000 lbs. gross vehicle weight. The bill would task state agencies to create test procedures for different model years and emissions control technologies to measure oxides of nitrogen and particulate matter, and then to create requirements for motor vehicles to pass test procedures in order to register or operate in the state. The revised bill would start with implementation of a pilot program to demonstrate effectiveness. Heavy-duty diesel trucks are the largest source of diesel particulate emissions in the state, as well as large contributors of oxides of nitrogen, and a vehicle inspection and maintenance program would provide significant health benefits to people that live and work near areas with high levels of truck traffic. **Staff recommends a "Support" position**, and to work with the Senator to minimize potential transportation corridor impacts that could be created if roadside testing is contemplated.

Bills Recommended for Further Monitoring

AB 315 and **AB 464** are "spot" bills introduced by Assemblymember Cristina Garcia (D-Bell Gardens) that relate to Health and Safety Code sections referencing air districts and their work within the AB 617 program. Based on discussions with the Assemblymember's staff, these could be used after future hearings of the Joint Committee on Climate Change Policies, of which she is the chair. There is no action at this time.

Senate Bill (SB) 1 is authored by Senate Pro-Tem Toni Atkins (D-San Diego) and is similar to **SB 49**, which was introduced in 2017 by then Senate Pro-Tem Kevin De Leon (D-Los Angeles). The Legislative Committee recommended a “Support if Amended” position and Air District staff provided input to the Pro-Tem’s office, but ultimately the bill did not advance. SB 1 defines “baseline federal standards” for air quality as federal standards implementing the Clean Air Act in effect as of January 19, 2017 and requires CARB to publish a list of changes made to federal standards on a quarterly basis as well as an assessment on whether the change has resulted in more or less stringency than the baseline federal standard. If CARB determines that a change results in less stringency, CARB would then consider actions to minimize the effect in California, including amending regulations, writing an emergency regulation, or amending state policies or plans, some of which would likely then create a conforming response for air districts. SB 49 also has a citizen suit provision that allows a civil action to be brought against regulatory agencies, including air districts, to ensure that baseline federal standards are not being weakened. The bill would become inoperable on January 20, 2025 and be repealed on January 1, 2026. While well intentioned, SB 1 could create a significant administrative burden for CARB and the air districts in amending current regulations or developing new ones to counter federal weakening. In many instances, state and local regulations are already more stringent than federal requirements, and in some circumstances the ultimate benefit would be minimal. Like SB 49, staff recommends supporting the legislation in principle, but also to not take a position on the bill at this time.

SB 45 is authored by Senator Ben Allen (D-Santa Monica) and proposes a statewide bond measure for popular vote in 2020. The bond proposes funding for various wildfire, flood, and drought measures including mitigation funding to support expansion of “cooling centers.” This bill, with a slight amendment to include “clean air centers” in addition to cooling centers, could provide a long term funding path for the Air District’s clean air center bill. Staff will be meeting with the Senator’s staff to propose amendments, and may bring this item back with a future recommendation to support.

SB 168 is authored by Senator Bob Wieckowski (D-Fremont) and creates the Chief Officer of Climate Change and Resilience in state government. Among other things, the bill proposes “... to have a cohesive and comprehensive response to climate change impacts, the state must have integrated planning with coordinated strategies across state, regional, and local governments and agencies designed to reduce the costs of future climate disaster and protect local, state, and regional infrastructure assets, including natural infrastructure systems.” Staff recommends monitoring this bill but not taking a position at this time.

SB 209 is authored by Senator Bill Dodd (D-Napa), and creates the California Wildfire Warning Center. It also requires every electrical corporation with equipment in high fire risk areas, to deploy one weather monitoring station for every circuit. Staff recommends monitoring this bill but not taking a position at this time.

SB 216 was introduced by Senator Cathleen Galgiani (D-Stockton) and would expand the Carl Moyer Program (CMP) to include provisions for a used heavy-duty truck exchange that has been piloted in other air districts. Under a normal Carl Moyer grant, a grantee would purchase a new truck and scrap the old truck, whereas under a truck exchange program the old truck, if the engine was not uncontrolled, could be re-purposed and traded to replace an uncontrolled vehicle. The concept has merit, but in practice is difficult because many of the trucks require significant maintenance or modifications prior to transfer to the new owner. This investment, which would be covered by the CMP, may not be as cost effective as reductions from the traditional program, or from other incentive programs. This bill will be of interest to many air quality management districts and other stakeholders, and staff will work with them as well as discussing the bill with the Senator's staff.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

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

- Attachment 4A: BAAQMD Bill Discussion List – as of February 14, 2019
- Attachment 4B: 2019 Assembly Bill 40 (Ting)
- Attachment 4C: 2019 Assembly Bill 210 (Voepel)
- Attachment 4D: 2019 Senate Bill 1 (Atkins)
- Attachment 4E: 2019 Senate Bill 45 (Allen)
- Attachment 4F: 2019 Senate Bill 168 (Wieckowski)
- Attachment 4G: 2019 Senate Bill 209 (Dodd)
- Attachment 4H: 2019 Senate Bill 210 (Leyva)
- Attachment 4I: 2019 Senate Bill 216 (Galgiani)

BAAQMD BILL DISCUSSION LIST

February 14, 2019

BILL NO.	AUTHOR	SUBJECT	STATUS	POSITION
AB 40	Ting	Zero emission vehicles: comprehensive strategy		Support (proposed)
AB 148	Quirk-Silva	Regional transportation plans: sustainable community strategies		
AB 185	Grayson	California Transportation Commission: transportation policies: joint meetings		
AB 210	Voepel	Smog check: exemption		Oppose (proposed)
AB 254	Quirk-Silva	Alternative fuel vehicles: flexible fuel vehicles		
AB 285	Friedman	California Transportation Plan		
AB 293	E. Garcia	Greenhouse gases: offset protocols		
AB 296	Cooley	Climate change: Climate Innovation Commission		
AB 315	C. Garcia	Stationary Sources: emissions reporting (Spot)		
AB 343	Patterson	Forestry: fuels transportation program: biomass energy facility: grant program		
AB 345	Muratsuchi	State Air Resources Board (Spot)		
AB 352	E. Garcia	California Global Warming Solutions Act of 2006: Greenhouse Gas Reduction Fund: investment plan: Transformative Climate Communities Program		
AB 409	Limon	Climate change: agriculture: grant program		
AB 423	Gloria	San Diego County Air Pollution Control District: members		
AB 457	Quirk	Occupational safety and health: lead: permissible exposure levels		
AB 464	C. Garcia	California Global Warming Solutions Act of 2006 (Spot)		
SB 1	Atkins	California Environmental, Public Health, and Worker Defense Act of 2019		
SB 43	Allen	Carbon taxes		
SB 45	Allen	Wildfire, Drought, and Flood Protection Bond Act of 2020		
SB 59	Allen	Automated vehicle technology: statewide policy		

SB 127	Wiener	Transportation funding: active transportation: complete streets		
SB 168	Wieckowski	Climate change: Chief Officer of Climate Adaptation and Resilience		
SB 209	Dodd	Wildfire: California Wildfire Warning Center: weather monitoring		
SB 210	Leyva	Heavy-Duty Vehicle Inspections and Maintenance Program		Support (proposed)
SB 216	Galgiani	Carl Moyer Memorial Air Quality Standards Attainment Program: used heavy-duty truck exchange		

LEGISLATIVE COMMITTEE
MEETING OF 02/28/2019

ASSEMBLY BILL

No. 40

**Introduced by Assembly Members Ting and Kalra
(Coauthors: Assembly Members Berman, Friedman, McCarty, and
Mark Stone)**

December 3, 2018

An act to add Section 43018.6 to the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 40, as introduced, Ting. Zero-emission vehicles: comprehensive strategy.

Existing law imposes various limitations on emissions of air contaminants for the control of air pollution from vehicular and nonvehicular sources. Existing law generally designates the State Air Resources Board as the state agency with the primary responsibility for the control of vehicular air pollution. Existing law required the state board to develop and adopt regulations that achieve the maximum feasible reduction of greenhouse gases emitted by passenger vehicles, light-duty trucks, and any other vehicles determined by the state board to be vehicles whose primary use is noncommercial personal transportation in the state.

This bill, no later than January 1, 2021, would require the state board to develop a comprehensive strategy to ensure that the sales of new motor vehicles and new light-duty trucks in the state have transitioned fully to zero-emission vehicles, as defined, by 2040, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The largest source of the state’s greenhouse gas emissions
4 come from the transportation sector, primarily from passenger
5 vehicles, accounting for nearly 40 percent of emissions.

6 (b) Over one-half of criteria air pollution, which causes smog
7 and direct health impacts, comes from transportation.

8 (c) People who live near freeways and busy roadways are at
9 high risk for exposure to health-threatening air pollutants from
10 passenger vehicles traveling those corridors.

11 (d) Since the 1990s, air pollution experts have identified moving
12 to zero-emission vehicles as a key to delivering clean air to
13 residents.

14 (e) The state can effectively reduce both health-threatening
15 criteria air pollution and climate pollution by adopting
16 zero-emission vehicles statewide.

17 (f) Climate change is a matter of increasing concern for public
18 health and the environment in the state.

19 (g) The control and reduction of greenhouse gas emissions are
20 critical to slow the effects of climate change, such as sea-level
21 rise, extreme weather events, or food insecurity.

22 (h) Technological solutions to reduce greenhouse gas emissions
23 will stimulate the state’s economy and provide good clean energy
24 job opportunities.

25 SEC. 2. Section 43018.6 is added to the Health and Safety
26 Code, to read:

27 43018.6. (a) For purposes of this section, “zero-emission
28 vehicles” means a vehicle that produces zero exhaust emissions
29 of any criteria air pollutant, precursor pollutant, or greenhouse gas,
30 excluding emissions from air conditioning systems, under any
31 possible operating modes or conditions.

32 (b) No later than January 1, 2021, the state board shall develop
33 a comprehensive strategy to ensure that the sales of new motor
34 vehicles and new light-duty trucks in the state have transitioned
35 fully to zero-emission vehicles by 2040. In developing the strategy,
36 the state board shall do all of the following:

37 (1) Assess the credit provisions and regulatory structure
38 adjustments needed to meet the future motor vehicle volumes in

1 order to shift the state’s new motor vehicle market to zero-emission
2 vehicles by 2040.

3 (2) Identify regulation that could improve market acceptance,
4 spur technology advancements, and reduce technology costs.

5 (3) Identify research needs to address any data gaps.

6 (4) Identify areas where coordination with other state agencies
7 and districts is needed to implement measures identified as part
8 of the comprehensive strategy.

9 (c) As part of the comprehensive strategy developed pursuant
10 to subdivision (b), the state board shall consult with experts in
11 academia, industry, and the community on zero-emission vehicles,
12 motor vehicle marketing, and motor vehicle technology adoption.
13 The topics shall include, but not be limited to, all of the following:

14 (1) Identification of opportunities and challenges for adopting
15 zero-emission vehicles.

16 (2) Recommendations to increase dealership engagement and
17 improve the retail experience.

18 (3) Identification of regulatory actions other state agencies might
19 take to encourage greater consumer access to zero-emission
20 vehicles.

21 (d) To provide a forum for public engagement, the state board
22 shall hold at least one public workshop during the development
23 of the comprehensive strategy required pursuant to subdivision
24 (b).

LEGISLATIVE COMMITTEE
MEETING OF 02/26/2019

O

AMENDED IN ASSEMBLY FEBRUARY 12, 2019

CALIFORNIA LEGISLATURE—2019—20 REGULAR SESSION

ASSEMBLY BILL**No. 210****Introduced by Assembly Member Voepel**

January 14, 2019

An act to amend Section 44011 of the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

AB 210, as amended, Voepel. Smog check: exemption.

Existing law establishes a motor vehicle inspection and maintenance (smog check) program that is administered by the Department of Consumer Affairs. The smog check program requires inspection of motor vehicles upon initial registration, biennially upon renewal of registration, upon transfer of ownership, and in certain other circumstances. Existing law exempts specified vehicles from being inspected biennially upon renewal of registration, including, among others, all motor vehicles manufactured prior to the 1976 model-year and all diesel-powered vehicles with a gross vehicle weight rating of 14,001 pounds or greater. *model-year.*

This bill instead would exempt from the smog check program all motor vehicles manufactured prior to the 1983 model-year and all diesel-powered vehicles manufactured prior to the 1983 model-year with a gross vehicle weight rating of 14,001 pounds or greater. *model-year.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 44011 of the Health and Safety Code is
2 amended to read:

3 44011. (a) All motor vehicles powered by internal combustion
4 engines that are registered within an area designated for program
5 coverage shall be required biennially to obtain a certificate of
6 compliance or noncompliance, except for the following:

7 (1) All motorcycles until the department, pursuant to Section
8 44012, implements test procedures applicable to motorcycles.

9 (2) All motor vehicles that have been issued a certificate of
10 compliance or noncompliance or a repair cost waiver upon a change
11 of ownership or initial registration in this state during the preceding
12 six months.

13 (3) All motor vehicles manufactured prior to the 1983
14 model-year.

15 (4) (A) Except as provided in subparagraph (B), all motor
16 vehicles four or less model-years old.

17 (B) (i) Beginning January 1, 2005, all motor vehicles six or
18 less model-years old, unless the state board finds that providing
19 an exception for these vehicles will prohibit the state from meeting
20 the requirements of Section 176(c) of the federal Clean Air Act
21 (42 U.S.C. Sec. 7401 et seq.) or the state's commitments with
22 respect to the state implementation plan required by the federal
23 Clean Air Act.

24 (ii) Notwithstanding clause (i), beginning January 1, 2019, all
25 motor vehicles eight or less model-years old, unless the state board
26 finds that providing an exception for these vehicles will prohibit
27 the state from meeting the requirements of Section 176(c) of the
28 federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.) or the state's
29 commitments with respect to the state implementation plan required
30 by the federal Clean Air Act.

31 (iii) Clause (ii) does not apply to a motor vehicle that is seven
32 model-years old in year 2018 for which a certificate of compliance
33 has been obtained.

34 (C) All motor vehicles excepted by this paragraph shall be
35 subject to testing and to certification requirements as determined
36 by the department, if any of the following apply:

37 (i) The department determines through remote sensing activities
38 or other means that there is a substantial probability that the vehicle

1 has a tampered emission control system or would fail for other
2 cause a smog check test as specified in Section 44012.

3 (ii) The vehicle was previously registered outside this state and
4 is undergoing initial registration in this state.

5 (iii) The vehicle is being registered as a specially constructed
6 vehicle.

7 (iv) The vehicle has been selected for testing pursuant to Section
8 44014.7 or any other provision of this chapter authorizing
9 out-of-cycle testing.

10 (D) This paragraph does not apply to diesel-powered vehicles.

11 (5) In addition to the vehicles exempted pursuant to paragraph
12 (4), any motor vehicle or class of motor vehicles exempted pursuant
13 to subdivision (c) of Section 44024.5. It is the intent of the
14 Legislature that the department, pursuant to the authority granted
15 by this paragraph, exempt at least 15 percent of the lowest emitting
16 motor vehicles from the biennial smog check inspection.

17 (6) All motor vehicles that the department determines would
18 present prohibitive inspection or repair problems.

19 (7) Any vehicle registered to the owner of a fleet licensed
20 pursuant to Section 44020 if the vehicle is garaged exclusively
21 outside the area included in program coverage, and is not primarily
22 operated inside the area included in program coverage.

23 (8) (A) All diesel-powered vehicles manufactured prior to the
24 1998 model-year.

25 (B) All diesel-powered vehicles that have a gross vehicle weight
26 rating of 8,501 to 10,000 pounds, inclusive, until the department,
27 in consultation with the state board, pursuant to Section 44012,
28 implements test procedures applicable to these vehicles.

29 (C) All diesel-powered vehicles that have a gross vehicle weight
30 rating from 10,001 pounds to 14,000 pounds, inclusive, until the
31 state board and the Department of Motor Vehicles determine the
32 best method for identifying these vehicles, and until the department,
33 in consultation with the state board, pursuant to Section 44012,
34 implements test procedures applicable to these vehicles.

35 (D) All diesel-powered vehicles ~~manufactured prior to the 1983~~
36 ~~model-year and~~ that have a gross vehicle weight rating of 14,001
37 pounds or greater.

38 (b) Vehicles designated for program coverage in enhanced areas
39 shall be required to obtain inspections from appropriate smog
40 check stations operating in enhanced areas.

- 1 (c) For purposes of subdivision (a), a collector motor vehicle,
- 2 as defined in Section 259 of the Vehicle Code, is exempt from
- 3 those portions of the test required by subdivision (f) of Section
- 4 44012 if the collector motor vehicle meets all of the following
- 5 criteria:
- 6 (1) Submission of proof that the motor vehicle is insured as a
- 7 collector motor vehicle, as shall be required by regulation of the
- 8 bureau.
- 9 (2) The motor vehicle is at least 35 model-years old.
- 10 (3) The motor vehicle complies with the exhaust emissions
- 11 standards for that motor vehicle's class and model-year as
- 12 prescribed by the department, and the motor vehicle passes a
- 13 functional inspection of the fuel cap and a visual inspection for
- 14 liquid fuel leaks.

LEGISLATIVE COMMITTEE
MEETING OF 02/28/2019

o

SENATE BILL**No. 1**

Introduced by Senators Atkins, Portantino, and SternDecember 3, 2018

An act to add and repeal Title 24 (commencing with Section 120000) of the Government Code, relating to state prerogative.

LEGISLATIVE COUNSEL'S DIGEST

SB 1, as introduced, Atkins. California Environmental, Public Health and Workers Defense Act of 2019.

(1) The federal Clean Air Act regulates the discharge of air pollutants into the atmosphere. The federal Clean Water Act regulates the discharge of pollutants into water. The federal Safe Drinking Water Act establishes drinking water standards for drinking water systems. The federal Endangered Species Act of 1973 generally prohibits activities affecting threatened and endangered species listed pursuant to that act unless authorized by a permit from the United States Fish and Wildlife Service or the National Marine Fisheries Service, as appropriate.

Existing state law regulates the discharge of air pollutants into the atmosphere. The Porter-Cologne Water Quality Control Act regulates the discharge of pollutants into the waters of the state. The California Safe Drinking Water Act establishes standards for drinking water and regulates drinking water systems. The California Endangered Species Act requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species, and generally prohibits the taking of those species.

This bill would require specified agencies to take prescribed actions regarding certain federal requirements and standards pertaining to air, water, and protected species, as specified. By imposing new duties on local agencies, this bill would impose a state-mandated local program.

(2) Existing law provides for the enforcement of laws regulating the discharge of pollutants into the atmosphere and waters of the state. Existing law provides for the enforcement of drinking water standards. Existing law provides for the enforcement of the California Endangered Species Act.

This bill would authorize a person acting in the public interest to bring an action to enforce certain federal standards and requirements incorporated into certain of the above-mentioned state laws if specified conditions are satisfied.

(3) Existing federal law generally establishes standards for workers' rights and worker safety.

Existing state law generally establishes standards for workers' rights and worker safety.

This bill would require specified agencies to take prescribed actions regarding certain requirements and standards pertaining to worker's rights and worker safety. The bill would authorize a person acting in the public interest to enforce standards and requirements related to worker's rights and worker safety, as provided.

(5) This bill would make its provisions inoperative as of January 20, 2025, and would repeal them as of January 1, 2026.

(6) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Title 24 (commencing with Section 120000) is
- 2 added to the Government Code, to read:

1 TITLE 24. CALIFORNIA ENVIRONMENTAL, PUBLIC
2 HEALTH, AND WORKERS DEFENSE ACT OF 2019

3
4 DIVISION 1. GENERAL PROVISION

5
6 120000. This title shall be known, and may be cited, as the
7 California Environmental, Public Health, and Workers Defense
8 Act of 2019.
9

10 DIVISION 2. ENVIRONMENT, NATURAL RESOURCES,
11 AND PUBLIC HEALTH

12
13 CHAPTER 1. FINDINGS AND DECLARATIONS

14
15 120010. The Legislature finds and declares all of the following:

16 (a) For over four decades, California and its residents have relied
17 on federal laws, including the federal Clean Air Act (42 U.S.C.
18 Sec. 7401 et seq.), the Federal Water Pollution Control Act (Clean
19 Water Act) (33 U.S.C. Sec. 1251 et seq.), the federal Safe Drinking
20 Water Act (42 U.S.C. Sec. 300f et seq.), and the federal Endangered
21 Species Act of 1973 (16 U.S.C. Sec. 1531 et seq.), along with their
22 implementing regulations and remedies, to protect our state’s public
23 health, environment, and natural resources.

24 (b) These federal laws establish standards that serve as the
25 baseline level of public health and environmental protection, while
26 expressly authorizing states like California to adopt more protective
27 measures.

28 (c) Beginning in 2017, a new presidential administration and
29 United States Congress have signaled a series of direct challenges
30 to these federal laws and the protections they provide, as well as
31 to the underlying science that makes these protections necessary,
32 and to the rights of the states to protect their own environment,
33 natural resources, and public health as they see fit.

34 (d) It is therefore necessary for the Legislature to enact
35 legislation that will ensure continued protections for the
36 environment, natural resources, and public health in the state even
37 if the federal laws specified in subdivision (a) are undermined,
38 amended, or repealed.

39 120011. The purposes of this division are to do all of the
40 following:

- 1 (a) Retain protections afforded under the federal laws specified
- 2 in subdivision (a) of Section 120010 and regulations implementing
- 3 those federal laws in existence as of January 19, 2017, regardless
- 4 of actions taken at the federal level.
- 5 (b) Protect public health and welfare from any actual or potential
- 6 adverse effect that reasonably may be anticipated to occur from
- 7 pollution, including the effects of climate change.
- 8 (c) Preserve, protect, and enhance the environment and natural
- 9 resources in California, including, but not limited to, the state’s
- 10 national parks, national wilderness areas, national monuments,
- 11 national seashores, and other areas with special national or regional
- 12 natural, recreational, scenic, or historic value.
- 13 (d) Ensure that economic growth will occur in a manner
- 14 consistent with the protection of public health and the environment
- 15 and preservation of existing natural resources.
- 16 (e) Ensure that any decision made by a public agency that may
- 17 adversely impact public health, the environment, or natural
- 18 resources is made only after careful evaluation of all the
- 19 consequences of that decision and after adequate procedural
- 20 opportunities for informed public participation in the
- 21 decisionmaking process.

22
23 CHAPTER 2. GENERAL PROVISIONS

- 24
- 25 120030. (a) A state agency may adopt standards or
- 26 requirements pursuant to this title, including, but not limited to,
- 27 by emergency regulations in accordance with Chapter 3.5
- 28 (commencing with Section 11340) of Part 1 of Division 3 of Title
- 29 2.
- 30 (b) The adoption of emergency regulations in furtherance of
- 31 this title shall be deemed an emergency and necessary for the
- 32 immediate preservation of the public peace, health, and safety, or
- 33 general welfare.
- 34 (c) Notwithstanding Chapter 3.5 (commencing with Section
- 35 11340) of Part 1 of Division 3 of Title 2, emergency regulations
- 36 adopted by a state agency under this title shall not be subject to
- 37 review by the Office of Administrative Law and shall remain in
- 38 effect until revised or repealed by the state agency, or January 20,
- 39 2021, whichever comes first.

CHAPTER 3. OPERATIVE PROVISIONS

Article 1. Air

120040. For purposes of this article, the following definitions apply:

(a) "Air district" means an air quality management or air pollution control district.

(b) "Baseline federal standards" means federal standards in effect as of January 19, 2017.

(c) "Federal standards" means federal laws or federal regulations implementing the federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.) including federal requirements for a state implementation plan, federal requirements for the transportation conformity program, and federal requirements for the prevention of significant deterioration.

(d) "State analogue statute" means the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code) or Division 26 (commencing with Section 39000) of the Health and Safety Code.

(e) "State board" means the State Air Resources Board.

120041. Except as otherwise authorized by state law, all of the following apply:

(a) The state board shall regularly assess proposed and final changes to the federal standards.

(b) (1) At least quarterly, the state board shall publish a list of changes made to the federal standards and provide an assessment on whether a change made to the federal standards is more or less stringent than the baseline federal standards.

(2) If the state board determines that a change to the federal standards is less stringent than the baseline federal standards, the state board shall consider whether it should adopt the baseline federal standards as a measure in order to maintain the state's protections to be at least as stringent as the baseline federal standards.

(3) The state board shall publish its list, assessment, and consideration for adoption at least 30 days prior to a vote on adoption on its internet Web site for public comment.

1 (c) If the state board decides to adopt a measure pursuant to
2 subdivision (b), the state board shall adopt the measure by either
3 of the following procedures:

4 (1) As an emergency regulation in accordance with Section
5 120030.

6 (2) By promulgation or amendment of a state policy, plan, or
7 regulation.

8 (d) Notwithstanding any other law, the state board, when
9 adopting a measure under paragraph (2) of subdivision (c) may
10 adopt those measures in accordance with Section 100 of Title 1 of
11 the California Code of Regulations and the measures shall be
12 deemed to be a change without regulatory effect pursuant to
13 paragraph (6) of subdivision (a) of that section and not subject to
14 additional notice, procedural, or other considerations contained in
15 state analogue statutes identified in this article. Nothing in this
16 chapter shall affect the imposition of sanctions under the federal
17 Clean Air Act (42 U.S.C. Sec. 7401 et seq.).

18 (e) In the event that the citizen suit provision set forth in Section
19 7604 of Title 42 of the United States Code is amended to restrict,
20 condition, abridge, or repeal the citizen suit provision, the state
21 board may consider the amendment as a change to the federal
22 standards and may adopt the baseline federal standards pursuant
23 to subdivision (c).

24 (f) This article does not prohibit the state board or air districts
25 from establishing rules and regulations for California that are more
26 stringent than the baseline federal standards.

27 120042. (a) An action may be brought by a person in the public
28 interest exclusively to enforce baseline federal standards adopted
29 as a measure pursuant to subdivision (c) of Section 120041 if all
30 of the following requirements are met:

31 (1) At least 60 days prior to initiating the action, a complainant
32 provides a written notice to the Attorney General and the counsel
33 for the state board, a district attorney, county counsel, counsel of
34 the air district, and prosecutor in whose jurisdiction the violation
35 is alleged to have occurred, and the defendant identifying the
36 specific provisions of the measure alleged to be violated.

37 (2) The Attorney General, a district attorney, a city attorney,
38 county counsel, counsel of the state board, counsel of an air district,
39 or a prosecutor has not commenced an action or has not been
40 diligently prosecuting the action.

1 (b) Upon filing the action, the complainant shall notify the
2 Attorney General that the action has been filed.

3 (c) The court may award attorney’s fees pursuant to Section
4 1021.5 of the Code of Civil Procedure, and expert fees and court
5 costs pursuant to Section 1032 of the Code of Civil Procedure, as
6 appropriate, for an action brought pursuant to this section.

7 (d) This section does not limit other remedies and protections
8 available under state or federal law.

9
10 Article 2. Water

11
12 120050. For purposes of this article, the following definitions
13 apply:

14 (a) “Baseline federal standards” means federal standards in
15 effect as of January 19, 2017, including water quality standards,
16 effluent limitations, and drinking water standards.

17 (b) “Board” means the State Water Resources Control Board.

18 (c) “Federal standards” means federal laws or federal regulations
19 implementing the federal Safe Drinking Water Act (42 U.S.C. Sec.
20 300f et seq.) and the Federal Water Pollution Control Act (33
21 U.S.C. Sec. 1251 et seq.) in effect as of January 19, 2017, including
22 water quality standards, effluent limitations, and drinking water
23 standards.

24 (d) “Regional board” means a regional water quality control
25 board.

26 (e) “State analogue statute” mean the Porter-Cologne Water
27 Quality Control Act (Division 7 (commencing with Section 13000)
28 of the Water Code) or the California Safe Drinking Water Act
29 (Chapter 4 (commencing with Section 116270) of Part 12 of
30 Division 103 of the Health and Safety Code).

31 120051. Except as otherwise authorized by state law, all of the
32 following apply:

33 (a) The board shall regularly assess proposed and final changes
34 to the federal standards.

35 (b) (1) At least quarterly, the board shall publish a list of
36 changes made to the federal standards and provide an assessment
37 on whether a change made to the federal standards is more or less
38 stringent than the baseline federal standards.

39 (2) If the board determines that a change to the federal standards
40 is less stringent than the baseline federal standards, the board shall

1 consider whether it should adopt the baseline federal standards as
2 a measure in order to maintain the state’s protections to be at least
3 as stringent as the baseline federal standards.

4 (3) The state board shall publish its list, assessment, and
5 consideration for adoption at least 30 days prior to a vote on
6 adoption on its Internet Web site for public comment.

7 (c) If the board decides to adopt a measure pursuant to
8 subdivision (b), the board shall adopt the measure by either of the
9 following procedures:

10 (1) As an emergency regulation in accordance with Section
11 120030.

12 (2) By promulgation or amendment of a state policy for water
13 quality control, a water quality control plan, or regulation.

14 (d) Notwithstanding any other law, the board, when adopting a
15 measure under paragraph (2) of subdivision (c) may adopt those
16 measures in accordance with Section 100 of Title 1 of the
17 California Code of Regulations and the measures shall be deemed
18 to be a change without regulatory effect pursuant to paragraph (c)
19 of subdivision (a) of that section and not subject to additional
20 notice, procedural, or other considerations contained in state
21 analogue statutes identified in this article. Nothing in this chapter
22 shall affect the imposition of sanctions under the federal Clean Air
23 Act (42 U.S.C. Sec. 7401 et seq.).

24 (g) (1) In the event that the citizen suit provision set forth in
25 Section 1365 of Title 33 of the United States Code is amended to
26 restrict, condition, abridge, or repeal the citizen suit provision, the
27 board may consider the amendment as a change to the federal
28 standards and may adopt the baseline federal standards pursuant
29 to subdivision (c).

30 (2) In the event that the citizen suit provision set forth in Section
31 300j-8 of Title 42 of the United States Code is amended to restrict,
32 condition, abridge, or repeal the citizen suit provision, the board
33 may consider the amendment as a change to the federal standards
34 and may adopt the baseline federal standards pursuant to
35 subdivision (c).

36 (h) This article does not prohibit the board or the regional boards
37 from establishing rules and regulations for California that are more
38 stringent than the baseline federal standards.

39 120052. (a) An action may be brought by a person in the public
40 interest exclusively to enforce baseline federal standards adopted

1 as a measure pursuant to subdivision (c) of Section 120051 if all
2 of the following requirements are met:

3 (1) At least 60 days prior to initiating the action, a complainant
4 provides a written notice to the Attorney General and the counsel
5 for the board, a district attorney, county counsel, counsel of the
6 regional board, and prosecutor in whose jurisdiction the violation
7 is alleged to have occurred, and the defendant identifying the
8 specific provisions of the measure alleged to be violated.

9 (2) The Attorney General, a district attorney, a city attorney,
10 county counsel, counsel of the board, counsel of a regional board,
11 or a prosecutor has not commenced an action or has not been
12 diligently prosecuting the action.

13 (b) Upon filing the action, the complainant shall notify the
14 Attorney General that the action has been filed.

15 (c) The court may award attorney’s fees pursuant to Section
16 1021.5 of the Code of Civil Procedure, and expert fees and court
17 costs pursuant to Section 1032 of the Code of Civil Procedure, as
18 appropriate, for an action brought pursuant to this section.

19 (d) This section does not limit other remedies and protections
20 available under state or federal law.

21

22 Article 3. Endangered and Threatened Species

23

24 120060. For purposes of this article, “baseline federal
25 standards” means the federal Endangered Species Act of 1973 (16
26 U.S.C. Sec. 1531 et seq.) in effect as of January 19, 2017, its
27 implementing regulations, and any incidental take permits,
28 incidental take statements, or biological opinions in effect as of
29 January 19, 2017.

30 120061. Except as otherwise authorized by state law, the
31 following apply:

32 (a) To ensure no backsliding as a result of any change to the
33 federal Endangered Species Act of 1973 (16 U.S.C. Sec. 1531 et
34 seq.) or its implementing regulations, in the event of the federal
35 delisting of a species that is eligible for protection under the
36 California Endangered Species Act and which is listed as
37 endangered or threatened pursuant to the federal Endangered
38 Species Act of 1973 as of January 1, 2017, or a change in the
39 legally protected status of such a species, including through a
40 change in listing from endangered to threatened, the adoption of

1 a rule pursuant to Section 4(d) of the federal Endangered Species
2 Act, or any amendment to the federal Endangered Species Act of
3 1973 or its implementing regulations, or any exemption from the
4 application of the federal Endangered Species Act of 1973 to a
5 federally listed species as of January 1, 2017, the Fish and Game
6 Commission shall determine whether to list, in accordance with
7 subdivision (b), that species under the California Endangered
8 Species Act pursuant to this section.

9 (b) The Fish and Game Commission shall list the affected
10 species identified in subdivision (a), pursuant to subdivision (c)
11 and without following the regular listing process set forth in Article
12 2 (commencing with Section 2070) of Chapter 1.5 of Division 3
13 of the Fish and Game Code, no later than the conclusion of its
14 second regularly scheduled meeting or within three months,
15 whichever is shorter, after the occurrence of the event described
16 in subdivision (a) unless either the Fish and Game Commission
17 determines that listing of the species is not warranted because it
18 does not meet the criteria in Chapter 1.5 (commencing with Section
19 2050) of Division 3 of the Fish and Game Code or its implementing
20 regulations or the Department of Fish and Wildlife recommends
21 that the species undergo the regular listing process. If the
22 Department of Fish and Wildlife makes a recommendation that
23 the species undergo the regular listing process, the Fish and Game
24 Commission shall either accept the recommendation, in which
25 event the Fish and Game Commission shall be deemed to have
26 accepted a petition for listing the species pursuant to paragraph
27 (2) of subdivision (e) of Section 2074.2 of the Fish and Game
28 Code, or reject the recommendation and immediately list the
29 species pursuant to this subdivision.

30 (c) Notwithstanding any other law or regulation, because a
31 decision by the Fish and Game Commission to list a species
32 without following the regular listing process becomes effective
33 immediately, the Fish and Game Commission shall add that species
34 to the list of endangered or threatened species pursuant to Section
35 100 of Title 1 of the California Code of Regulations, and the
36 addition of that species to the list shall be deemed to be a change
37 without regulatory effect pursuant to paragraph (6) of subdivision
38 (a) of that section.

39 (d) (1) Upon the listing of any species under this section, the
40 Fish and Game Commission or the Department of Fish and Wildlife

1 may authorize the taking of such species as otherwise provided
2 for in the Fish and Game Code. In lieu of authorizing take under
3 the provisions of Chapter 1.5 (commencing with Section 2050) of
4 Division 3 of the Fish and Game Code, the Fish and Game
5 Commission or the Department of Fish and Wildlife may adopt
6 the terms and conditions of any rule promulgated under Section
7 4(d) of the federal Endangered Species Act, federal incidental take
8 statement, incidental take permit, or biological opinion in effect
9 at the time of the event described in subdivision (a).

10 (2) The Department of Fish and Wildlife shall ensure that
11 protections remain in place pursuant to regulation, incidental take
12 permit, or consistency determination that are at least as stringent
13 as required by the baseline federal standards, as determined by the
14 Department of Fish and Wildlife.

15 (3) This subdivision does not prohibit the Department of Fish
16 and Wildlife from establishing conditions that are more stringent
17 than the baseline federal standards.

18 (e) Any species listed pursuant to this section shall be subject
19 to the provisions in the California Endangered Species Act in the
20 same manner as any other listed species, including those provisions
21 related to a change in listing status or delisting.

22 (f) For those species that the Fish and Game Commission lists
23 pursuant to subdivision (b), or for which baseline federal standards
24 are retained pursuant to subdivision (d), the California
25 Environmental Quality Act (Division 13 (commencing with Section
26 21000) of the Public Resources Code) shall not apply.

27 (g) The provisions of the California Endangered Species Act
28 are measures “relating to the control, appropriation, use, or
29 distribution of water” within the meaning of Section 8 of the federal
30 Reclamation Act of 1902 (43 U.S.C. Section 383) and shall apply
31 to the United States Bureau of Reclamation’s operation of the
32 federal Central Valley Project.

33
34 DIVISION 3. LABOR STANDARDS

35
36 CHAPTER 1. DEFINITIONS

37
38 120100. For purposes of this division, the following definitions
39 apply:

1 (a) “Baseline federal standards” means federal standards in
2 effect as of January 1, 2017.

3 (b) “Board” means the Occupational Safety and Health
4 Standards Board.

5 (c) “Department” means the Department of Industrial Relations.

6 (d) “Federal standards” means the federal Fair Labor Standards
7 Act of 1938, as amended (29 U.S.C. Sec. 201 et seq.), the federal
8 Occupational Safety and Health Act of 1970, as amended (29
9 U.S.C. Sec. 651 et seq.), the Federal Coal Mine Health and Safety
10 Act of 1969, as amended (30 U.S.C. Sec. 801 et seq.), or
11 regulations established pursuant to those federal statutes.

12
13 CHAPTER 2. OPERATIVE PROVISIONS
14

15 120110. Except as otherwise authorized by state law, all of the
16 following apply:

17 (a) The board and the department shall regularly assess proposed
18 and final changes to the federal standards.

19 (b) (1) At least quarterly, the board and the department shall
20 publish a list of changes made to the federal standards and provide
21 an assessment on whether a change made to the federal standards
22 is more or less stringent than the baseline federal standards.

23 (2) If the board or the department, as appropriate, determines
24 that a change to the federal standards is less stringent than the
25 baseline federal standards, the board shall consider whether it
26 should adopt the baseline federal standards as a measure in order
27 to maintain the state’s protections to be at least as stringent as the
28 baseline federal standards.

29 (3) The board and the department shall publish its list,
30 assessment, and consideration for adoption at least 30 days prior
31 to a vote on adoption on its Internet Web site for public comment.

32 (c) If the board or the department, as appropriate, decides to
33 adopt a measure pursuant to subdivision (b), the board or the
34 department shall adopt the measure by an emergency regulation
35 in accordance with Section 120030.

36 (d) Notwithstanding any other law, the board or department,
37 when adopting a measure under subdivision (c) may adopt those
38 measures in accordance with Section 100 of Title 1 of the
39 California Code of Regulations and the measures shall be deemed
40 to be a change without regulatory effect pursuant to paragraph (6)

1 of subdivision (a) of that section and not subject to additional
2 notice, procedural, or other considerations contained in state
3 analogue statutes.

4 (e) This division does not prohibit the board or the department
5 from establishing rules and regulations for California that are more
6 stringent than the baseline federal standards.

7 120111. (a) An action may be brought by a person in the public
8 interest exclusively to enforce a measure adopted pursuant to
9 subdivision (c) of Section 120110 if all of the following
10 requirements are met:

11 (1) At least 60 days prior to initiating the action, a complainant
12 provides a written notice to the Attorney General and the counsels
13 for the board or department, as appropriate, a district attorney, a
14 city attorney, county counsel, and a prosecutor in whose
15 jurisdiction the violation is alleged to have occurred, and the
16 defendant identifying the specific provisions of the measure alleged
17 to be violated.

18 (2) The Attorney General, a district attorney, a city attorney,
19 county counsel, the counsel for the board or department, as
20 appropriate, or a prosecutor has not commenced an action or has
21 not been diligently prosecuting the action.

22 (b) Upon filing the action, the complainant shall notify the
23 Attorney General that the action has been filed.

24 (c) The court may award attorney's fees pursuant to Section
25 1021.5 of the Code of Civil Procedure, and expert fees and court
26 costs pursuant to Section 1032 of the Code of Civil Procedure, as
27 appropriate, for an action brought pursuant to this section.

28 (d) This section does not limit other remedies and protections
29 available under state or federal law.

30

31 DIVISION 4. MISCELLANEOUS

32

33 120200. The provisions of this title are severable. If any
34 provision of this title or its application is held invalid, that
35 invalidity shall not affect other provisions or applications that can
36 be given effect without the invalid provision or application.

37 120202. (a) This title shall become inoperative on January
38 20, 2025, and, as of January 1, 2026, is repealed.

1 (b) Notwithstanding subdivision (a), any action brought pursuant
2 to this title on or before January 20, 2025, may proceed to a final
3 judgment.

4 SEC. 2. No reimbursement is required by this act pursuant to
5 Section 6 of Article XIII B of the California Constitution because
6 a local agency or school district has the authority to levy service
7 charges, fees, or assessments sufficient to pay for the program or
8 level of service mandated by certain mandates in this act, within
9 the meaning of Section 17556 of the Government Code.

10 However, if the Commission on State Mandates determines that
11 this act contains other costs mandated by the state, reimbursement
12 to local agencies and school districts for those costs shall be made
13 pursuant to Part 7 (commencing with Section 17500) of Division
14 4 of Title 2 of the Government Code.

LEGISLATIVE COMMITTEE
MEETING OF 02/28/2019

o

SENATE BILL**No. 45****Introduced by Senator Allen**

December 3, 2018

An act to add Division 46 (commencing with Section 80200) to the Public Resources Code, relating to public resources, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 45, as introduced, Allen. Wildfire, Drought, and Flood Protection Bond Act of 2020.

The California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, approved by the voters as Proposition 68 at the June 5, 2018, statewide primary direct election, authorizes the issuance of bonds in an amount of \$4,000,000,000 pursuant to the State General Obligation Bond Law to finance a drought, water, parks, climate, coastal protection, and outdoor access for all program.

This bill would enact the Wildfire, Drought, and Flood Protection Bond Act of 2020, which, if approved by the voters, would authorize the issuance of bonds in an unspecified amount pursuant to the State General Obligation Bond Law to finance projects to restore fire damaged areas, reduce wildfire risk, create healthy forest and watersheds, reduce climate impacts on urban areas and vulnerable populations, protect water supply and water quality, protect rivers, lakes, and streams, reduce flood risk, protect fish and wildlife from climate impacts, improve climate resilience of agricultural lands, and protect coastal lands and resources.

This bill would provide for the submission of these provisions to the voters at the ____, 2020, ____ election.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Division 46 (commencing with Section 80200)
2 is added to the Public Resources Code, to read:

3

4 DIVISION 46. WILDFIRE, DROUGHT, AND FLOOD
5 PROTECTION BOND ACT OF 2020

6

7 CHAPTER 1. GENERAL PROVISIONS

8

9 80200. This division shall be known, and may be cited, as the
10 Wildfire, Drought, and Flood Protection Bond Act of 2020.

11 80201. The people of California find and declare all of the
12 following:

13 (a) California’s changing climate creates increased risk of
14 catastrophic wildfire, drought, severe heat events, sea level rise,
15 as well as impacts to agriculture, water supply and water quality,
16 and the health of the forests, watershed, and wildlife.

17 (b) These risks and impacts vary by region and can overwhelm
18 the resources of local governments that must cope with severe
19 climate change-related events.

20 (c) Reducing vulnerability to fire, flood, drought, and other
21 climate-change related events require a statewide investment to
22 increase climate resilience of communities and natural systems.

23 80202. For purposes of this division, the following definitions
24 apply:

25 (a) “Committee” means the Wildfire, Drought, and Flood
26 Protection Finance Committee created pursuant to Section 80402.

27 (b) “Disadvantaged community” means a community with a
28 median household income less than 80 percent of the statewide
29 average.

30 (c) “Fund” means the Wildfire, Drought, and Flood Protection
31 Fund created pursuant to Section 80210.

1 80203. An amount that equals not more than 5 percent of the
2 funds allocated for a grant program pursuant to this division may
3 be used to pay the administrative costs of that program.

4 80204. (a) Except as provided in subdivision (b), up to 10
5 percent of funds allocated for each program funded by this division
6 may be expended, including, but not limited to, by grants, for
7 planning and monitoring necessary for the successful design,
8 selection, and implementation of the projects authorized under that
9 program. This section shall not otherwise restrict funds ordinarily
10 used by an agency for “preliminary plans,” “working drawings,”
11 and “construction” as defined in the annual Budget Act for a capital
12 outlay project or grant project. Planning may include feasibility
13 studies for environmental site cleanup that would further the
14 purpose of a project that is eligible for funding under this division.
15 Monitoring may include measuring greenhouse gas emissions
16 reductions and carbon sequestration associated with program
17 expenditures under this division.

18 (b) Funds used for planning projects that benefit disadvantaged
19 communities may exceed 10 percent of the funds allocated if the
20 state agency administering the moneys determines that there is a
21 need for the additional funding.

22 80205. To the extent feasible, a project that includes water
23 efficiencies, stormwater capture for infiltration or reuse, or carbon
24 sequestration features in the project design may be given priority
25 for grant funding under this division.

26 80206. Moneys allocated pursuant to this division shall not be
27 used to fulfill any mitigation requirements imposed by law.

28 80207. (a) To the extent feasible in implementing this division
29 and except as provided in subdivision (b), a state agency receiving
30 funding under this division shall seek to achieve wildlife
31 conservation objectives through projects on public lands or
32 voluntary projects on private lands. Projects on private lands shall
33 be evaluated based on the durability of the benefits created by the
34 investment. Funds may be used for payments for the protection or
35 creation of measurable habitat improvements or other
36 improvements to the condition of endangered or threatened species,
37 including through the development and implementation of habitat
38 credit exchanges.

39 (b) This section shall not apply to Chapter 3 (commencing with
40 Section 80230), Chapter 5 (commencing with Section 80250),

1 Chapter 6 (commencing with Section 80260), Chapter 8
2 (commencing with Section 80280), or Chapter 10 (commencing
3 with Section 80300).

4 80208. Funds provided pursuant to this division, and any
5 appropriation or transfer of those funds, shall not be deemed to be
6 a transfer of funds for the purposes of Chapter 9 (commencing
7 with Section 2780) of Division 3 of the Fish and Game Code.

8 80209. For grants awarded for projects that serve a
9 disadvantaged community, the administering entity may provide
10 advanced payments in the amount of 25 percent of the grant award
11 to the recipient to initiate the project in a timely manner. The
12 administering entity shall adopt additional requirements for the
13 recipient of the grant regarding the use of the advanced payments
14 to ensure that the moneys are used properly.

15 80210. (a) The proceeds of bonds issued and sold pursuant to
16 this division, exclusive of refunding bonds issued and sold pursuant
17 to Section 80412, shall be deposited in the Wildfire, Drought, and
18 Flood Protection Fund, which is hereby created in the State
19 Treasury.

20 (b) Proceeds of bonds issued and sold pursuant to this division
21 shall be allocated according to the following schedule:

- 22 (1) ___ dollars (\$___) for restoring fire damaged areas.
- 23 (2) ___ dollars (\$___) for reducing wildfire risk.
- 24 (3) ___ dollars (\$___) for creating healthy forests and
25 watersheds.
- 26 (4) ___ dollars (\$___) for reducing climate impacts on urban
27 areas and vulnerable populations.
- 28 (5) ___ dollars (\$___) for protecting water supply and water
29 quality.
- 30 (6) ___ dollars (\$___) for protecting rivers, lakes, and streams.
- 31 (7) ___ dollars (\$___) for reducing flood risks.
- 32 (8) ___ dollars (\$___) for protecting fish and wildlife and
33 natural resources from climate impacts.
- 34 (9) ___ dollars (\$___) for improving climate resilience of
35 agricultural lands.
- 36 (10) ___ dollars (\$___) for protecting coastal lands and
37 resources.

38 80211. The Legislature may enact legislation necessary to
39 implement programs funded by this division.

1 CHAPTER 2. RESTORING FIRE DAMAGED AREAS

2
3 80220. The sum of ____ dollars (\$____) shall be available for
4 appropriation by the Legislature for the restoration of wildfire
5 damaged areas. Eligible projects include, but are not limited to,
6 grants to public agencies for revegetation and other projects to
7 reduce erosion, flood, and mudslide risk, clean up of hazardous
8 sites, and habitat restoration.

9
10 CHAPTER 3. REDUCING WILDFIRE RISK

11
12 80230. The sum of ____ dollars (\$____) shall be available
13 for appropriation by the Legislature for the reduction in the risk
14 of wildfire threat to lives, properties, and natural habitats. Eligible
15 projects include, but are not limited to, grants to assist with any
16 of the following:

- 17 (a) Structure and community retrofit projects.
- 18 (b) Improvement in the alert and evacuation systems.
- 19 (c) Establishment of urban-wildland buffers in high fire hazard
20 areas.
- 21 (d) Science-based vegetation treatment programs near urban
22 areas.

23
24 CHAPTER 4. CREATING HEALTHY FOREST AND WATERSHEDS

25
26 80240. The sum of ____ dollars (\$____) shall be available
27 for appropriation by the Legislature for the protection and
28 restoration of forests, including redwoods, conifers, oak woodlands,
29 chaparral, deserts, and other habitat types to ensure the long-term
30 ecological health of these natural systems, to reduce risk of extreme
31 wildfires, floods, and other climate impacts, and to improve water
32 supply and water quality, carbon sequestration, community access,
33 and other public benefits.

34
35 CHAPTER 5. REDUCING CLIMATE RISKS IN URBAN AREAS AND
36 ON VULNERABLE POPULATIONS

37
38 80250. The sum of ____ dollars (\$____) shall be available
39 for appropriation by the Legislature for the reduction of climate
40 impacts on urban areas and vulnerable populations. Eligible

1 projects include, but are not limited to, urban greening, urban
2 forestry projects, and other projects to reduce urban heat island
3 effects, to establish cooling centers, and to safeguard vulnerable
4 populations.

5

6 CHAPTER 6. PROTECTING WATER SUPPLY AND WATER QUALITY

7

8 80260. The sum of ____ dollars (\$____) shall be available
9 for appropriation by the Legislature for the protection of
10 California’s water supply and water quality. Eligible projects
11 include, but are not limited to, the following:

- 12 (a) Safe drinking water projects.
- 13 (b) Water quality projects.
- 14 (c) Sustainable groundwater management projects.

15

16 CHAPTER 7. PROTECTING RIVERS, LAKES, AND STREAMS

17

18 80270. The sum of ____ dollars (\$____) shall be available
19 for appropriation by the Legislature for the protection and
20 restoration of rivers, lakes, and streams. Eligible projects include,
21 but are not limited to, the following:

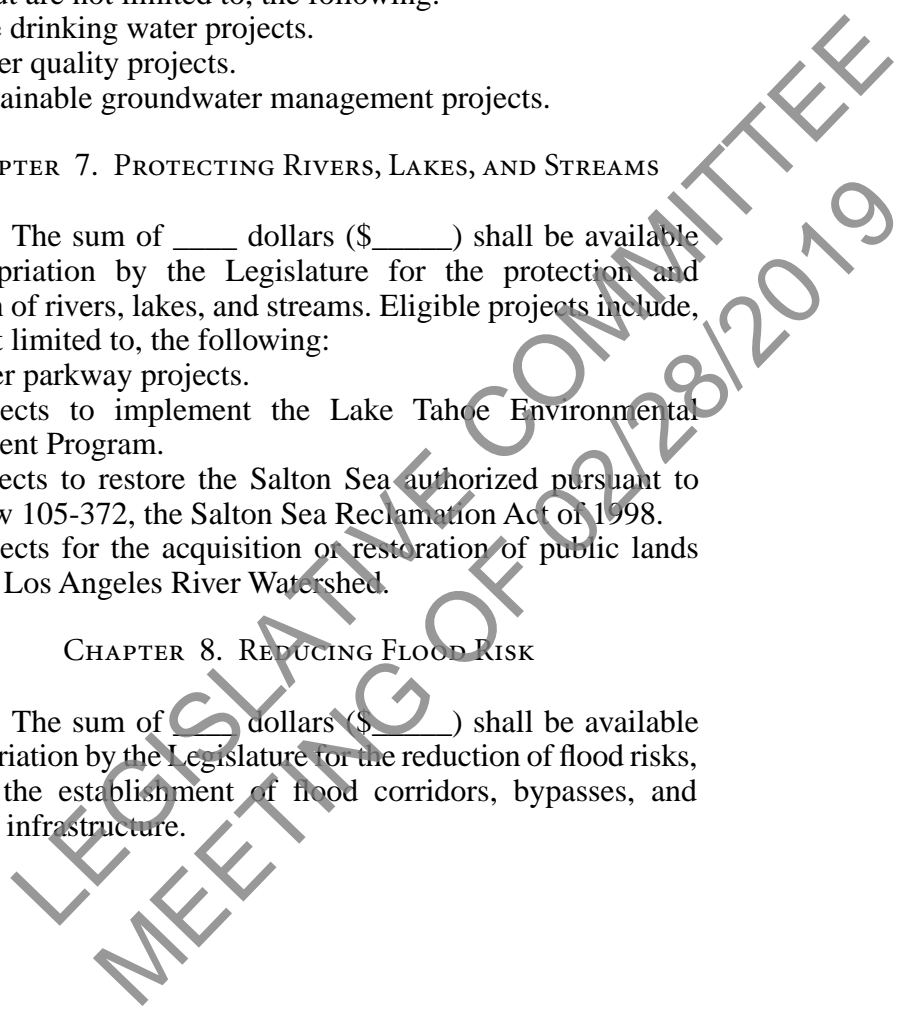
- 22 (a) River parkway projects.
- 23 (b) Projects to implement the Lake Tahoe Environmental
24 Improvement Program.
- 25 (c) Projects to restore the Salton Sea authorized pursuant to
26 Public Law 105-372, the Salton Sea Reclamation Act of 1998.
- 27 (d) Projects for the acquisition or restoration of public lands
28 within the Los Angeles River Watershed.

29

30 CHAPTER 8. REDUCING FLOOD RISK

31

32 80280. The sum of ____ dollars (\$____) shall be available
33 for appropriation by the Legislature for the reduction of flood risks,
34 including the establishment of flood corridors, bypasses, and
35 associated infrastructure.



1 CHAPTER 9. PROTECTING FISH AND WILDLIFE FROM CLIMATE
2 IMPACTS

3
4 80290. The sum of ____ dollars (\$____) shall be available
5 for appropriation by the Legislature for the protection of
6 California’s fish and wildlife resources. Eligible projects include,
7 but are not limited to, the following:

- 8 (a) Salmon and other fishery restoration projects.
- 9 (b) Projects to protect wetlands and wildfire refuges for
10 migratory birds.
- 11 (c) Establishment, protection, and restoration of wildlife
12 corridors and habitat linkages.
- 13 (d) Conservation actions on private lands.

14
15 CHAPTER 10. IMPROVING CLIMATE RESILIENCE OF
16 AGRICULTURAL LANDS

17
18 80300. The sum of ____ dollars (\$____) shall be available
19 for appropriation by the Legislature for the improvement in climate
20 resilience of agricultural lands. Eligible projects include, but are
21 not limited to, the following:

- 22 (a) Grants to promote practices on farms and ranches that
23 improve agricultural and open space soil health, carbon
24 sequestration, and erosion control, water quality and water
25 retention.
- 26 (b) California Farmland Conservancy Program established
27 pursuant to Division 10.2 (commencing with Section 10200) of
28 the Public Resources Code.

29
30 CHAPTER 11. PROTECTING COASTAL LANDS AND RESOURCES

31
32 80310. The sum of ____ dollars (\$____) shall be available
33 for appropriation by the Legislature for the protection of coastal
34 lands, waters and natural resources, and wildlife from climate
35 impacts. Eligible projects include, but are not limited to, projects
36 to restore coastal wetlands and projects to address sea level rise
37 and temperature increase

CHAPTER 12. FISCAL PROVISIONS

1
2
3 80400. (a) Bonds in the total amount of ____ dollars (\$____),
4 and any additional bonds authorized, issued, and appropriated in
5 accordance with this division pursuant to other provisions of law,
6 not including the amount of any refunding bonds issued in
7 accordance with Section 80412, may be issued and sold to provide
8 a fund to be used for carrying out the purposes expressed in this
9 division and to reimburse the General Obligation Bond Expense
10 Revolving Fund pursuant to Section 16724.5 of the Government
11 Code. The bonds, when sold, issued, and delivered, shall be and
12 constitute a valid and binding obligation of the State of California,
13 and the full faith and credit of the State of California is hereby
14 pledged for the punctual payment of both the principal of, and
15 interest on, the bonds as the principal and interest become due and
16 payable.

17 (b) The Treasurer shall sell the bonds authorized by the
18 committee pursuant to this section. The bonds shall be sold upon
19 the terms and conditions specified in a resolution to be adopted
20 by the committee pursuant to Section 16731 of the Government
21 Code.

22 80401. The bonds authorized by this division shall be prepared,
23 executed, issued, sold, paid, and redeemed as provided in the State
24 General Obligation Bond Law (Chapter 4 (commencing with
25 Section 16720) of Part 3 of Division 4 of Title 2 of the Government
26 Code), as amended from time to time, and all of the provisions of
27 that law apply to the bonds and to this division.

28 80402. (a) Solely for the purpose of authorizing the issuance
29 and sale, pursuant to the State General Obligation Bond Law
30 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
31 4 of Title 2 of the Government Code), of the bonds authorized by
32 this division, the Wildfire, Drought, and Flood Protection Finance
33 Committee is hereby created. For purposes of this division, the
34 Wildfire, Drought, and Flood Protection Finance Committee is the
35 “committee” as that term is used in the State General Obligation
36 Bond Law.

37 (b) The committee consists of the Director of Finance, the
38 Treasurer, and the Controller. Notwithstanding any other law, any
39 member may designate a representative to act as that member in

1 his or her place for all purposes, as though the member were
2 personally present.

3 (c) The Treasurer shall serve as the chairperson of the
4 committee.

5 (d) A majority of the committee may act for the committee.

6 80403. The committee shall determine whether or not it is
7 necessary or desirable to issue bonds authorized by this division
8 in order to carry out the actions specified in this division and, if
9 so, the amount of bonds to be issued and sold. Successive issues
10 of bonds may be authorized and sold to carry out those actions
11 progressively, and it is not necessary that all of the bonds
12 authorized to be issued be sold at any one time.

13 80404. For purposes of the State General Obligation Bond
14 Law, “board,” as defined in Section 16722 of the Government
15 Code, means the Secretary of the Natural Resources Agency.

16 80405. There shall be collected each year and in the same
17 manner and at the same time as other state revenue is collected,
18 in addition to the ordinary revenues of the state, a sum in an amount
19 required to pay the principal of, and interest on, the bonds each
20 year. It is the duty of all officers charged by law with any duty in
21 regard to the collection of the revenue to do and perform each and
22 every act that is necessary to collect that additional sum.

23 80406. Notwithstanding Section 13340 of the Government
24 Code, there is hereby appropriated from the General Fund in the
25 State Treasury, for the purposes of this division, an amount that
26 will equal the total of the following:

27 (a) The sum annually necessary to pay the principal of, and
28 interest on, bonds issued and sold pursuant to this division, as the
29 principal and interest become due and payable.

30 (b) The sum that is necessary to carry out the provisions of
31 Section 80409, appropriated without regard to fiscal years.

32 80407. The board may request the Pooled Money Investment
33 Board to make a loan from the Pooled Money Investment Account,
34 including other authorized forms of interim financing that include,
35 but are not limited to, commercial paper, in accordance with
36 Section 16312 of the Government Code for the purpose of carrying
37 out this division. The amount of the request shall not exceed the
38 amount of the unsold bonds that the committee has, by resolution,
39 authorized to be sold for the purpose of carrying out this division,
40 excluding refunding bonds authorized pursuant to Section 80412,

1 less any amount loaned and not yet repaid pursuant to this section
2 and withdrawn from the General Fund pursuant to Section 80409
3 and not yet returned to the General Fund. The board shall execute
4 those documents required by the Pooled Money Investment Board
5 to obtain and repay the loan. Any amounts loaned shall be
6 deposited in the fund to be allocated in accordance with this
7 division.

8 80408. Notwithstanding any other provision of this division,
9 or of the State General Obligation Bond Law, if the Treasurer sells
10 bonds that include a bond counsel opinion to the effect that the
11 interest on the bonds is excluded from gross income for federal
12 tax purposes under designated conditions or is otherwise entitled
13 to any federal tax advantage, the Treasurer may maintain separate
14 accounts for the bond proceeds invested and for the investment
15 earnings on those proceeds, and may use or direct the use of those
16 proceeds or earnings to pay any rebate, penalty, or other payment
17 required under federal law or take any other action with respect
18 to the investment and use of those bond proceeds, as may be
19 required or desirable under federal law in order to maintain the
20 tax-exempt status of those bonds and to obtain any other advantage
21 under federal law on behalf of the funds of this state.

22 80409. For the purposes of carrying out this division, the
23 Director of Finance may authorize the withdrawal from the General
24 Fund of an amount or amounts not to exceed the amount of the
25 unsold bonds that have been authorized by the committee to be
26 sold for the purpose of carrying out this division, excluding
27 refunding bonds authorized pursuant to Section 80412, less any
28 amount loaned pursuant to Section 80407 and not yet repaid and
29 any amount withdrawn from the General Fund pursuant to this
30 section and not yet returned to the General Fund. Any amounts
31 withdrawn shall be deposited in the fund to be allocated in
32 accordance with this division. Any moneys made available under
33 this section shall be returned to the General Fund, with interest at
34 the rate earned by the moneys in the Pooled Money Investment
35 Account, from proceeds received from the sale of bonds for the
36 purpose of carrying out this division.

37 80410. All moneys deposited in the fund that are derived from
38 premium and accrued interest on bonds sold pursuant to this
39 division shall be reserved in the fund and shall be available for
40 transfer to the General Fund as a credit to expenditures for bond

1 interest, except that amounts derived from premiums may be
2 reserved and used to pay the cost of bond issuance before any
3 transfer to the General Fund.

4 80411. Pursuant to Chapter 4 (commencing with Section
5 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
6 the cost of bond issuance shall be paid or reimbursed out of the
7 bond proceeds, including premiums, if any. To the extent the cost
8 of bond issuance is not paid from premiums received from the sale
9 of bonds, these costs shall be allocated proportionally to each
10 program funded through this division by the applicable bond sale.

11 80412. The bonds issued and sold pursuant to this division
12 may be refunded in accordance with Article 6 (commencing with
13 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
14 the Government Code, which is a part of the State General
15 Obligation Bond Law. Approval by the voters of the state for the
16 issuance of the bonds under this division shall include approval
17 of the issuance of any bonds issued to refund any bonds originally
18 issued under this division or any previously issued refunding bonds.
19 Any bond refunded with the proceeds of a refunding bond as
20 authorized by this section may be legally defeased to the extent
21 permitted by law in the manner and to the extent set forth in the
22 resolution, as amended from time to time, authorizing that refunded
23 bond.

24 80413. The proceeds from the sale of bonds authorized by this
25 division are not “proceeds of taxes” as that term is used in Article
26 XIII B of the California Constitution, and the disbursement of these
27 proceeds is not subject to the limitations imposed by that article.

28 SEC. 2. Section 1 of this act shall take effect upon the approval
29 by the voters of the Wildfire, Drought, and Flood Protection Bond
30 Act of 2020.

31 SEC. 3. Section 1 of this act shall be submitted to the voters
32 at the ____, 2020, statewide ____ election in accordance with
33 provisions of the Government Code and the Elections Code
34 governing the submission of a statewide measure to the voters.

35 SEC. 4. This act is an urgency statute necessary for the
36 immediate preservation of the public peace, health, or safety within
37 the meaning of Article IV of the Constitution and shall go into
38 immediate effect. The facts constituting the necessity are:

- 1 In order to fund wildfire, drought, and flood protection programs
- 2 at the earliest possible date, it is necessary that this act take effect
- 3 immediately.

LEGISLATIVE COMMITTEE
MEETING OF 02/28/2019

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SENATE BILL

No. 168

Introduced by Senator Wieckowski

(Coauthors: Assembly Members Cristina Garcia and Eduardo Garcia)

January 28, 2019

An act to amend Section 71358 of, and to add Section 71353 to, the Public Resources Code, relating to climate change.

LEGISLATIVE COUNSEL'S DIGEST

SB 168, as introduced, Wieckowski. Climate change: Chief Officer of Climate Adaptation and Resilience.

Existing law establishes the Integrated Climate Adaptation and Resiliency Program to be administered by the Office of Planning and Research to coordinate regional and local efforts with state climate adaptation strategies to adapt to the impacts of climate change, as specified. Existing law establishes an advisory council, as specified, to support the goals of the Office of Planning and Research related to climate change.

This bill would establish the Chief Officer of Climate Adaptation and Resilience in the Office of Planning and Research to serve as the statewide lead for planning and coordination of climate adaptation policy and implementation in California, and would specify the duties of the chief officer. The bill would make the chief officer, or the chief officer's designee, a member of the advisory council and would designate the chief officer, or the chief officer's designee, as the chair of the advisory council. The bill would include additional expertise members of the advisory council are to have. The bill would specify that members of the advisory council serve staggered 4-year terms, except as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The Legislature finds and declares the
2 following:

3 (1) The state has been a leader in climate mitigation efforts to
4 reduce greenhouse gas emissions. Now, and in the coming years,
5 it is critical for California and the global community to continue
6 and intensify those efforts in order to avoid the most severe impacts
7 from a changing climate. However, because the global climate
8 system changes slowly, impacts are ongoing and will inevitably
9 worsen. In order to address the challenges posed by a changing
10 climate, the state must invest in building resiliency and
11 strengthening adaptation efforts at the state, regional, and local
12 levels using the best available science and scale those investments
13 using the best available policy, financial, and regulatory tools and
14 mechanisms.

15 (2) To have a cohesive and comprehensive response to climate
16 change impacts, the state must have integrated planning with
17 coordinated strategies across state, regional, and local governments
18 and agencies designed to reduce the costs of future climate disaster
19 and protect local, state, and regional infrastructure assets, including
20 natural infrastructure systems.

21 (b) It is the intent of the Legislature, therefore, that adaptation
22 strategies to build resiliency against the risks and impacts of climate
23 change be integrated across government into all state, regional,
24 and local policies, projects, and permitting processes to ensure a
25 resilient California.

26 SEC. 2. Section 71353 is added to the Public Resources Code,
27 to read:

28 71353. (a) There is hereby established the Chief Officer of
29 Climate Adaptation and Resilience in the office. The chief officer
30 shall be appointed by the Governor and serve at the pleasure of
31 the Governor. The chief officer shall serve as the statewide lead
32 for the planning and coordination of climate adaptation policy
33 implementation in California. The duties of the chief officer shall
34 include, but are not limited to, all of the following:

35 (1) Develop guidance documents for the integration of
36 adaptation and resiliency into the state’s sustainability roadmap,
37 into Safeguarding California Implementation Action Plans, and

1 into local general plans updates to provide guidance for state and
2 local agencies to plan for a changing climate.

3 (2) Coordinate with the Natural Resources Agency and the State
4 Energy Resources Conservation and Development Commission
5 on climate change assessment.

6 (3) Develop and track metrics to measure the efficacy of
7 adaptation and resiliency at the state level.

8 (4) Develop and mobilize strategies to build partnerships
9 between all levels of government and the private sector, where
10 appropriate.

11 (5) Identify, in consultation with the Office of Environmental
12 Health Hazard Assessment, vulnerable communities and regions,
13 publish and develop, as needed, tools for vulnerability assessments,
14 publish tools for addressing those vulnerabilities, and provide state,
15 regional, and local agencies with guidance implementing these
16 analytical approaches as related to planning, investment, and
17 decisionmaking, as applicable.

18 (6) (A) Determine whether entities required by Section 65042
19 of the Government Code are in compliance with the State
20 Environmental Goals and Policy Report required by Article 5
21 (commencing with Section 65041) of Chapter 1.5 of Division 1
22 of Title 7 of the Government Code.

23 (B) Publish, on the office's internet website, recommendations
24 on how entities identified as out of compliance pursuant to
25 subparagraph (A) can achieve compliance.

26 (7) Make recommendations to the Strategic Growth Council,
27 established pursuant to Section 75121, on how to better facilitate
28 state employees' ability to do climate adaptation work across
29 agencies and departments.

30 (8) Develop, in coordination with relevant state and private
31 entities, climate adaptation- and resiliency-focused
32 recommendations for recovery from natural disasters.

33 (b) The chief officer shall perform the duties specified in
34 subdivision (a) in consultation with the advisory council established
35 pursuant to Section 71358.

36 SEC. 3. Section 71358 of the Public Resources Code is
37 amended to read:

38 71358. (a) An advisory council to the office is hereby
39 established. The advisory council shall be comprised of *the Chief*
40 *Officer of Climate Adaptation and Resilience, or the chief officer's*

1 *designee, and* members from a range of disciplines, in order to
2 provide scientific and technical support, and from regional and
3 local governments and entities. ~~The~~ *Through the Chief Officer of*
4 *Climate Adaptation and Resilience, the advisory council and staff*
5 ~~shall support the office’s goals, as identified in this part, to facilitate~~
6 coordination among state, regional, and local agency efforts to
7 adapt to the impacts of climate change.

8 (b) Members of the advisory council shall have expertise in the
9 intersection of climate change *or climate science* and areas that
10 include, but need not be limited to, any of the following:

- 11 (1) Public health.
- 12 (2) Environmental quality.
- 13 (3) Environmental justice.
- 14 (4) Agriculture.
- 15 (5) Transportation and housing.
- 16 (6) Energy.
- 17 (7) Natural resources and water.
- 18 (8) Planning.
- 19 (9) Recycling and waste management.
- 20 (10) Local or regional government.
- 21 (11) Tribal issues.
- 22 (12) Emergency services and public safety.
- 23 (13) *Procurement.*
- 24 (14) *Innovative finance and life-cycle asset management.*

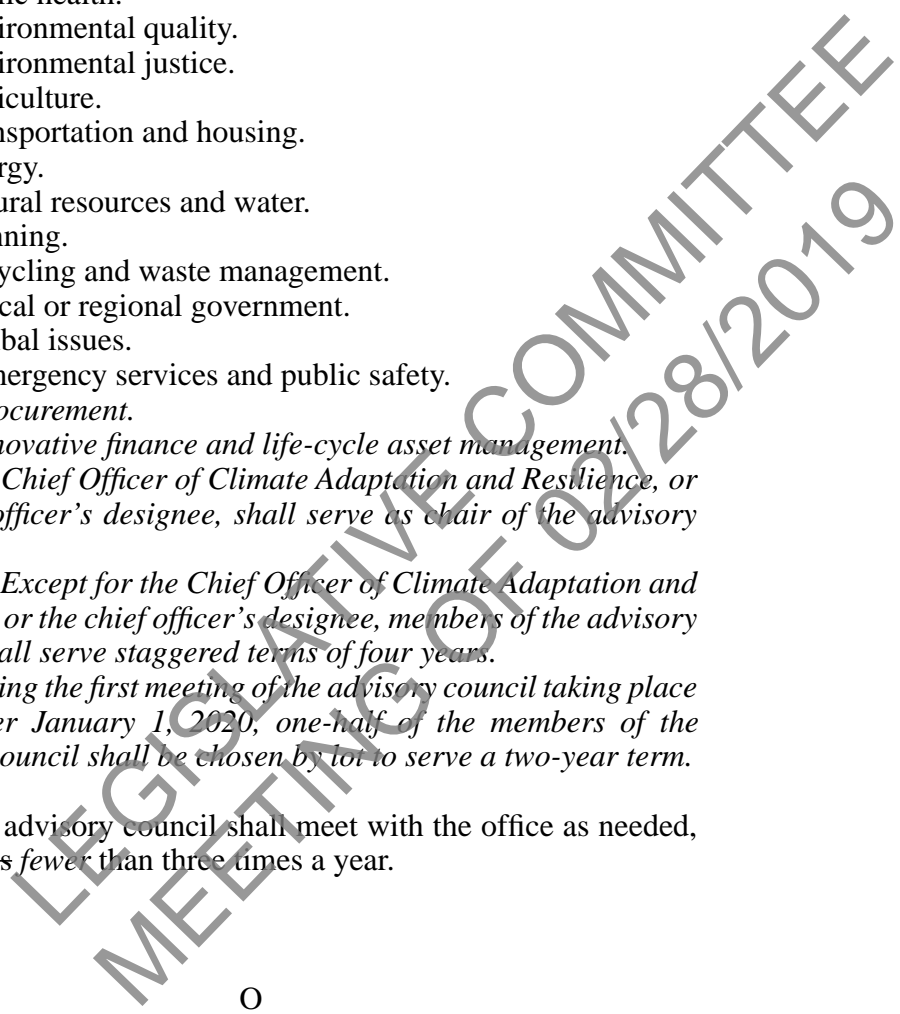
25 (c) *The Chief Officer of Climate Adaptation and Resilience, or*
26 *the chief officer’s designee, shall serve as chair of the advisory*
27 *council.*

28 (d) (1) *Except for the Chief Officer of Climate Adaptation and*
29 *Resilience, or the chief officer’s designee, members of the advisory*
30 *council shall serve staggered terms of four years.*

31 (2) *During the first meeting of the advisory council taking place*
32 *on or after January 1, 2020, one-half of the members of the*
33 *advisory council shall be chosen by lot to serve a two-year term.*

34 (e)
35 (e) The advisory council shall meet with the office as needed,
36 but not ~~less~~ *fewer* than three times a year.

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SENATE BILL**No. 209****Introduced by Senator Dodd**

February 4, 2019

An act to add Chapter 7.1 (commencing with Section 8669) to Division 1 of Title 2 of the Government Code, and to add Section 8386.3 to the Public Utilities Code, relating to wildfires.

LEGISLATIVE COUNSEL'S DIGEST

SB 209, as introduced, Dodd. Wildfire: California Wildfire Warning Center: weather monitoring.

Existing law provides that the state has long recognized its responsibility to mitigate the effects of natural, manmade, or war-caused emergencies that result in conditions of disaster or in extreme peril to life, property, and the resources of the state, and generally to protect the health and safety and preserve the lives and property of the people of the state.

This bill would establish in the state government the California Wildfire Warning Center (center). The center would be comprised of representatives from the Public Utilities Commission, the Office of Emergency Services, and the Department of Forestry and Fire Protection, as provided. The center would have various responsibilities relating to fire-threat weather conditions, including overseeing the development and deployment of a statewide network of automated weather and environmental stations designed to observe mesoscale meteorological phenomena that contribute to increased wildfire risk, including a statewide fire weather forecasting, monitoring, and threat assessment system.

The California Constitution establishes the Public Utilities Commission, authorizes the commission to establish rules for all public utilities, subject to control by the Legislature, and authorizes the

Legislature, unlimited by the other provisions of the California Constitution, to confer additional authority and jurisdiction upon the commission that is cognate and germane to the regulation of public utilities. The Public Utilities Act provides the commission with broad authority over public utilities, including electrical corporations. Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Existing law requires each electrical corporation to construct, maintain, and operate its electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment. Existing law requires each electrical corporation to annually prepare and submit a wildfire mitigation plan to the commission for review and approval, as provided.

This bill would require an electrical corporation to deploy at least one weather monitoring station, as approved by the center, for every circuit in a high fire threat district, as provided. Because a violation of this provision by an electrical corporation would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes
 State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 7.1 (commencing with Section 8669) is
- 2 added to Division 1 of Title 2 of the Government Code, to read:
- 3
- 4 CHAPTER 7.1. THE CALIFORNIA WILDFIRE WARNING CENTER
- 5
- 6 8669. The California Wildfire Warning Center is hereby
- 7 established in the state government.
- 8 8669.1. For purposes of this chapter, the following terms apply:
- 9 (a) “Center” shall mean the California Wildfire Warning Center.
- 10 (b) “Mesonet deployment plan” shall mean a network of
- 11 automated weather and environmental monitoring stations designed
- 12 to observe mesoscale meteorological phenomena.

1 8669.2. The center shall be comprised of six representatives,
2 as follows:

3 (a) Two representatives from the Public Utilities Commission,
4 appointed by the president of the commission.

5 (b) Two representatives from the Office of Emergency Services,
6 appointed by the director of the office.

7 (c) Two representatives from the Department of Forestry and
8 Fire Protection appointed by the director of the department.

9 8669.3. The center shall be responsible for all of the following
10 duties:

11 (a) Ongoing monitoring of fire-weather and threat conditions
12 as well as ongoing improvement of fire-weather forecasting
13 models.

14 (b) Receiving, coordinating, and verifying information pertaining
15 to fire threat conditions, utility proactive deenergization of power
16 lines, and active fire events.

17 (c) (1) Overseeing the development and deployment of a
18 statewide network of automated weather and environmental stations
19 designed to observe mesoscale meteorological phenomena that
20 contribute to increased wildfire risk, including a statewide fire
21 weather forecasting, monitoring, and threat assessment system.

22 (2) Overseeing the development and deployment of technical
23 requirements, including calibration and maintenance of weather
24 monitoring station instruments.

25 (d) (1) Working with electrical corporations to adopt center
26 approved weather monitoring equipment.

27 (2) Overseeing the development and deployment of a statewide
28 mesonet deployment plan to address high fire threat districts that
29 are not served by an electrical corporation.

30 (e) Overseeing the development of a validated Fire-Threat
31 Potential Index and ensuring that every geographic area in
32 California is covered by a Fire-Threat Potential Index. The index
33 shall be transparent and subject to revision and improvement as
34 determined by the center.

35 SEC. 2. Section 8386.3 is added to the Public Utilities Code,
36 to read:

37 8386.3. An electrical corporation shall deploy at least one
38 weather monitoring station, as approved by the California Wildfire
39 Warning Center, pursuant to Section 8669.3 of the Government

1 Code, for every circuit in a high fire threat district, as determined
2 by the commission pursuant to its rulemaking authority.
3 SEC. 3. No reimbursement is required by this act pursuant to
4 Section 6 of Article XIII B of the California Constitution because
5 the only costs that may be incurred by a local agency or school
6 district will be incurred because this act creates a new crime or
7 infraction, eliminates a crime or infraction, or changes the penalty
8 for a crime or infraction, within the meaning of Section 17556 of
9 the Government Code, or changes the definition of a crime within
10 the meaning of Section 6 of Article XIII B of the California
11 Constitution.

LEGISLATIVE COMMITTEE
MEETING OF 02/28/2019

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SENATE BILL**No. 210****Introduced by Senator Leyva**

February 4, 2019

An act to add Chapter 5.5 (commencing with Section 44150) to Part 5 of Division 26 of the Health and Safety Code, and to amend Section 27153 of, and to add Sections 4000.17, 4156.5, 24019, 27158.1, and 27158.2 to, the Vehicle Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 210, as introduced, Leyva. Heavy-Duty Vehicle Inspections and Maintenance Program.

(1) Existing law requires the State Air Resources Board, in consultation with the Bureau of Automotive Repair and a specified review committee, to adopt regulations requiring owners or operators of heavy-duty diesel motor vehicles to perform regular inspections of their vehicles for excessive emissions of smoke. Existing law requires the state board, in consultation with the State Energy Resources Conservation and Development Commission, to adopt regulations requiring heavy-duty diesel motor vehicles to use emission control equipment and alternative fuels.

This bill would authorize the state board to develop and implement a Heavy-Duty Vehicle Inspection and Maintenance Program for nongasoline heavy-duty onroad motor vehicles, as specified. The bill would authorize the state board to assess a fee and penalties as part of the program. The bill would create the Truck Emission Check (TEC) Fund, with all the moneys deposited in the fund to be available upon appropriation.

(2) Existing law generally requires the registration of vehicles by the Department of Motor Vehicles. Under existing law, a violation of the Vehicle Code is an infraction, unless otherwise specified.

This bill, no later than one year after the effective date of a regulation implementing the Heavy-Duty Vehicle Inspection and Maintenance Program, would require the department to confirm that a heavy-duty vehicle, as specified, is compliant with, or exempt from, the program prior to the initial registration, the transfer of ownership, or the renewal of registration, except as specified. The bill would require the state board to notify the department of the vehicles allowed to be registered pursuant to these provisions.

This bill would authorize the department to issue a temporary permit, valid for a specified period and subject to certain conditions, to operate a vehicle for which registration may be refused pursuant to the above-described provisions, as specified. The bill would require the payment of a \$50 fee for the temporary permit, to be deposited in the Truck Emission Check (TEC) Fund.

This bill, commencing one year after the effective date of a regulation implementing the Heavy-Duty Vehicle Inspection and Maintenance Program, would require a legal owner or registered owner of the heavy-duty vehicle to maintain a certificate of compliance with the vehicle, with exceptions, and would make a violation of this provision subject to a notice issued by an officer to correct the violation, as specified. The bill would require the driver of the vehicle to present the certificate of compliance for examination upon demand by a peace officer.

This bill would prohibit the operation of a heavy-duty vehicle on a public road in this state if that vehicle has an illuminated malfunction indicator light displaying a specified engine symbol, and would make a violation of this provision subject to a notice issued by an officer to correct the violation on the basis of its designation as a mechanical violation.

This bill would prohibit the operation of a heavy-duty vehicle in a manner resulting in the escape of visible smoke, except during active regeneration.

By creating new crimes, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
2 following:
- 3 (a) Communities in the state are too often exposed to unhealthy
4 air. Communities near hubs of activity, such as warehouses and
5 distribution centers, ports, highways, and roads with high levels
6 of truck traffic, bear the burden of heavy-duty trucks that are not
7 maintained.
- 8 (b) Trade corridors, such as those in the Inland Empire and
9 Central Valley, consist of some of the most environmentally
10 disadvantaged cities in the state.
- 11 (c) As of 2016, heavy-duty trucks operating in the state emitted
12 nearly 60 percent of all oxides of nitrogen emissions from onroad
13 mobile sources, which are the most significant contributor to both
14 federal ozone and fine particulate matter (PM2.5) air quality
15 standard violations across the state. Heavy-duty diesel trucks are
16 also the largest source of diesel particulate matter emissions in the
17 state. Diesel particulate matter is a carcinogen and toxic air
18 contaminant. Risks are particularly high in urban areas and along
19 busy roadways where trucks operate.
- 20 (d) Statewide, about 12 million residents live in communities
21 that exceed the federal ozone and PM2.5 standards. The health
22 and economic impacts of exposure to elevated levels of ozone and
23 PM2.5 in the state are considerable. Meeting air quality standards
24 will pay substantial dividends in terms of reducing costs associated
25 with emergency room visits and hospitalizations, lost work and
26 school days, and, most importantly, premature mortality.
- 27 (e) While the state has made significant progress in improving
28 air quality through existing programs by the state and air pollution
29 control and air quality management districts, further action must
30 be taken to achieve our public health, air quality, and climate goals
- 31 (f) The Heavy-Duty Vehicle Inspection and Maintenance
32 Program established by Section 44152 of the Health and Safety
33 Code is a key step in achieving the state's goals to improve public
34 health and meeting our environmental imperatives.

1 (g) It is the intent of the Legislature that the Heavy-Duty Vehicle
 2 Inspection and Maintenance Program be developed in partnership
 3 between affected state agencies, the public, industry, and other
 4 stakeholders to address the inspection of, tampering with, and
 5 maintenance of emissions control systems. It is further the intent
 6 of the Legislature that the State Air Resources Board work with
 7 other relevant agencies in conducting a pilot program prior to the
 8 full-scale implementation of the Heavy-Duty Vehicle Inspection
 9 and Maintenance Program in order for this program to be developed
 10 in a way that minimizes costs to truck owners and fleets; provides
 11 a level playing field for industry through effective enforcement;
 12 and provides flexibility for the program to adapt as truck
 13 technology and industry evolves.

14 (h) It is the intent of the Legislature that the State Air Resources
 15 Board minimize the duplication of programs and program
 16 requirements related to heavy-duty vehicle inspection and
 17 maintenance. It is further the intent of the Legislature that, to the
 18 extent feasible, the creation and implementation of the Heavy-Duty
 19 Vehicle Inspection and Maintenance Program established by
 20 Section 44152 of the Health and Safety Code minimizes duplicative
 21 programs and program requirements in a way that reduces
 22 compliance requirements and costs to truck owners and fleets.

23 SEC. 2. Chapter 5.5 (commencing with Section 44150) is added
 24 to Part 5 of Division 26 of the Health and Safety Code, to read:

25
 26 CHAPTER 5.5. HEAVY-DUTY VEHICLE INSPECTION AND
 27 MAINTENANCE PROGRAM
 28

29 44150. For purposes of this chapter, “program” means the
 30 Heavy-Duty Vehicle Inspection and Maintenance Program
 31 established pursuant to Section 44152.

32 44152. (a) No later than _____ and to the extent authorized by
 33 federal law, the state board, in consultation with the bureau and
 34 the Department of Motor Vehicles, shall adopt and implement a
 35 regulation for a Heavy-Duty Vehicle Inspection and Maintenance
 36 Program for nongasoline heavy-duty onroad motor vehicles with
 37 a gross vehicle weight rating of more than 14,000 pounds, as
 38 defined by the state board, including, but not limited to,
 39 single-vehicle fleets and other vehicles that are registered in another
 40 state but operate on California roads. In adopting a regulation

1 implementing the program, the state board shall do all of the
2 following:

3 (1) Establish test procedures for different motor vehicle model
4 years and emissions control technologies that measure the
5 effectiveness of the control of emissions of oxides of nitrogen and
6 particulate matter. The procedures may include, but are not limited
7 to, procedures for the use of onboard diagnostics system data and
8 test procedures that measure the effectiveness of the control of
9 emissions of greenhouse gases.

10 (2) Require a motor vehicle to pass the test procedures in order
11 to register or operate in the state. The state board may establish in
12 the regulation full or partial exemptions from the requirements of
13 this section for categories of vehicles it determines on the basis of
14 substantial evidence that the economic costs of compliance
15 substantially outweigh the benefits of compliance, including public
16 health benefits.

17 (3) Allow a streamlined process for the owner or operator of a
18 vehicle fleet who has an established compliance history with the
19 program.

20 (4) Establish program validation methods for evaluating program
21 effectiveness, fraud investigation, and research purposes.

22 (5) Develop and implement enforcement methods to ensure
23 continuing compliance with this section and Section 27153 of the
24 Vehicle Code. The enforcement methods may include, but are not
25 limited to, all of the following:

26 (A) Visual inspections.

27 (B) Functional inspections.

28 (C) Requiring emissions testing of vehicles.

29 (6) Develop, in coordination with the Department of Motor
30 Vehicles, an information technology database to collect and track
31 vehicle test data, assess the data to determine compliance, and
32 regularly generate lists of compliant vehicle identification numbers
33 and transmit them to the Department of Motor Vehicles in order
34 for annual vehicle registration notices to be issued.

35 (b) The state board may establish licensing standards for persons
36 engaged in the business of the inspection, diagnosis, and repair of
37 heavy-duty motor vehicles. The board also may establish
38 qualification standards or approval, operational, or licensure
39 standards for testing equipment, including protocols, hardware,

1 and software used for the submission of vehicle test data to the
2 state board or its contractors.

3 (c) (1) As part of the program, the state board shall develop a
4 Heavy-Duty Vehicle Inspection and Maintenance Compliance
5 Certificate. The state board shall issue the certificate to the legal
6 owner, registered owner, or designee of a vehicle that, at the
7 discretion of the state board, meets the requirements of the program
8 so that vehicle owners and operators may easily demonstrate proof
9 of compliance, as required pursuant to Sections 27158.1 and
10 27158.2 of the Vehicle Code.

11 (2) The certificate of compliance shall contain information
12 determined to be necessary by the state board that includes, but
13 need not be limited to, all of the following:

14 (A) Date issued.

15 (B) Date of expiration.

16 (C) Name and residence or business address or mailing address
17 of the legal owner or registered owner.

18 (D) Vehicle identification number assigned to the vehicle.

19 (E) Description of the vehicle that includes the year, make, and
20 model of the vehicle.

21 (d) The Department of Transportation, the Department of Food
22 and Agriculture, and the Department of the California Highway
23 Patrol may provide any necessary information to help facilitate
24 the installation of equipment necessary to implement the program.

25 (e) The state board, the Department of Motor Vehicles, and the
26 Department of Food and Agriculture may develop initiatives for
27 outreach and education to help ensure compliance with the
28 program.

29 (f) The state board shall request a permit to deploy equipment
30 on the state highway system, as defined in Article 3 (commencing
31 with Section 300) of Chapter 2 of Division 1 of the Streets and
32 Highway Code, in accordance with Chapter 3 (commencing with
33 Section 660) of Division 1 of the Streets and Highways Code, and
34 in cooperation with the Department of the California Highway
35 Patrol.

36 (g) The state board may inspect vehicles subject to this section
37 in conjunction with the safety and weight enforcement activities
38 of the Department of the California Highway Patrol or at other
39 locations selected by the state board in consultation with the
40 Department of the California Highway Patrol. Inspection locations

1 may include instate private facilities where fleet vehicles are
2 serviced or maintained. The state board and the Department of the
3 California Highway Patrol may conduct these inspections
4 cooperatively or independently, and the state board may contract
5 for assistance in the conduct of these inspections.

6 (h) (1) The state board may issue a citation to the owner of a
7 vehicle in violation of this section or a regulation promulgated
8 pursuant to this section. The state board may require the operator
9 of a vehicle to submit to a test procedure and may specify that
10 refusal to submit is an admission constituting proof of a violation.
11 The state board may require that, when a citation has been issued
12 pursuant to this section, the owner of a vehicle in violation of the
13 regulation shall be required to correct every deficiency specified
14 in the citation within a timeframe determined by the state board.

15 (2) When deciding whether to issue a citation, the state board
16 may take into account whether the owner of the vehicle has
17 obtained a temporary permit to operate the vehicle pursuant to
18 Section 4156.5 of the Vehicle Code.

19 (i) The state board shall provide an owner cited as violating this
20 section an opportunity for an administrative hearing consistent
21 with the process established pursuant to Article 3 (commencing
22 with Section 60065.1) and Article 4 (commencing with Section
23 60075.1) of Subchapter 1.25 of Chapter 1 of Division 3 of Title
24 17 of the California Code of Regulations. Following notice and
25 an opportunity for an administrative hearing, the state board, at its
26 discretion, may use the procedure set forth in subdivision (j) of
27 Section 44011.6 for a vehicle owner cited pursuant to this section.

28 (j) After an order imposing an administrative penalty becomes
29 final pursuant to the hearing procedures identified in subdivision
30 (i) and no petition for a writ of mandate has been filed within the
31 time allotted for seeking judicial review of the order, the state
32 board may apply to the Superior Court for the County of
33 Sacramento for a judgment in the amount of the administrative
34 penalty. The application, which shall include a certified copy of
35 the final order of the administrative hearing officer, shall constitute
36 a sufficient showing to warrant the issuance of the judgment.

37 44154. (a) The state board shall assess a fee to fund the
38 reasonable costs of implementing the program established pursuant
39 to this chapter.

1 (b) All fees collected by the state board pursuant to this chapter
 2 shall be deposited in the Truck Emission Check (TEC) Fund, which
 3 is hereby created in the State Treasury. All moneys in the fund
 4 shall be available upon appropriation by the Legislature to the state
 5 board for the regulatory purposes of the program.

6 (c) All penalty moneys collected by the state board pursuant to
 7 this chapter shall be deposited in the Air Pollution Control Fund.

8 44156. Prior to fully implementing the program, the state board,
 9 in consultation with the bureau, the Department of Transportation,
 10 the Department of Motor Vehicles, the Department of the
 11 California Highway Patrol, other interested state agencies, and
 12 stakeholders as part of a public process, shall implement a pilot
 13 program that develops and demonstrates technologies that show
 14 potential for readily bringing vehicles into the program. The state
 15 board shall report the findings of the pilot program on its internet
 16 website.

17 SEC. 3. Section 4000.17 is added to the Vehicle Code,
 18 immediately following Section 4000.15, to read:

19 4000.17. (a) No later than one year after the effective date of
 20 a regulation implementing the Heavy-Duty Vehicle Inspection and
 21 Maintenance Program described in Section 44152 of the Health
 22 and Safety Code, the department shall confirm, prior to the initial
 23 registration, the transfer of ownership, or the renewal of
 24 registration, that a heavy-duty vehicle is compliant with, or exempt
 25 from, the Heavy-Duty Vehicle Inspection and Maintenance
 26 Program.

27 (b) For purposes of this section, "heavy-duty vehicle" means a
 28 nongasoline heavy-duty onroad motor vehicle with a gross vehicle
 29 weight rating of more than 14,000 pounds, as defined by the State
 30 Air Resources Board pursuant to Section 44152 of the Health and
 31 Safety Code.

32 (c) Subdivision (a) does not apply to a transfer of ownership
 33 and registration under any of the following circumstances:

34 (1) A motor vehicle registered to a sole proprietorship is
 35 transferred to the proprietor as owner.

36 (2) The transfer is between companies the principal business of
 37 which is leasing motor vehicles, if there is no change in the lessee
 38 or operator of the motor vehicle or between the lessor and the
 39 person who has been, for at least one year, the lessee's operator
 40 of the motor vehicle.

1 (3) The transfer is between the lessor and lessee of the motor
2 vehicle, if there is no change in the lessee or operator of the motor
3 vehicle.

4 (4) An additional individual is added as a registered owner of
5 the motor vehicle.

6 (d) The State Air Resources Board shall notify the department
7 of the motor vehicles allowed to be registered pursuant to this
8 section.

9 SEC. 4. Section 4156.5 is added to the Vehicle Code, to read:

10 4156.5. (a) Except as provided in subdivision (b), the
11 department in its discretion may issue a temporary permit to operate
12 a vehicle when a payment of fees has been accepted in an amount
13 to be determined by, and paid to, the department, by the owner or
14 other person in lawful possession of the vehicle, for a vehicle for
15 which registration may be refused pursuant to Section 4000.17.
16 The permit shall be subject to the terms and conditions that the
17 department shall deem appropriate under the circumstances.

18 (b) The department shall not issue a temporary permit pursuant
19 to subdivision (a) to operate a vehicle for which a certificate of
20 compliance is required pursuant to Section 4000.17, and for which
21 that certificate of compliance has not been issued, unless the
22 department is presented with sufficient evidence, as determined
23 by the department, that the vehicle has failed its most recent
24 inspection pursuant to the Heavy-Duty Vehicle Inspection and
25 Maintenance Program described in Section 44152 of the Health
26 and Safety Code.

27 (c) Only one temporary permit may be issued pursuant to this
28 section for any vehicle, unless otherwise approved by the State
29 Air Resources Board.

30 (d) A temporary permit issued pursuant to this section is valid
31 for either 60 days after the expiration of the registration of the
32 vehicle or 60 days after the date that vehicle is removed from
33 nonoperation, whichever is applicable at the time the temporary
34 permit is issued.

35 (e) (1) A fee of fifty dollars (\$50) shall be paid for a temporary
36 permit issued pursuant to this section.

37 (2) After deducting its administrative costs, the department shall
38 deposit fees collected pursuant to paragraph (1) in the Truck
39 Emission Check (TEC) Fund described in subdivision (b) of
40 Section 44151 of the Health and Safety Code, to be used for

1 regulatory activities under the Heavy-Duty Vehicle Inspection and
2 Maintenance Program.

3 SEC. 5. Section 24019 is added to the Vehicle Code, to read:

4 24019. (a) A nongasoline heavy-duty onroad motor vehicle
5 with a gross vehicle weight rating of more than 14,000 pounds
6 shall not be operated on a public road in this state if that vehicle
7 has an illuminated malfunction indicator light (MIL) displaying
8 the International Standards Organization (ISO) 2575 engine symbol
9 F01, consistent with subdivision (d) of Section 1971.1 of Title 13
10 of the California Code of Regulations.

11 (b) A violation of this section shall be considered a mechanical
12 violation under Section 40610 of the Vehicle Code. A peace officer
13 shall not stop a vehicle solely on suspicion of a violation of this
14 section.

15 SEC. 6. Section 27153 of the Vehicle Code is amended to read:

16 27153. ~~No~~(a) A motor vehicle shall *not* be operated in a
17 manner resulting in the escape of excessive smoke, flame, gas, oil,
18 or fuel residue.

19 ~~The provisions of this section apply~~

20 (b) *A nongasoline heavy-duty onroad motor vehicle with a gross
21 vehicle weight rating of more than 14,000 pounds shall not be
22 operated in a manner resulting in the escape of visible smoke
23 except during active regeneration.*

24 (c) *This section applies to motor vehicles of the United States
25 or its agencies, to the extent authorized by federal law.*

26 SEC. 7. Section 27158.1 is added to the Vehicle Code, to read:

27 27158.1. (a) Commencing one year after the effective date of
28 a regulation implementing the Heavy-Duty Vehicle Inspection and
29 Maintenance Program described in Section 44152 of the Health
30 and Safety Code, a legal owner or registered owner of a
31 nongasoline heavy-duty onroad motor vehicle with a gross vehicle
32 weight rating of more than 14,000 pounds shall maintain a
33 certificate of compliance, as described in Section 44152 of the
34 Health and Safety Code, or a facsimile or electronic copy thereof,
35 with the vehicle for which the certificate is issued.

36 (b) Subdivision (a) does not apply when a certificate of
37 compliance is necessarily removed from the vehicle for the purpose
38 of renewal or when the vehicle is left unattended.

39 (c) A violation of this section shall be cited in accordance with
40 Section 40610.

1 SEC. 8. Section 27158.2 is added to the Vehicle Code, to read:
2 27158.2. (a) The driver of a nongasoline heavy-duty onroad
3 motor vehicle with a gross vehicle weight rating of more than
4 14,000 pounds shall present the certificate of compliance, as
5 described in Section 44152 of the Health and Safety Code, or other
6 evidence of the certificate of compliance, of the vehicle under the
7 driver's immediate control for examination upon demand by any
8 peace officer.

9 (b) The driver of the vehicle described in subdivision (a) shall
10 not present to any peace officer a certificate of compliance not
11 issued for that vehicle.

12 SEC. 9. No reimbursement is required by this act pursuant to
13 Section 6 of Article XIII B of the California Constitution because
14 the only costs that may be incurred by a local agency or school
15 district will be incurred because this act creates a new crime or
16 infraction, eliminates a crime or infraction, or changes the penalty
17 for a crime or infraction, within the meaning of Section 17556 of
18 the Government Code, or changes the definition of a crime within
19 the meaning of Section 6 of Article XIII B of the California
20 Constitution.

LEGISLATIVE COMMITTEE
MEETING OF 02/28/2019

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SENATE BILL**No. 216****Introduced by Senator Galgiani**

February 6, 2019

An act to amend Section 44281 of the Health and Safety Code, relating to vehicular air pollution.

LEGISLATIVE COUNSEL'S DIGEST

SB 216, as introduced, Galgiani. Carl Moyer Memorial Air Quality Standards Attainment Program: used heavy-duty truck exchange.

Existing law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program, which is administered by the State Air Resources Board. The program authorizes the state board to provide grants to offset the incremental cost of eligible projects that reduce emissions from covered vehicular sources. The program also authorizes funding for a fueling infrastructure demonstration program and for technology development efforts that are expected to result in commercially available technologies in the near-term that would improve the ability of the program to achieve its goals.

This bill would add as an eligible project under the program a used heavy-duty truck exchange, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The state needs viable, cost-effective clean energy and
- 4 transportation solutions for reducing emissions from methane,
- 5 greenhouse gas, and oxides of nitrogen, which together

1 significantly contribute to climate change and poor air quality and
2 impact the health of communities throughout the state.

3 (b) While it is important to displace the demand for conventional
4 petroleum-based fuels, the Legislature also believes that helping
5 to spur the development and deployment of innovative
6 next-generation fuel technologies by California-based companies
7 is an important contribution the state can and should make to
8 facilitate urgently needed, immediate, emissions reductions here
9 and around the world.

10 (c) State-run vehicle exchange programs are critical to promoting
11 fleet conversions necessary to accelerate emissions reductions in
12 the transportation sector.

13 (d) Newer next-generation low-carbon fuels have the potential
14 to offer significant climate and air quality benefits and, thus, the
15 state should provide a similar level of focus and support for these
16 innovative low-carbon fuels as has been spent over the years on
17 first generation low-carbon fuels and battery electric mobility.

18 SEC. 2. Section 44281 of the Health and Safety Code, as
19 amended by Section 8 of Chapter 610 of the Statutes of 2015, is
20 amended to read:

21 44281. (a) Eligible projects include, but are not limited to, any
22 of the following:

23 (1) Purchase of new very low or zero-emission covered vehicles
24 or covered heavy-duty engines.

25 (2) Emission-reducing retrofit of covered engines, or
26 replacement of old engines powering covered sources with newer
27 engines certified to more stringent emissions standards than the
28 engine being replaced, or with electric motors or drives.

29 (3) Purchase and use of emission-reducing add-on equipment
30 that has been verified by the state board for covered vehicles.

31 (4) Development and demonstration of practical, low-emission
32 retrofit technologies, repower options, and advanced technologies
33 for covered engines and vehicles with very low emissions of NO_x.

34 (5) Light- and medium-duty vehicle projects in compliance with
35 guidelines adopted by the state board pursuant to Title 13 of the
36 California Code of Regulations.

37 (6) *A used heavy-duty truck exchange that meets all of the*
38 *following:*

39 (A) *Allows small fleets to partner with larger fleets in a single*
40 *application.*

1 (B) Allows vehicles purchased through a nondirect transaction
2 to meet scrappage requirements pursuant to Division 3
3 (commencing with Section 1900) of Title 13 of the California Code
4 of Regulations.

5 (C) Requires vehicles purchased to remain in the state after
6 their useful life.

7 (D) Defines “small fleet” to mean five or less vehicles and
8 “larger fleet” to mean six or more vehicles.

9 (b) No project shall be funded under this chapter after the
10 compliance date required by any local, state, or federal statute,
11 rule, regulation, memoranda of agreement or understanding, or
12 other legally binding document, except that an otherwise qualified
13 project may be funded even if the state implementation plan
14 assumes that the change in equipment, vehicles, or operations will
15 occur, if the change is not required by the compliance date of a
16 statute, regulation, or other legally binding document in effect as
17 of the date the grant is awarded. No project funded by the program
18 shall be used for credit under any state or federal emissions
19 averaging, banking, or trading program. No covered emission
20 reduction generated by the program shall be used as marketable
21 emission reduction credits or to offset any emission reduction
22 obligation of any person or entity. Projects involving new engines
23 that would otherwise generate marketable credits under state or
24 federal averaging, banking, and trading programs shall include
25 transfer of credits to the engine end user and retirement of those
26 credits toward reducing air emissions in order to qualify for funding
27 under the program. A purchase of a low-emission vehicle or of
28 equipment pursuant to a corporate or a controlling board’s policy,
29 but not otherwise required by law, shall generate surplus emissions
30 reductions and may be funded by the program.

31 (c) The program may also provide funding toward the
32 installation of fueling or energy infrastructure to fuel or power
33 covered sources.

34 (d) Eligible applicants may be any individual, company, or
35 public agency that owns one or more covered vehicles that operate
36 primarily within California or otherwise contribute substantially
37 to the NO_x, particulate matter (PM), or reactive organic gas (ROG)
38 emissions inventory in California.

39 (e) It is the intent of the Legislature that all emission reductions
40 generated by this chapter shall contribute to public health by

1 reducing, for the life of the vehicle being funded, the total amount
2 of emissions in California.

3 (f) This section shall remain in effect only until January 1, 2024,
4 and as of that date is repealed, unless a later enacted statute, that
5 is enacted before January 1, 2024, deletes or extends that date.

6 SEC. 3. Section 44281 of the Health and Safety Code, as
7 amended by Section 20 of Chapter 401 of the Statutes of 2013, is
8 amended to read:

9 44281. (a) Eligible projects are any of the following:

10 (1) Purchase of new very low or zero-emission covered vehicles
11 or covered engines.

12 (2) Emission-reducing retrofit of covered engines, or
13 replacement of old engines powering covered sources with newer
14 engines certified to more stringent emissions standards than the
15 engine being replaced, or with electric motors or drives.

16 (3) Purchase and use of emission-reducing add-on equipment
17 for covered vehicles.

18 (4) Development and demonstration of practical, low-emission
19 retrofit technologies, repower options, and advanced technologies
20 for covered engines and vehicles with very low emissions of NO_x.

21 (5) *A used heavy-duty truck exchange that meets all of the*
22 *following:*

23 (A) *Allows small fleets to partner with larger fleets in a single*
24 *application.*

25 (B) *Allows vehicles purchased through a nondirect transaction*
26 *to meet scrappage requirements pursuant to Division 3*
27 *(commencing with Section 1900) of Title 13 of the California Code*
28 *of Regulations Title 13.*

29 (C) *Requires vehicles purchased to remain in the state after*
30 *their useful life.*

31 (D) *Defines “small fleet” to mean five or less vehicles and*
32 *“larger fleet” to mean six or more vehicles.*

33 (b) No new purchase, retrofit, repower, or add-on equipment
34 shall be funded under this chapter if it is required by any local,
35 state, or federal statute, rule, regulation, memoranda of agreement
36 or understanding, or other legally binding document, except that
37 an otherwise qualified project may be funded even if the state
38 implementation plan assumes that the change in equipment,
39 vehicles, or operations will occur, if the change is not required by
40 a statute, regulation, or other legally binding document in effect

1 as of the date the grant is awarded. No project funded by the
2 program shall be used for credit under any state or federal
3 emissions averaging, banking, or trading program. No emission
4 reduction generated by the program shall be used as marketable
5 emission reduction credits or to offset any emission reduction
6 obligation of any entity. Projects involving new engines that would
7 otherwise generate marketable credits under state or federal
8 averaging, banking, and trading programs shall include transfer
9 of credits to the engine end user and retirement of those credits
10 toward reducing air emissions in order to qualify for funding under
11 the program. A purchase of a low-emission vehicle or of equipment
12 pursuant to a corporate or a controlling board's policy, but not
13 otherwise required by law, shall generate surplus emissions
14 reductions and may be funded by the program.

15 (c) The program may also provide funding toward installation
16 of fueling or electrification infrastructure as provided in Section
17 44284.

18 (d) Eligible applicants may be any individual, company, or
19 public agency that owns one or more covered vehicles that operate
20 primarily within California or otherwise contribute substantially
21 to the NO_x emissions inventory in California.

22 (e) It is the intent of the Legislature that all emission reductions
23 generated by this chapter shall contribute to public health by
24 reducing, for the life of the vehicle being funded, the total amount
25 of emissions in California.

26 (f) This section shall become operative on January 1, 2024.

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BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Doug Kim and Members
of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 19, 2019

Re: Wildfire Smoke Public Health Bill

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

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

Staff will provide an update on activities related to Assembly Bill (AB) 836 – Buffy Wicks (D-Oakland), introduction which will include bill language as introduced prior to the February 22, 2019 deadline. Staff will also discuss stakeholder outreach, and opportunities for Committee support in the process.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

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

Attachment 5A: 2019 Assembly Bill 836 (Wicks)

ASSEMBLY BILL**No. 836****Introduced by Assembly Member Wicks**

February 20, 2019

An act to add Article 6 (commencing with Section 40280) to Chapter 4 of Part 3 of Division 26 of the Health and Safety Code, relating to the Bay Area Air Quality Management District.

LEGISLATIVE COUNSEL'S DIGEST

AB 836, as introduced, Wicks. Bay Area Clean Air Incentive Program.

(1) Existing law generally designates air pollution control and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources. Existing law establishes the Bay Area Air Quality Management District, which is vested with the authority to regulate air emissions located in the boundaries of the Counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara and portions of the Counties of Solano and Sonoma.

This bill would establish the Bay Area Clean Air Incentive Program, to be administered by the district, to provide funding through a grant program to retrofit ventilation systems to create a network of clean air centers within the boundaries of the district in order to mitigate the adverse public health impacts due to wildfires and other smoke events, as specified. The bill would specify that moneys for the program would be available upon appropriation. By adding to the duties of the Bay Area Air Quality Management District, the bill would impose a state-mandated local program.

(2) This bill would make legislative findings and declarations as to the necessity of a special statute for the Bay Area Air Quality Management District.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Article 6 (commencing with Section 40280) is
2 added to Chapter 4 of Part 3 of Division 26 of the Health and Safety
3 Code, to read:

4
5 Article 6. Bay Area Clean Air Incentive Program

6
7 40280. (a) (1) The Bay Area Clean Air Incentive Program is
8 hereby established to be administered by the bay district to provide
9 funding through a grant program to retrofit ventilation systems to
10 create a network of clean air centers within the boundaries of the
11 bay district in order to mitigate the adverse public health impacts
12 due to wildfires and other smoke events.

13 (2) Moneys for the program shall be available upon
14 appropriation by the Legislature

15 (b) Qualified applicants shall include, but need not be limited
16 to, all of the following:

- 17 (1) Schools.
- 18 (2) Community centers.
- 19 (3) Senior centers.
- 20 (4) Sports centers.
- 21 (5) Libraries.

22 (c) The bay district shall develop guidelines for the program in
23 consultation with the cities, counties, public health agencies, school
24 districts, and other stakeholders located within the boundaries of
25 the bay district. The guidelines shall address all of the following:

- 1 (1) Location of the applicant.
- 2 (2) Size of the applicant's facility.
- 3 (3) Facility ventilation characteristics that could provide
- 4 healthier indoor air quality in the event of a localized smoke
- 5 impact.

6 SEC. 2. The Legislature finds and declares that a special statute
7 is necessary and that a general statute cannot be made applicable
8 within the meaning of Section 16 of Article IV of the California
9 Constitution because of the unique circumstances that the Bay
10 Area was significantly affected by smoke impacts during the
11 wildfires of the last several years.

12 SEC. 3. If the Commission on State Mandates determines that
13 this act contains costs mandated by the state, reimbursement to
14 local agencies and school districts for those costs shall be made
15 pursuant to Part 7 (commencing with Section 17500) of Division
16 4 of Title 2 of the Government Code.

LEGISLATIVE COMMITTEE
MEETING OF 02/28/2019

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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: February 21, 2019

Re: Historical Health Inequities Associated with Air Pollution

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Although the Bay Area is near attainment regionally for criteria air pollutants, many local communities are disproportionately affected by health inequities increased by heavy exposure associated with air pollution. Programs, such as Assembly Bill (AB) 617, along with the Air District's Community Health Protection Program, Technology Implementation Office and the Strategic Incentives Division, offer opportunities to diminish health inequities associated with heavy exposure to air pollution and to maximize health co-benefits in disproportionately impacted communities.

DISCUSSION

Air District, Health Officer Judith Cutino, will present findings from the Alameda County Public Health Department outlining the associations between air pollution and community health. Health inequities from air pollution are influenced by several key factors. These factors include the level of exposure to air pollution, pre-existing health risks and cumulative health burdens in the community, and the population vulnerability due to economic and social conditions. Cancer, heart disease, stroke, and chronic lower respiratory disease are the top five leading causes of decreased life expectancy associated with exposure to air pollution. Many factors, including lack of resources associated with high poverty and longstanding disinvestment, contribute to health inequities in disproportionately impacted communities.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Judith Cutino

Reviewed by: Greg Nudd