



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS REGULAR MEETING

March 4, 2020

A meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:30 a.m. in the 1st Floor Board Room at the Air District Headquarters, 375 Beale Street, San Francisco, California 94105.

Questions About an Agenda Item

The name, telephone number and e-mail of the appropriate staff person to contact for additional information or to resolve concerns is listed for each agenda item.

Meeting Procedures

The public meeting of the Air District Board of Directors begins at 9:30 a.m. The Board of Directors generally will consider items in the order listed on the agenda. However, any item may be considered in any order.

After action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

This meeting will be webcast. To see the webcast, please visit www.baaqmd.gov/bodagendas at the time of the meeting. Closed captioning may contain errors and omissions, and are not certified for their content or form.

Public Comment Procedures

Persons wishing to make public comment must fill out a Public Comment Card indicating their name and the number of the agenda item on which they wish to speak, or that they intend to address the Board on matters not on the Agenda for the meeting.

Public Comment on Non-Agenda Matters, Pursuant to Government Code Section 54954.3 Speakers wishing to address the Board on non-agenda matters will be heard at the end of the agenda, and each will be allowed up to three minutes to address the Board at that time.

Members of the Board may engage only in very brief dialogue regarding non-agenda matters, and may refer issues raised to District staff for handling. In addition, the Chairperson may refer issues raised to appropriate Board Committees to be placed on a future agenda for discussion.

Public Comment on Agenda Items The public may comment on each item on the agenda as the item is taken up. Public Comment Cards for items on the agenda must be submitted in person to the Clerk of the Boards at the location of the meeting and prior to the Board taking up the particular item. Where an item was moved from the Consent Calendar to an Action item, no speaker who has already spoken on that item will be entitled to speak to that item again.

Speakers may speak for up to three minutes on each item on the Agenda. However, the Chairperson or other Board Member presiding at the meeting may limit the public comment for all speakers to fewer than three minutes per speaker, or make other rules to ensure that all speakers have an equal opportunity to be heard. The Chairperson or other Board Member presiding at the meeting may, with the consent of persons representing both sides of an issue, allocate a block of time (not to exceed six minutes) to each side to present their issue.

BOARD OF DIRECTORS REGULAR MEETING AGENDA

WEDNESDAY
MARCH 4, 2020
9:30 A.M.

BOARD ROOM
1ST FLOOR

CALL TO ORDER

Chairperson, Rod Sinks

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 3-7)

Staff/Phone (415) 749-

3. Minutes of the Board of Directors Meeting of February 19, 2020

Clerk of the Boards/5073

The Board of Directors will consider approving the draft minutes of the Board of Directors Meeting of February 19, 2020.

4. Board Communications Received from February 19, 2020 through March 3, 2020

J. Broadbent/5052
jbroadbent@baaqmd.gov

A copy of communications directed to the Board of Directors received by the Air District from February 19, 2020 through March 3, 2020, if any, will be at each Board Member's place.

5. Quarterly Report of California Air Resources Board Representative – Honorable John Gioia

J. Broadbent/5052
jbroadbent@baaqmd.gov

6. Consider Approval of Amendment to Bay Area Transportation Conformity and Interagency Consultation Procedures in the State Implementation Plan

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Board of Directors will consider approval of a proposed amendment to the Bay Area Transportation Conformity and Interagency Consultation Procedures in the State Implementation Plan that reflect changes to air quality conformity procedures for projects and programs in eastern Solano County.

7. Referral of Proposed Budget for Fiscal Year Ending (FYE) 2021 to the Budget and Finance Committee

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Board of Directors will consider referring the proposed operating budget for Fiscal Year Ending (FYE) 2021 to the Budget and Finance Committee for review and consideration.

COMMITTEE REPORTS

8. Report of the Climate Protection Committee Meeting of February 20, 2020

CHAIR: T. Barrett

J. Broadbent/5052

jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Climate Change and Food – An Overview

1) None; receive and file.

B) Food Waste Reduction in Alameda County

1) None; receive and file.

C) Regional Food and Climate Event

1) None; receive and file.

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

www.baaqmd.gov/advagendas

9. Report of the Budget and Finance Committee Meeting of February 26, 2020

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) 2019

1) None; receive and file.

B) Second Quarter Financial Report – Fiscal Year Ending (FYE) 2020

1) None; receive and file.

C) Participation and Selection of a Section 115 Pension Trust Administrator for Prefunding Air District’s Pension Obligations

1) None; receive and file.

D) Air District Financial Plan Overview

1) None; receive and file.

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

www.baaqmd.gov/advagendas

10. Report of the Stationary Source Committee Meeting of February 26, 2020

CHAIR: J. Bauters

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

A) Air District Legal Authorities 101

1) None; receive and file.

B) Major Facility Projects Update

1) None; receive and file.

C) Discussion on Stationary Source Committee Schedule for 2020

1) None; receive and file.

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

www.baaqmd.gov/advagendas

11. Report of the Mobile Source Committee Meeting of February 27, 2020

CHAIR: D. Canepa

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Committee received the following reports:

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

- 1) *Approve recommended projects with proposed grant awards over \$100,000 as shown in Attachment 1, including necessary policy waivers to allow Transportation Fund for Clean Air (TFCA) funds to be used as match to fund recommended school bus projects; and*
- 2) *Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects.*

B) Participation in Year 22 of the Carl Moyer Program

- 1) *Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air District's receipt of Carl Moyer Program (CMP) funds for fiscal year 2019-2020 (Program Year 22);*
- 2) *Allocate \$3 million in Mobile Source Incentive Funding to provide the required match funding and additional monies for projects eligible for funding under the CMP guidelines; and*
- 3) *Authorize the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with Carl Moyer Program and Mobile Source Incentive Funds, with individual grant award amounts up to \$100,000.*

C) Clean Cars for All Program Funding

- 1) *Adopt a resolution authorizing the Executive Officer/APCO to accept, obligate, and expend up to \$5 million from the California Air Resources Board (CARB) for the Bay Area Clean Cars for All Program; and*
- 2) *Authorize the Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding.*

D) Air District Grant Programs Overview

- 1) *None; receive and file.*

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

www.baaqmd.gov/advagendas

CLOSED SESSION

12. **PUBLIC EMPLOYEE PERFORMANCE EVALUATIONS - (Government Code Section 54957 and 54957.6)**

Pursuant to Government Code Section 54957 and 54957.6, the Board will meet in closed session to conduct performance evaluations of the Executive Officer and General Counsel.

OPEN SESSION

13. Board Of Directors Committee Meeting Schedule

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board will discuss the Board of Director's meeting schedule.

PRESENTATIONS

14. The Legal Framework for the Air District

J. Broadbent/5052
jbroadbent@baaqmd.gov

Staff will provide the Board of Directors with an overview of the Air District's legal authority.

15. Air Quality and Air District Overview

J. Broadbent/5052
jbroadbent@baaqmd.gov

Staff will provide the Board of Directors with an overview of air quality and the Air District.

PUBLIC COMMENT ON NON-AGENDA MATTERS

16. **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

17. *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

18. Report of the Executive Officer/APCO

19. Chairperson's Report

20. Time and Place of Next Meeting:

Wednesday, April 1, 2020, at 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

21. 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 MEETINGS

MARCH 2020

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting	Wednesday	4	9:30 a.m.	1 st Floor Board Room
Board of Directors Community and Public Health Committee	Thursday	5	9:30 a.m.	1 st Floor Board Room
Board of Directors Executive Committee	Wednesday	18	9:30 a.m.	1 st Floor Board Room
Advisory Council Special Meeting - PM Symposium	Tuesday	24	9:00 a.m.	Oakland Marriott City Center 1001 Broadway, Oakland CA
Board of Directors Budget & Finance Committee	Wednesday	25	9:30 a.m.	1 st Floor, Yerba Buena Room #109
Board of Directors Legislative Committee	Wednesday	25	10:30 a.m.	1 st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee	Thursday	26	9:30 a.m.	1 st Floor Board Room

APRIL 2020

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Regular Meeting	Wednesday	1	9:30 a.m.	1 st Floor Board Room
Board of Directors Personnel Committee	Friday	3	9:30 a.m.	1 st Floor Board Room
Board of Directors Regular Meeting	Wednesday	15	9:30 a.m.	1 st Floor Board Room
Board of Directors Climate Protection Committee	Thursday	16	9:30 a.m.	1 st Floor Board Room
Board of Directors Budget & Finance Committee	Wednesday	22	9:30 a.m.	1 st Floor, Yerba Buena Room #109
Board of Directors Legislative Committee	Wednesday	22	10:30 a.m.	1 st Floor, Yerba Buena Room #109
Board of Directors Stationary Source Committee	Wednesday	22	12:00 p.m.	1 st Floor, Yerba Buena Room #109
Board of Directors Mobile Source Committee	Thursday	23	9:30 a.m.	1 st Floor Board Room

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: Minutes of the Board of Directors Regular Meeting of February 19, 2020

RECOMMENDED ACTION

Approve the attached draft minutes of the Board of Directors Regular Meeting of February 19, 2020.

DISCUSSION

Attached for your review and approval are the draft minutes of the Board of Directors Regular Meeting of February 19, 2020.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

Attachment 3A: Draft Minutes of the Board of Directors Regular Meeting of February 19, 2020

AGENDA 3A – ATTACHMENT

Draft Minutes - Board of Directors Regular Meeting of February 19, 2020

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 19, 2020

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, Rod Sinks, called the meeting to order at 9:30 a.m.

Roll Call:

Present: Chairperson Rod Sinks; Vice Chairperson Cindy Chavez; Secretary Karen Mitchoff; and Directors Margaret Abe-Koga, Teresa Barrett, John J. Bauters, David J. Canepa, John Gioia, Scott Haggerty, David Hudson, Davina Hurt, Tyrone Jue, Katie Rice, Mark Ross, Jim Spring, Brad Wagenknecht, and Shirlee Zane.

Absent: Directors Pauline Russo Cutter, Carole Groom, Liz Kniss, Nate Miley, Shamann Walton, and Lori Wilson.

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

No requests received.

NOTED PRESENT: Director Haggerty was noted present at 9:33 a.m.

CONSENT CALENDAR (OUT OF ORDER, ITEMS 4-9)

3. Minutes of the Board of Directors Special Meeting/Retreat of January 29, 2020
4. Board Communications Received from January 29, 2020 through February 18, 2020
5. Notices of Violations Issued and Settlements in Excess of \$10,000 in the month of January 2020
6. Air District Personnel on Out-of-State Business Travel

7. Quarterly Report of the Executive Office and Division Activities for the Months of October 2019 – December 2019
8. Authorization to Execute a Contract to Fund Improvements to Estimates of Air Pollution Emissions from Residential Wood Burning in the San Francisco Bay Area

Public Comments

No requests received.

Board Comments

None.

Board Action

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

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

COMMENDATIONS/PROCLAMATIONS/AWARDS (ITEM 3)

9. The Board of Directors recognized Ms. Margaret Gordon and Mr. Brian Beveridge, from the West Oakland Environmental Indicators Project, for their work on the West Oakland Community Action Plan. Ms. Gordon and Mr. Beveridge were awarded with the Air District’s first Community Leadership Award and gave remarks about their experience working with the Air District on Assembly Bill (AB) 617 in West Oakland. The Board thanked Ms. Gordon and Mr. Beveridge for their stewardship of an innovative and exemplary model to other communities.

10. Update on Advancing Racial Equity at the Air District (ITEM 12)

Jack P. Broadbent, Executive Officer/Air Pollution Control Officer, introduced Mary Ann Okpalaugo, Manager of the Office of Diversity, Equity and Inclusion. With Tim Williams of the Office of Diversity, Equity and Inclusion, Kristen Law of Community Engagement, and Derrick Tang of the Technology Implementation Office, Ms. Okpalaugo gave the staff presentation *Update on Advancing Racial Equity at the Air District*, including: outline; normalize; organize; operationalize; framework for racial equity; workforce development; demographics; highlight – demographic opportunities; Community Health AB 617: leading with equity; public investment: equity in incentive programs; ongoing efforts and future areas of work; key priorities for 2020; and recognition of 2019 Government Alliance on Race and Equity (GARE) Learning and Implementation Cohorts.

Public Comments

No requests received.

Board Comments

The Board and staff discussed the formation of a new Board committee (Ad Hoc Committee on Equity & Environmental Justice); the demographics of Air District promotions in 2019; whether the Air District’s Clean Cars for All program analyzes racial demographics of the program’s awardees; how the Air District educates stationary/magnet sources of pollution about the health risks that impact the residents within their communities; community partners (organizations) of the Air District that analyze emissions impacts to disadvantaged communities; the gender and racial composition of “Executive Management” at the Air District, and the request for a chart indicating number of positions and genders in each presented class; the suggestion that the Air District offers continuing education and training opportunities to its employees, to refresh messaging on equity and inclusion; how proactive the Air District is at seeking and developing a pipeline of employee candidates who are of color, female, or those who have been underrepresented in science, technology, engineering and math (STEM) careers; to what extent the Air District’s job requirements may be impacting potential candidates; whether the Air District analyzes the ethnicity of its job applicants; promotional opportunities and the Air District’s mentoring and leadership development programs; the request for a chart showing trends and comparisons in demographics at the Air District over several years (as opposed to a snapshot of one calendar year); Air District staff’s opinion of the formation of the proposed Ad Hoc Committee on Equity & Environmental Justice; ways in which Board members can be more engaged and support the advancement of equity at the Air District; investments the Air District can make/have made to improve the air quality in disadvantaged communities; reasons that may deter women and minority groups from pursuing employment in particular sectors; the need to accelerate policy and behavioral change in this area; the Air District’s intern program, and how the Air District follows up with the interns once internships end; the suggestion that the Air District physically send employees who are female and/or people of color to recruit for Air District employment at universities, intentionally seeking other women and people of color; how the Air District establishes the manner/attitude in which its GARE cohorts are conducted; the history of the Air District’s short-lived Environmental Justice Working Group in 2001; and the suggestion that the Air District becomes a field trip destination for students.

Board Action

Director Bauters made a motion, seconded by Vice Chair Chavez, to **approve** the formation of an Ad Hoc Committee on Equity & Environmental Justice, for a period of one year and, in the event the Board is not ready to make the Committee permanent, there is an option to extend for one additional year.; and the motion **carried** by the following vote of the Board:

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

11. The State Air Resources Board's Environmental Justice Work (ITEM 13)

Mr. Broadbent introduced Veronica Eady, Assistant Executive Officer for Environmental Justice at the California Air Resources Board (CARB), who gave the presentation *Environmental Justice*, including: addressing air pollution disparities; framing environmental justice in California; AB 1628; civil rights; history of environmental justice at CARB; California's Global Warming Solutions Act; impacts from the Cap and Trade program; AB 617; how CARB meets communities, shares capacity, and provides financial support; Greenhouse Gas Reduction Fund; Cap and Trade program funds; diversity, equity, and inclusion; GARE; plan of action for racial equity; what's next; and emerging environmental justice issues for the new decade.

Public Comments

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

Board Comments

The Board and staff discussed CARB's utilization of the Office of Environmental Health Hazard Assessment's mapping tool, CalEnviroScreen; the importance of CARB's allocation of funds to air districts to execute AB 617 implementation; the request that the Board agendaize the Phillips 66 Refinery Expansion project in Rodeo for an upcoming Board meeting; locations of employers of the participants from CARB's Agricultural Worker Vanpool Pilot Project; and whether any legislation similar to AB 617 and AB 1628 currently exists in California.

Board Action

None; receive and file.

COMMITTEE REPORT

12. Report of the Personnel Committee Meeting of February 5, 2020 (ITEM 10)

Personnel Committee Chair, Jim Spring, read the following Committee report:

The Committee met on Wednesday, February 5, 2020, and approved the minutes of October 16, 2019.

The Committee then met in Closed Session to conduct performance evaluations for the Executive Officer and General Counsel. Following the Closed Session, the Committee announced that it had spent time discussing the Board members' evaluations of the Executive Officer and General Counsel, as well as the performance review process.

The next meeting of the Personnel Committee will be held at the call of the Chair. This concludes the Chair Report of the Personnel Committee.

Public Comments

No requests received.

Board Comments

None.

Board Action

None; receive and file.

CLOSED SESSION (ITEM 11) THIS ITEM WAS CONTINUED TO THE MARCH 4, 2020 BOARD OF DIRECTORS MEETING

13. PUBLIC EMPLOYEE PERFORMANCE EVALUATIONS - (Government Code Section 54957 and 54957.6)

Pursuant to Government Code Section 54957 and 54957.6, the Board will meet in closed session to conduct performance evaluations of the Executive Officer and General Counsel.

PUBLIC COMMENT ON NON-AGENDA MATTERS

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

No requests received.

BOARD MEMBERS' COMMENTS

15. Board Members' Comments

- Director Spering said that he was in favor of holding multiple Board committee meetings on the same day, rather than having each meeting on a separate day, and asked that staff propose such a schedule for the Board to consider. The Board and staff discussed the request that this issue be agendaized for the upcoming Legislative Committee meeting, and the need for a tactful approach, should this issue be brought to the attention of the Legislature; how Board member compensation may need to be changed, should this scheduling change be implemented; the Air District's support of this proposed scheduling change; reasons to leave the Board member compensation structure as it currently is; the suggestion that Board members who use active transit to attend Board and committee meetings receive the same compensation as those who drive in hybrid or electric vehicles, while those who drive gasoline-powered vehicles receive less.
- Director Spering discouraged further use of the metal detector in the lobby of the Bay Area Metro Center that Air District meeting attendees must use.

- Director Rice reported that, in her capacity as a California Coastal Commissioner, she attended a meeting at the Port of Long Beach, at which, the Port discussed its goals of reaching zero emissions for terminal equipment by 2030 and for trucks by 2035. Also discussed was the City of Long Beach’s first Climate Action and Adaptation Plan.

OTHER BUSINESS

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

Mr. Broadbent had nothing to report.

17. Chairperson’s Report

Chair Sinks had nothing to report.

18. Time and Place of Next Meeting

Wednesday, March 4, 2020, at 375 Beale Street, San Francisco, CA 94105 at 9:30 a.m.

19. Adjournment

The meeting adjourned at 12:20 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: Board Communications Received from February 19, 2020 through March 3, 2020

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Copies of communications directed to the Board of Directors received by the Air District from February 19, 2020 through March 3, 2020, if any, will be at each Board Member's place at the March 4, 2020, Regular Board Meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Erica Trask
Reviewed by: Vanessa Johnson



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

TO: Members of the Board of Directors

FROM: Supervisor John Gioia
 Board Member

DATE: February 25, 2020

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, 2019, through December 31, 2019:

October Activities

1st October CARB/CTC Staff Briefing
 10th October CARB/CTC Joint Board Meeting
 14th Meeting with CalETC re: Funding Plan
 14th Meeting with AC Transit re: funding Plan
 16th October Staff Briefing
 24th October Board Meeting
 28th CAPCOA Fall Seminar

November Activities

4th November Staff Briefing
 13th Meeting with PMSA re: At Berth Reg.
 20th Meeting with ALA and CCA re: At Berth Reg.
 21st November Board Meeting
 25th December Staff Briefing

December Activities

2nd Meeting with NRDC re: Advanced Clean Trucks
 5th West Oakland AB 617 CERP Meeting
 12th December Board Meeting
 13th December Board Meeting

Attachments: Public Agendas

Agenda

California Transportation Commission/California Air Resources Board Joint Meeting

Thursday, October 10, 2019

8:30 AM – 2:00 PM

DoubleTree by Hilton, Modesto – Arbor Theater

1150 9th Street, Modesto, CA, 95354

To view the live webcast of this meeting, please visit:

<https://www.youtube.com/channel/UCASI3gyTEuhZffC13RbG4xQ>

Item No.	Time	Description	Presenter	Status *
1	8:30 AM	Welcome and Opening Remarks	Fran Inman , Chair California Transportation Commission Mary Nichols , Chair California Air Resources Board	I
2	8:40 AM	California Transportation Commission (CTC) and California Air Resources Board (CARB) Updates	Susan Bransen , Director California Transportation Commission Richard Corey , Executive Officer California Air Resources Board	I
3	8:50 AM	Update of the Federal Safer Affordable Fuel Efficient (SAFE) Vehicles Rule	Craig Segall California Air Resources Board Tanisha Taylor California Association of Councils of Government Darwin Moosavi California State Transportation Agency	I
4	9:30 AM	Housing and Transportation Linkages <ul style="list-style-type: none"> • Governor’s Executive Order N-19-19 (Sept. 20, 2019) • State Housing Requirements 	Kate Gordon Governor’s Office of Planning and Research Zachary Olmstead California Department of Housing and Community Development	I
	10:10 AM	Break		

Item No.	Time	Description	Presenter	Status *
5	10:25 AM	Panel Discussion – Sustainable Transportation Planning and Project Implementation in the San Joaquin Valley	Moderated by: Vito Chiesa , Supervisor Stanislaus County District 2 Panelists: <ul style="list-style-type: none"> • Kristine Cai, Deputy Director Fresno Council of Governments • Ahron Hakimi, Executive Director Kern Council of Governments • Terri King, Executive Director Kings County Association of Governments • Patricia Taylor, Executive Director Madera County Transportation Commission • Andrew Chesley, Executive Director San Joaquin Council of Governments • Rosa Park, Executive Director Stanislaus Council of Governments • Ted Smalley, Executive Director Tulare Council of Governments 	I
	11:45 AM	Lunch		
6	12:30 PM	CTC Commissioner and CARB Board Member Comments		I
7	1:00 PM	Public Comment		I
8	1:45 PM	Meeting Conclusion and Wrap-Up	Fran Inman , Chair California Transportation Commission Mary Nichols , Chair California Air Resources Board	I

NOTICE: Times identified on the agenda are estimates only. The CTC and CARB have the discretion to take up agenda items out of sequence. The CTC and the CARB may adjourn earlier than estimated. “CTC” denotes California Transportation Commission; “CARB” denotes California Air Resources Board.

Unless otherwise noticed, a copy of this meeting notice and agenda will be posted 10 calendar days prior to the meeting on the CTC Website: www.catc.ca.gov and the CARB Website: <https://ww2.arb.ca.gov/about/ab-179-california-air-resources-board-and-california-transportation-commission-joint-meetings>. Questions or inquiries about this meeting may be directed to the CTC staff at (916) 654-4245, 1120 N Street (MS-52), Sacramento, CA 95814 or CARB at (916) 324-9061. If special accommodations are needed for persons with disabilities, please contact Doug Remedios at (916) 654-4245. Requests for special accommodations should be made as soon as possible but no later than at least five working days prior to the scheduled meeting.

Persons attending the meeting who wish to address the CTC and CARB on a subject to be considered at this meeting are asked to complete a Speaker Request Card and provide it to the CTC Clerk prior to the discussion of the item. If you would like to present written materials, including handouts, photos, and maps to the CTC and CARB at the meeting, please provide a minimum of 35 copies labeled with the agenda item number no later than 30 minutes prior to the start of the meeting. Video clips and other electronic media cannot be accommodated. Speakers cannot use their own computer or projection equipment for displaying presentation material.

Improper comments and disorderly conduct are not permitted. In the event the meeting conducted by the CTC and CARB is willfully interrupted or disrupted by a person or by a group so as to render the orderly conduct of the meeting infeasible, the CTC Chair or CARB Chair may order the removal of those individuals who are willfully disrupting the meeting.

*"I" denotes an "Information" item.



PUBLIC MEETING AGENDA

**Thursday,
October 24, 2019**

[Webcast](#)

LOCATION:

California Environmental Protection Agency
California Air Resources Board
Byron Sher Auditorium, 2nd Floor
1001 I Street
Sacramento, California 95814

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website:

<http://www.sacrt.com>

(This facility is accessible to persons with disabilities.)

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

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

**Thursday
October 24, 2019
9:00 a.m.**

CONSENT CALENDAR:

The following item 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.

Consent Items #

19-9-2: Public Hearing to Consider Regulation Setting Requirements for Advance Payment

The Board will consider adoption of the proposed regulation setting requirements for advance payment. The proposal would clarify the process for requesting advance payments, streamline the review and approval process, and provide procedural safeguards to ensure the advance payments are adequately regulated.

[More Information](#)

[Proposed Resolution](#)

DISCUSSION ITEMS:

Agenda Items #

19-9-4 Public Meeting to Consider Approval of the Proposed Fiscal Year 2019-20 Funding Plan for Clean Transportation Incentives for Low Carbon Transportation Investments and the Air Quality Improvement Program

The Board will consider the Proposed Fiscal Year 2019-20 Funding Plan for Clean Transportation Incentives. The plan describes 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 benefitting 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 demonstration and pilot projects.

[More Information](#)

[Staff Presentation](#)

CLOSED SESSION

The Board may 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:

Alliance for California Business v. California State Transportation Agency, et al., Sacramento County Superior Court, Case No. 34-2016-80002491.

American Coatings Association, Inc. v. State of California and California Air Resources Board, Sacramento County Superior Court, Case No. 04CS01707.

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California Air Resources Board v. United States Environmental Protection Agency and National Highway Traffic and Safety Administration, United States District Court, District of Columbia Case No. 1:19-cv-00965-CKK.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283 (dismissed), U.S. Court of Appeals, Ninth Circuit, Case No. 13-74019.

Friends of Oceano Dunes, Inc. v. California Coastal Commission, et al., San Luis Obispo County Superior Court, Case No. 17CV-0576; U.S. District Court for the Central District of California, Case No. 2:17-cv-8733.

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

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494; ARB's appeal, Court of Appeal, Fifth District, Case No. F074003.

Murray Energy Corporation v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1385.

Sowinski v. California Air Resources Board, et al., United States District Court for the Northern District of California, No. 3:18-cv-03979-LHK.

State of California v. United States Environmental Protection Agency, United States Court of Appeals, District of Columbia Circuit, Case No. 18-1096.

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State of California, et al. v. United States Environmental Protection Agency et al., U.S. District Court, Northern District of California, Oakland Division, Case No. 4:17-cv-6936-HSG.

State of New York, et al. v. Andrew Wheeler and the United States Environmental Protection Agency, U.S. District Court, District of Columbia, Case No. 1:18-cv-00773.

State of North Dakota v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1381.

State of North Dakota, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 16-1242.

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.

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

Valero Refining Co. California v. Hearing Board of the Bay Area Air Quality Management District et al., Court of Appeal, First Appellate District, Case No. A151004.

People v. Southern California Gas Company, Los Angeles Superior Court, Case No. BC 602973.
The Two Hundred, et al. v. California Air Resources Board, et al., Fresno County Superior Court, Case No. 18CECG01494.

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

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IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERKS' OFFICE:

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

(916) 322-5594

CARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

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SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR RESOURCES BOARD



PUBLIC MEETING AGENDA

**Thursday,
November 21, 2019**

[Webcast](#)

LOCATION:

California Environmental Protection Agency
California Air Resources Board
Byron Sher Auditorium, 2nd Floor
1001 I Street
Sacramento, California 95814

This facility is accessible by public transit. For transit information, call (916) 321-BUSS, website:

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

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

**Thursday
November 21, 2019
9:00 a.m.**

Agenda Items #

19-10-1: Public Meeting to Consider the Progress Report on San Joaquin Valley Emissions Reductions for the 0.08 ppm 8-hour Ozone Standard

The California Air Resources Board (CARB or Board) will consider approving the San Joaquin Valley 8-hour Ozone State Implementation Plan (SIP) emissions reductions progress report that demonstrates that the San Joaquin Valley Air Pollution Control District and CARB have adopted all of the control measures needed to attain the 8-hour 0.08 parts per million ozone standard by 2023. If approved, CARB will submit the report and associated supported documents to the United States Environmental Protection Agency as a revision to the California SIP as required by the federal Clean Air Act.

[More Information](#)

[Staff Presentation](#)

19-10-2: Public Meeting to Hear the 2019 Legislative Update

The California Air Resources Board Legislative Office will present a review of air quality and climate change legislation from the first year of the 2019-2020 Legislative Session.

[More Information](#)

[Staff Presentation](#)

19-10-4: Public Hearing to Consider Proposed Amendments to the Low Carbon Fuel Standard

The Board will consider proposed amendments to the Low Carbon Fuel Standard (LCFS) Regulation, focusing on strengthening the program's cost containment provisions and ensuring that LCFS residential charging credit revenue value benefits disadvantaged and low-income communities.

[More Information](#)

[Staff Presentation](#)

19-10-5: Public Meeting to Hear an Informational Update on Health Effects of Particulate Matter Exposure

The Board will hear an update from the Research Division on an overview of particulate matter health impacts and new challenges to protecting health, as well as how CARB is addressing these challenges.

[More Information](#)

[Staff Presentation](#)

CLOSED SESSION

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American Lung Association, et al. v. United States Environmental Protection Agency, et al., United States Court of Appeals, District of Columbia Circuit, Case No. 19-1140.

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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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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.

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(916) 322-5594
CARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

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SMOKING IS NOT PERMITTED AT MEETINGS OF THE CALIFORNIA AIR RESOURCES BOARD



LOCATION:

Defremery Park Recreation Center
1651 Adeline Street
Oakland, California 94607

PUBLIC MEETING AGENDA

**Thursday,
December 5, 2019**

[Webcast](#)

This facility is accessible by public transit. For transit information, call (510) 464-6000, website:

<https://www.bart.gov/>

(This facility is accessible to persons with disabilities.)

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

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

**Thursday
December 5, 2019
10:00 a.m.**

DISCUSSION ITEMS:

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

Agenda Items #

19-11-1 Public Hearing to Consider Proposed Control Measure for Ocean-Going Vessels At Berth

Spanish translation will be provided at the Board Meeting for this item, Item 19-11-1.

The California Air Resources Board (CARB or Board) will consider the Control Measure for Ocean-Going Vessels At Berth. The Proposed Regulation would take effect in 2021 and is designed to achieve further emissions from vessels at berth to reduce adverse health impacts to communities surrounding ports and terminals throughout California. These benefits would be achieved by including new vessel categories (such as vehicle carriers and tanker vessels), new ports, and independent marine terminals.

[More Information](#)

[Staff Presentation](#)

19-11-2 Public Hearing to Consider Assembly Bill 617 Community Emission Reduction Program - West Oakland

(This item will not be heard prior to 4:00 p.m.)

Spanish translation will be provided at the Board Meeting for this item, Item 19-11-2.

The community emissions reduction program was developed through a partnership between the Bay Area Air Quality Management District, the West Oakland Environmental Indicators Project, and the steering committee. The Board will consider the West Oakland community emissions reduction program as required by Assembly Bill 617, and it will also consider adopting required findings consistent with applicable provisions of the California Environmental Quality Act.

[More Information](#)

[Staff Presentation](#)

CLOSED SESSION

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PUBLIC MEETING AGENDA

**Thursday, December 12, 2019
and
Friday, December 13, 2019**

[Webcast](#)

LOCATION:

California Environmental Protection Agency
California Air Resources Board
Byron Sher Auditorium, 2nd Floor
1001 I Street
Sacramento, California 95814

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**Thursday
December 12, 2019
9:00 a.m.**

CONSENT CALENDAR:

The following item 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.

Consent Item #

19-12-1: Public Hearing to Consider the Proposed 2019 Amendments to Area Designations for State Ambient Air Quality Standards

The California Air Resources Board (CARB or Board) will consider proposed amendments to the regulations designating areas of California as attainment, nonattainment, nonattainment-transitional, or unclassified for pollutants with State ambient air quality standards. Based on 2016 to 2018 air quality data, a total of three changes to area designations are proposed for ozone.

[More Information](#)

[Proposed Resolution](#)

DISCUSSION ITEMS:

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

Agenda Item #

19-12-9: Public Hearing to Consider Proposed Fuel Cell Net Energy Metering Greenhouse Gas Emission Standards Regulation

The Board will consider adopting the Fuel Cell Net Energy Metering Greenhouse Gas (GHG) Emission Standards Regulation for the California Public Utilities Commission's Fuel Cell Net Energy Metering Program. This regulation is proposed in response to and in accordance with Assembly Bill 1637 (Low, Chapter 658, Statutes of 2016). The proposed regulation would establish a schedule of annual GHG emission standards and a process for updating the

standards every three years, and would decrease over time to reflect California's GHG emissions reductions in the electricity sector. The Board will also consider adopting an exemption for this project pursuant to the California Environmental Quality Act.

[More Information](#)

[Staff Presentation](#)

19-12-3: Public Meeting to Consider South Coast 8-hour Ozone State Implementation Plan Update

The Board will consider an update to the 2007 South Coast Air Basin (South Coast) 80 parts per billion 8-hour Ozone State Implementation Plan (South Coast Ozone SIP) for the 1997 ozone National Ambient Air Quality Standard. Section 182(e)(5) of the Federal Clean Air Act allows extreme nonattainment areas to rely on reductions from anticipated control techniques and technologies. It also requires contingency measures if the anticipated techniques and technologies do not achieve planned reductions. This update includes the required contingency measures for the South Coast extreme nonattainment area. The Board will also consider adopting required findings consistent with applicable provisions of the California Environmental Quality Act. If approved, CARB will submit the update to United States Environmental Protection Agency for inclusion in the state implementation plan.

[More Information](#)

[Staff Presentation](#)

19-12-4: Public Hearing to Consider the Proposed Advanced Clean Trucks Regulation and Draft Environmental Analysis Prepared for the Regulation

The Board will consider a proposed requirement for truck manufacturers to sell heavy-duty zero-emission trucks in California and a one-time reporting requirement seeking information about large entities' facilities, types of truck services used, and fleet of vehicles. This is the first of two Board hearings.

[More Information](#)

[Staff Presentation](#)

19-12-5: Public Hearing to Consider Proposed Amendments to the Regulation for Limiting Ozone Emissions from Indoor Air Cleaning Devices

The Board will consider amendments to the air cleaner regulation, which limits ozone emissions from air cleaning devices.

[More Information](#)

[Staff Presentation](#)

Friday
December 13, 2019
8:30 a.m.

19-12-7: Public Meeting to Hear an Informational Update on the Environmental Justice Research

The Board will hear an update of CARB environmental justice research, including results of projects to prioritize sources in disadvantaged communities.

[More Information](#)

[Staff Presentation](#)

19-12-6: Public Meeting to Consider Proposed Research Projects for Fiscal Year 2020-2021

The Board will consider approval of the Proposed Research Projects for Fiscal Year 2020-2021. These research projects will advance the state of the science and support the Board's efforts to meet California's air quality and climate goals. If the Proposed Research is approved by the Board, staff will work with our research partners to develop full proposals. The Executive Officer will then consider the full proposals for approval and funding with consultation from interested Board Members.

[More Information](#)

[Staff Presentation](#)

19-12-8: Public Meeting to Consider Assembly Bill 617 Community Air Protection Program – Selection of 2019 Communities

Spanish translation will be provided at the Board Meeting for this item, Item 19-12-8.

The Board will consider for selection staff's proposed list of 2019 communities for the development of community emission reduction programs and/or community monitoring via the Community Air Protection Program. The Board will also consider adopting an exemption for this project pursuant to the California Environmental Quality Act.

[More Information](#)

[Staff Presentation](#)

19-12-2: Public Meeting to Consider San Joaquin Valley Agricultural Equipment Incentive Measure

The Board will consider adopting the San Joaquin Valley Agricultural Equipment Incentive Measure for submission to the United States Environmental Protection Agency as a revision to the California State Implementation Plan (SIP). The measure achieves SIP creditable emission reductions from agricultural equipment incentive projects.

[More Information](#)

[Staff Presentation](#)

CLOSED SESSION

The Board may 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:

Alliance for California Business v. California State Transportation Agency, et al., Sacramento County Superior Court, Case No. 34-2016-80002491.

American Coatings Association, Inc. v. State of California and California Air Resources Board, Sacramento County Superior Court, Case No. 04CS01707.

California Air Resources Board v. Key Disposal, Inc. and John Katangian, Los Angeles Superior Court, Case No. BC650014.

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

California Air Resources Board v. United States Environmental Protection Agency and National Highway Traffic and Safety Administration, United States District Court, District of Columbia Case No. 1:19-cv-00965-CKK.

Dalton Trucking, Inc. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 13-1283 (dismissed), U.S. Court of Appeals, Ninth Circuit, Case No. 13-74019.

Friends of Oceano Dunes, Inc. v. California Coastal Commission, et al., San Luis Obispo County Superior Court, Case No. 17CV-0576; U.S. District Court for the Central District of California, Case No. 2:17-cv-8733.

In re Pacific Gas and Electric Company, U.S. Bankruptcy Court, Northern District of California, Case No. 19-30089.

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

John R. Lawson Rock & Oil, Inc. et al. v. California Air Resources Board et al., Fresno County Superior Court, Case No. 14-CECG01494; ARB's appeal, Court of Appeal, Fifth District, Case No. F074003.

Murray Energy Corporation v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1385.

Sowinski v. California Air Resources Board, et al., United States District Court for the Northern District of California, No. 3:18-cv-03979-LHK.

State of California v. United States Environmental Protection Agency, United States Court of Appeals, District of Columbia Circuit, Case No. 18-1096.

State of California, et al. v. Chao, et al., United States District Court for the District of Columbia, Case No. 1:19-cv-02826.

State of California, et al. v. David Bernhardt, et al., United States District Court. Northern District of California, Case No. 3:18-cv-5712-DMR.

State of California, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 18-1114.

State of California, et al., v. United States Environmental Protection Agency, United States District Court, Northern District of California, Case No. 4:18-cv-03237.

State of California, et al. v. United States Environmental Protection Agency et al., U.S. District Court, Northern District of California, Oakland Division, Case No. 4:17-cv-6936-HSG.

State of New York, et al. v. Andrew Wheeler and the United States Environmental Protection Agency, U.S. District Court, District of Columbia, Case No. 1:18-cv-00773.

State of North Dakota v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 15-1381.

State of North Dakota, et al. v. United States Environmental Protection Agency, U.S. Court of Appeals, District of Columbia Circuit, Case No. 16-1242.

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.

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

Valero Refining Co. California v. Hearing Board of the Bay Area Air Quality Management District et al., Court of Appeal, First Appellate District, Case No. A151004.

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

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

United States v. California, United States District Court, Eastern District of California, Case No. 2:19-cv-02142-WBS-EFB.

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

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

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

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

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

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

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

PLEASE NOTE: No outside memory sticks or other external devices may be used at any time with the Board audio/visual system or any CARB computers. Therefore, PowerPoint presentations to be displayed at the Board meeting must be electronically submitted via email to the Clerks' Office at cotb@arb.ca.gov no later than noon on the business day prior to the scheduled Board meeting.

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT THE CLERKS' OFFICE:

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

(916) 322-5594

CARB Homepage: www.arb.ca.gov

SPECIAL ACCOMMODATION REQUEST

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

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

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

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

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

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: Consider Approval of Amendment to Bay Area Transportation Protocol Conformity
and Interagency Consultation Procedures in the State Implementation Plan

RECOMMENDED ACTION

Recommend the Board of Directors approve proposed amendments to the Bay Area Transportation Conformity Protocol and Interagency Consultation Procedures in the State Implementation Plan (SIP) to reflect changes to air quality conformity procedures for projects and programs in eastern Solano County.

BACKGROUND

Transportation Conformity is required under the federal Clean Air Act (CAA), to ensure transportation plans, programs, and projects “conform” to the State Implementation Plan. Federal transportation air quality conformity procedures govern the process for determining if highway and transit plans, programs, and projects are consistent with a region’s plans to attain and maintain the National Ambient Air Quality Standards. Since 1994, the U.S. Environmental Protection Agency (U.S. EPA) has adopted, and periodically amended, its transportation air quality conformity regulations and procedures under the Clean Air Act.

In the Bay Area, the procedures used to ensure conformity were first adopted by the Metropolitan Transportation Commission (MTC) in September 1994, to comply with the federal CAA. In 2006, the Air District, MTC, and the Association of Bay Area Governments (ABAG), acting as co-lead agencies, adopted the current Transportation Conformity and Interagency Consultation Procedures, which is part of the California SIP.

MTC is the Metropolitan Planning Organization (MPO) responsible for coordinating Bay Area transportation air quality conformity procedures for the nine-county Bay Area. MTC’s San Francisco Bay Area jurisdiction is defined as the nine counties of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma. With respect to air quality planning, however, the eastern half of Solano County is within the Sacramento Metropolitan air quality planning area. The Sacramento Area Council of Governments (SACOG) is the MPO responsible for transportation planning and air quality conformity procedures in this area, in coordination with Sacramento, Solano, Yolo, Yuba, Sutter, El Dorado, and Placer Counties.

A Memorandum of Understanding (MOU) to coordinate air quality conformity requirements for transportation projects and programs in eastern Solano County was developed between MTC and SACOG. The original MOU, signed in 1998, was revised in 2006, and incorporated into the SIP, which is the statewide plan to achieve national ambient air quality standards. This MOU is outdated and should to be replaced with updated information.

DISCUSSION

The existing Bay Area Transportation Conformity Protocol and Interagency Consultation Procedures are being amended to reflect updated MOU language developed and agreed to in July 2018, by MTC and SACOG. The MOU guides transportation air quality conformity procedures for the following activities:

- 1) Exchanging travel data for emissions inventories in eastern Solano County; and
- 2) Conducting project-level conformity in eastern Solano County

As co-lead agencies of the Bay Area Transportation Conformity Protocol and Interagency Consultation Procedures, the Air District, MTC, and ABAG must each adopt the proposed amendment. On November 8, 2019, and November 20, 2019, ABAG and the Air District, respectively, delegated authority to MTC to conduct a public hearing on the Bay Area Transportation Conformity and Interagency Consultation Procedures. A 30-day public comment period began December 27, 2019. On January 10, 2020, MTC held a duly noticed public hearing. There were no comments received during the public hearing. The U.S. EPA submitted a comment via email subsequent to the public hearing. U.S. EPA's minor comment was incorporated into the final proposed version of the protocol.

Approval of the amendment to the Bay Area Transportation Conformity Protocol and Interagency Procedures will be considered on February 26, 2020, and March 19, 2020, by MTC and ABAG's Administrative Committee, respectively. If approved by the three co-lead agencies, the amendment would be transmitted to the California Air Resources Board for approval and incorporation into the SIP.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Andrea Gordon
Reviewed by: Henry Hilken

Attachment 6A: San Francisco Bay Area Transportation Air Quality Conformity Protocol,
Conformity Procedures

Attachment 6B: San Francisco Bay Area Transportation Air Quality Conformity Protocol,
Interagency Consultation Procedures

Date: July 26, 2006
W.I.: 1412
Referred by: Planning Committee
Revised: 02/26/20-C

Attachment A
Resolution No. 3757
Page 1 of 1

SAN FRANCISCO BAY AREA TRANSPORTATION AIR QUALITY CONFORMITY PROTOCOL

Conformity Procedures

Current federal law does not require that EPA's detailed procedures for determining the conformity of plans, programs and projects be included in the Conformity SIP. Therefore, Part 93 of MTC's conformity procedures (MTC Resolution 3075), which includes verbatim EPA's transportation conformity regulation from 40 CFR Part 93, is deleted in entirety, with the exception of sections 93.122(a)(4)(ii) and 93.125(c)(see below).

In accordance with 40 CFR section 93.122(a)(4)(ii), prior to making a conformity determination on the RTP or TIP, MTC will not include emissions reduction credits from any control measures that are not included in the RTP or TIP and that do not require a regulatory action in the regional emissions analysis used in the conformity analysis unless MTC or FHWA/FTA obtains written commitments, as defined in 40 CFR section 93.101, from the appropriate entities to implement those control measures. The written commitments to implement those control measures must be fulfilled by the appropriate entities.

In accordance with 40 CFR section 93.125(c), prior to making a project-level conformity determination for a transportation project, FHWA/FTA must obtain from the project sponsor and/or operator written commitments, as defined in 40 CFR section 93.101, to implement any project-level mitigation or control measures in the construction or operation of the project identified as conditions for NEPA approval. The written commitments to implement those project-level mitigation or control measures must be fulfilled by the appropriate entities. Prior to making a conformity determination on the RTP or TIP, MTC will ensure the project design concept and scope are appropriately identified in the regional emissions analysis used in the conformity analysis.

Date: July 26, 2006
W.I.: 1412
Referred by: Planning Committee
Revised: 02/26/20-C

Attachment B
Resolution No. 3757
Page 1 of 17

SAN FRANCISCO BAY AREA TRANSPORTATION AIR QUALITY CONFORMITY PROTOCOL

Interagency Consultation Procedures

I. General

These procedures implement the interagency consultation process for the nine-county San Francisco Bay Area, and include procedures to be undertaken by the Metropolitan Transportation Commission (MTC), California Department of Transportation (Caltrans), Federal Highway Administration (FHWA), Federal Transit Administration (FTA), State and local air agencies and U.S. EPA, before making transportation conformity determinations on the Regional Transportation Plan (RTP) and Transportation Improvement Program (TIP). Air quality planning in the Bay Area is the joint responsibility of the Metropolitan Transportation Commission (MTC), Association of Bay Area Governments (ABAG) and the Bay Area Air Quality Management District (BAAQMD).

Air Quality Conformity Task Force

To conduct consultation, staff involved in conformity issues for their respective agencies will participate in an Air Quality Conformity Task Force, hereafter referred to as the "Conformity Task Force." The Conformity Task Force is open to all interested agencies, but will include staff of:

- Federal agencies: FHWA, FTA, EPA
- State DOT: Caltrans
- Regional planning agencies: MTC, ABAG
- County transportation agencies: all CTAs,
- State and local air quality agencies: California Air Resources Board and BAAQMD
- Transit operators

MTC will maintain a directory for the current membership of the Conformity Task Force. MTC will chair the Conformity Task Force and will consult with members of the Conformity Task Force to determine items for meeting agendas and will transmit all meeting materials. Agendas and other meeting material will generally be transmitted seven days in advance of meetings, or on occasion, distributed at the meetings. MTC will prepare summary minutes of each meeting. Any member of the Conformity Task Force listed above can request MTC to call a meeting of

this group to discuss issues under the purview of the Conformity Task Force as described below, including whether certain events would trigger the need to make a new conformity determination for the Regional Transportation Plan (RTP) and Transportation Improvement Program (TIP).

Persons of any organizational level in the member agencies may attend meetings of the Conformity Task Force. All meetings of the Conformity Task Force will be open to the public.

Meeting frequency will be at least quarterly, unless there is consensus among the federal and state transportation agencies and air quality agencies to meet less frequently. MTC will also consult with these agencies to determine which items may not require a face-to-face meeting and could be handled via conference call or email.

II. Consultation on Regional Transportation Plan (RTP) and RTP Amendments

a. RTP Consultation Structure and Process

The mechanism for developing the RTP and for reviewing RTP documents is through The Bay Area Partnership or its successor. MTC is responsible for convening meetings of The Bay Area Partnership and its subcommittees.

The Bay Area Partnership, hereafter referred to as the “Partnership”, was established in 1991 by MTC as a strategic alliance to advise and implement the mandates of the Intermodal Surface Transportation Efficiency Act of 1991. The Partnership includes representatives of all federal, state and local transportation agencies involved in developing and implementing transportation policies and programs in the nine-county San Francisco Bay Area as well as other regional agencies, such as the BAAQMD, ABAG, and Bay Conservation and Development Commission (BCDC). The Conformity Task Force member agencies, including EPA and ARB, are represented on the Partnership, and therefore the Conformity Task Force member agencies may participate directly in the Partnership process. MTC maintains a directory of the current membership of the Partnership. Partnership membership changes are frequent and expected. The current membership of the Conformity Task Force will be included in the Partnership directory.

Early in the RTP development process, MTC will develop a schedule for key activities and meetings leading up to the adoption of the RTP. In developing the draft RTP, MTC brings important RTP-related issues to the Partnership for discussion and feedback. MTC is responsible for transmitting all materials used for these discussions to the Partnership prior to the meetings, or on occasion, may distribute materials at the meetings. All materials that are relevant to interagency consultation, such as the RTP schedule, important RTP-related issues, and draft RTP, will also be transmitted to the Conformity Task Force for discussion and feedback. Similar consultation will occur with RTP amendments although amendments to the RTP are few and infrequent.

Public involvement in development of the RTP and RTP Amendments will be provided in accordance with MTC’s adopted public involvement procedures. Key RTP supporting documents are posted on MTC’s Web site for reference.

Policy decisions and actions pertaining to the RTP are the responsibility of MTC and will be made through MTC's Commission and its standing committee structure. The MTC standing committee currently in charge of the RTP is the Planning Committee, but changes to committee names can be expected from time to time. Comments received on important RTP-related issues and materials will be reviewed and considered by MTC staff in preparation of issuing a draft and final RTP for public review. MTC staff will respond to all significant comments, and the comments and response to comments will be made available for discussion with the Planning Committee and the Commission. MTC will transmit RTP-related materials to be discussed at the Planning Committee and Commission meetings to the Conformity Task Force prior to the meeting, or on occasion, may distribute materials at the meetings. Staff and policy board members of Conformity Task Force agencies may participate in these meetings.

b. Agency Roles and Responsibilities. Development of the RTP will be a collaborative process with agencies participating through participation the Partnership and/or MTC Commission and its standing committees. The following are the expected participation of key agencies in RTP development and review.

Agency	Roles
MTC	As the MPO for the San Francisco Bay Area, MTC develops, coordinates, circulates and provides for public involvement prior to adopting the RTP. Develops supporting technical documents, environmental documents, public information and other supplemental reports related to RTP. Prepares conformity analysis for RTP and makes conformity findings prior to adoption. Includes funding for TCMs in RTP. MTC Commission will act as the final policy body in the development and adoption of the RTP.
ABAG	Adopts long-range land use and demographic projections for the Bay Area. Provides detailed demographic data to MTC for travel forecasting and regional emissions analysis.
California DOT (Caltrans)	Project initiator for all state highway projects in the MTC region. Works directly with MTC in providing and reviewing detailed technical programming information. Defines the design concept and scope of projects in the RTP to conduct regional emissions analysis. Promptly notifies MTC of changes in design concept and scope, cost, and implementation year of regionally significant projects. Conducts project level pollutant hotspot analyses. Identifies and commits to project level pollutant mitigation measures, as required. Implements TCMs for which Caltrans is responsible in a timely fashion.
California ARB	Develops, solicits input on and adopts motor vehicle emissions factors; seeks EPA approval for their use in conformity analyses.
BAAQMD	Reviews and comments on all aspects of the conformity determinations for the RTP.
EPA	Administers and provides guidance on the Clean Air Act and Transportation Conformity regulations. Determines adequacy of motor vehicle emissions budget used for making RTP conformity findings. Reviews and comments on conformity determinations for the RTP.

Agency	Roles
Local Municipalities	Local municipalities propose projects for inclusion in the RTP and provide related information on design concept and scope for all regionally significant projects, including facilities where detailed design features have not yet been decided. Promptly notifies MTC of changes in design concept and scope, cost, and implementation year of regionally significant projects that would affect a new conformity analysis. Conducts project level pollutant hotspot analyses. Identifies and commits to project level mitigation measures, as required. Implement TCMs for which local governments have responsibility in a timely fashion.
Local Transportation Agencies (CTAs, Transit Operators)	Project initiators for certain road and transit projects. See above Local Municipalities.
FHWA/FTA	FHWA and FTA consult with EPA on finding that the RTP conforms to the SIP. Provide guidance on transportation planning regulations. Ensure that all transportation planning and transportation conformity requirements contained in 23 CFR Part 450 and 40 CFR Part 93, respectively, are met.

* While these are the key areas and agencies involved in the development of the RTP, participation in the RTP process by other agencies may occur.

c. Consultation on RTP and RTP Amendment Conformity Analysis

Consultation on the assumptions and approach to the conformity analysis of the RTP or RTP Amendment will occur during the preparation of the draft RTP or RTP Amendment. MTC typically starts discussing the assumptions and approach to the conformity analysis with the Conformity Task Force at least two to three months prior to the conformity analysis being conducted. Early in the RTP or RTP Amendment development process, MTC will consult with the Conformity Task Force on, at a minimum, the following topics:

- Travel forecasting and modeling assumptions
- Latest planning assumptions
- Motor vehicle emission factors to be used in conformity analysis
- Appropriate analysis years
- Key regionally significant projects assumed in the transportation network and the year of operation
- Status of TCM implementation
- Financial constraints and other requirements that affect conformity pursuant to Federal Statewide and Metropolitan Planning regulations.
- Reliance on a previous regional emissions analysis
- The need for an Interim RTP (in the event of a conformity lapse)

The preparation of the draft conformity analysis will typically begin after public review of the draft RTP or RTP Amendment since there may be changes to projects and programs resulting from further public input. MTC will transmit the results of the draft conformity analysis to the

Conformity Task Force prior to releasing the draft conformity analysis for public review. The Conformity Task Force will respond promptly to MTC staff with any comments. The draft conformity analysis will be available for public review at least 30 days prior to any final action by MTC on the final conformity analysis and RTP or RTP Amendment. MTC will consult with the Conformity Task Force, as needed, in preparing written responses to significant comments on the draft conformity analysis. The draft conformity analysis will be reviewed by the MTC standing committee responsible for the RTP and will be referred to the Commission for approval. Members of the public can comment on the draft conformity analysis in writing or in person at MTC meetings prior to the close of the 30-day public review period. After the Commission approves the final conformity analysis, MTC will provide the final conformity analysis to FHWA/FTA for joint review as required by 40 CFR 93.104 and 23 CFR 450.322 of the FHWA/FTA Statewide and Metropolitan Planning Rule. Copies of the final conformity analysis will also be transmitted to the Conformity Task Force and made available in the MTC/ABAG Library and MTC's Web site.

III. Consultation on Transportation Improvement Program (TIP) and TIP Amendments

a. TIP Consultation Structure and Process

Similar to the RTP development, the mechanism for developing the TIP or TIP Amendments is through the Partnership or its successor. MTC is responsible for convening meetings of the Partnership and its subcommittees. These meetings are open to the public.

The Partnership includes representatives of all federal, state and local transportation agencies involved in developing and implementing transportation policies and programs in the nine-county San Francisco Bay Area as well as other regional agencies, such as the BAAQMD, ABAG, and BCDC. The Conformity Task Force member agencies, including EPA and ARB, are represented on the Partnership, and therefore the Conformity Task Force member agencies may participate directly in the Partnership process.

Early in the TIP development process, MTC will develop a schedule for key activities and meetings leading up to the adoption of the TIP. In developing the draft TIP, MTC brings important TIP-related issues to the Partnership for discussion and feedback. MTC is responsible for transmitting all materials used for these discussions to the Partnership prior to the meetings, or on occasion, may distribute materials at the meetings. All materials that are relevant to interagency consultation, such as the TIP schedule, important TIP-related issues, and draft TIP, will also be transmitted to the Conformity Task Force for discussion and feedback. Similar consultation will occur for TIP Amendments requiring an air quality conformity determination.

Public involvement in development of the TIP or TIP Amendments will be provided in accordance with MTC's adopted public involvement procedures. Key TIP supporting documents are posted on MTC's Web site for reference.

Policy decisions and actions pertaining to the TIP are the responsibility of MTC and will be made through MTC's Commission and its standing committee structure. The MTC standing committee

currently in charge of the TIP is the Programming and Allocations Committee, but changes to committee names can be expected from time to time. Comments received on important TIP-related issues and materials will be reviewed and considered by MTC staff in preparation of issuing a draft and final TIP for public review. MTC staff will respond to all significant comments, and the comments and response to comments will be made available for discussion with the Programming and Allocations Committee and the Commission. MTC will transmit TIP-related materials to be discussed at the Programming and Allocations Committee and Commission meetings to the Conformity Task Force prior to the meeting, or on occasion, may distribute materials at the meetings. Staff and policy board members of Conformity Task Force agencies may participate in these meetings.

b. Agency Roles and Responsibilities

Development of the TIP will be a collaborative process with agencies participating through the Partnership or its successor. The following are the expected participation of key agencies in TIP development and review:

Agency	Roles
MTC	As MPO for the San Francisco Bay Area, MTC develops, coordinates, circulates and provides for public involvement prior to adopting the TIP. Develops supporting technical documents and memorandum. Ensures projects in the TIP are consistent with the RTP. Ensures project sponsors have written commitments to any pollutant mitigation measures required as conditions to NEPA process, prior to funding approval. Prepares conformity analysis for the TIP and makes conformity findings prior to adoption. Includes funding for TCMs in the TIP to ensure timely implementation. MTC Commission will act as the final policy body in the development of the TIP, prior to submittal to Caltrans, FHWA and FTA.
ABAG	Adopts long-range land use and demographic projections for the Bay Area. Provides detailed demographic data to MTC for travel forecasting and regional emissions analysis.
California DOT (Caltrans)	Project initiator for all state highway projects in the MTC region. As such, works directly with MTC in providing and reviewing detailed technical programming information. Defines the design concept and scope of projects in the TIP to conduct regional emissions analysis and provides costs. Promptly notifies MTC of changes in design concept and scope, cost, and implementation year of regionally significant projects. Conducts project level pollutant hotspot analyses. Identifies and commits to certain pollutant mitigation measures, as required. Implements TCMs for which Caltrans is responsible in a timely fashion.
California ARB	Develops, solicits input on and adopts motor vehicle emissions factors. Seeks EPA approval for their use in conformity analyses
BAAQMD	Reviews and comments on all aspects of the conformity determinations for the TIP.
EPA	Administers and provides guidance on the Clean Air Act and transportation conformity regulations. Determines adequacy of motor vehicle emissions budget used for making TIP conformity findings. Reviews and comments on conformity determinations for the TIP.

Agency	Roles
Local Municipalities	Local municipalities propose projects for inclusion in the TIP. Responsible for informing MTC of design concept and scope and costs of all regionally significant projects, including non-FHWA/FTA funded projects when the project sponsor is a recipient of federal funds. Provides design concept and scope for facilities where detailed design features have not yet been decided. Promptly notifies MTC of changes in design concept and scope, cost, and implementation year of any regionally significant projects that would affect a new conformity analysis. Ensures regionally significant projects are in a conforming RTP and TIP (or otherwise meet the requirements of EPA conformity regulations, Sec. 93.121) prior to local approval action. Conducts project level pollutant hotspot analyses. Identifies and commits to project level mitigation measures, as required. Implement TCMs for which local governments have responsibility in a timely fashion.
Local Transportation Agencies (CTAs, Transit Operators)	Project initiators for certain road and transit projects. See above Local Municipalities.
FHWA/FTA	FHWA and FTA consult with EPA on finding that the TIP conforms to the SIP. Provide guidance on transportation planning regulations. Ensure that all transportation planning and transportation conformity requirements contained in 23 CFR Part 450 and 40 CFR Part 93, respectively, are met.

* While these are the key areas and agencies involved in the development of the TIP, participation in the TIP process by other agencies may occur.

c. Consultation and Notification Procedures for Conformity Analysis of TIP and TIP Amendments

Adoption of a new TIP will occur at intervals specified in federal planning requirements, whereas TIP Amendments can be expected to occur much more frequently. Consultation on the assumptions and approach to the conformity analysis of the TIP or TIP Amendment will occur during the preparation of the draft TIP or TIP Amendment. MTC typically starts discussing the assumptions and approach to the conformity analysis with the Conformity Task Force at least two to three months prior to the conformity analysis being conducted. When preparing a new TIP, MTC will consult with the Conformity Task Force on the same topics listed for the RTP (see Section II.c.), as well as the additional topics listed below:

- Identification of exempt projects in the TIP
- Identification of exempt projects which should be treated as non-exempt
- Determination of projects which are regionally significant (both FHWA/FTA and non FHWA/FTA funded projects)
- Development of an Interim TIP (in the event of a conformity lapse)

For TIP Amendments, MTC will consult with the Conformity Task Force as identified below:

Consultation Required in Situations Requiring a Conformity Determination, Including, But Not Limited To:

- Add a regionally significant project to the TIP when it has already been appropriately accounted for in the regional emissions analysis for the RTP
- Add a non-regionally significant project to the TIP
- Add non-exempt, regionally significant project that has not been accounted for in the regional emissions analysis
- Change in non-exempt, regionally significant project that is not consistent with the design concept and scope or the conformity analysis years

In addition, notification at the beginning of the public comment period is required for major amendments that add/delete exempt project or project phases to/from the TIP and add environmental studies for non-exempt project to the TIP.

Some changes to an adopted TIP do not require consultation or notification of these changes to federal or state agencies.

No Consultation Required:

According to FHWA/FTA/Caltrans *Procedures for Minor Modification to the FSTIP*, minor change amendments are revisions to project descriptions that do not affect the scope or conflict with the environmental documents, funding revisions that are no more than \$2 million but not more than 20% of the total project cost, changes to fund sources, changes to project lead agency, changes that split or combine projects with no scope or funding changes, changes to required information for grouped projects and adding or deleting projects from grouped project listings. Per the *Procedures for Minor Modification to the FSTIP*, these types of changes are considered administrative actions and do not require any public notification or consultation.

The preparation of the draft conformity analysis will typically begin during the public review period and be completed when all changes to the proposed listing of projects and programs in the draft TIP or TIP Amendment have been finalized. MTC will transmit the results of the draft conformity analysis to the Conformity Task Force prior to releasing the draft conformity analysis for public review. The Conformity Task Force will respond promptly to MTC staff with any comments. The draft conformity analysis will be available for public review at least 30 days prior to any final action by MTC on the final conformity analysis and TIP or TIP Amendment. MTC will consult with the Conformity Task Force, as needed, in preparing written responses to significant comments on the draft conformity analysis. The draft conformity analysis will be reviewed by the MTC standing committee responsible for the TIP and will be referred to the Commission for approval. Members of the public can comment on the draft conformity analysis in writing or in person at MTC meetings prior to the close of the 30-day public review period. After the Commission approves the final conformity analysis, MTC will provide the final conformity analysis to FHWA/FTA for joint review as required by 40 CRF 93.104 and 23 CRF 450.322 of the FHWA/FTA Statewide and Metropolitan Planning Rule. Copies of the final

conformity analysis will also be transmitted to the Conformity Task Force and made available in the MTC/ABAG Library and MTC's Web site.

IV. State Implementation Plan (SIP) Consultation Process

a. SIP Consultation Structure and Process

The BAAQMD, MTC and ABAG have co-lead responsibilities for preparing the SIP. The SIP will normally be developed through a series of workshops, technical meetings, and public involvement forums independent of the Conformity Task Force; however, all Conformity Task Force agencies will be provided with all information and every opportunity to fully participate in the development of the SIP. The BAAQMD will provide and update schedules for SIP development that will be available to all agencies and the public. Public involvement will be in accordance with the BAAQMD's public involvement procedures. Key documents will be posted on BAAQMD's website. SIP development will normally cover inventory development, determination of emission reductions necessary to achieve and/or maintain federal air quality standards, transportation and other control strategies that may be necessary to achieve these standards, contingency measures, and other such technical documentation as required. The SIP will include a process to develop and evaluate transportation control measures as may be suggested by the co-lead agencies, other agencies, and the public.

MTC will consult with the BAAQMD and ARB in providing the travel activity data used to develop the on-road motor vehicle emissions inventory. If new transportation control strategies are necessary to achieve and/or maintain federal air quality standards, MTC will evaluate and receive public comment on potential new measures through the SIP consultation process administered by the BAAQMD. This SIP process will define the motor vehicle emissions budget (MVEB), and its various components, that will be used for future conformity determinations of the RTP and TIP. Prior to publishing the draft SIP, the Conformity Task Force will have an opportunity to review and comment on the proposed MVEB.

The BAAQMD will circulate the draft SIP for public review, and all comments will be responded to in writing prior to adoption of the SIP by the co-lead agencies. The Boards of the co-lead agencies will formally adopt the submittal. The BAAQMD will then transmit the adopted submittal, along with the public notice, public hearing transcript and a summary of comments and responses, to the ARB.

b. Agency Roles and Responsibilities

The following provides a summary on the roles and responsibilities of the different agencies with involvement in development and review of SIP submittals dealing with TCMs or emissions budgets.

Agency	Responsibilities
MTC	MTC is a co-lead agency for development of the SIP. Responsibilities may include preparing initial drafts of SIP submittals, revising those drafts, incorporating other agencies' comments, and preparing public hearing transcripts and responding to public comments. MTC is responsible for developing regional travel demand forecasts used in the SIP emissions inventory and analysis of new TCMs. MTC develops, analyzes, and monitors and reports on implementation of federal TCMs. MTC participates in public workshops and hearings on the SIP. MTC will provide final SIP documents to the Conformity Task Force and place copies in MTC's library.
ABAG	ABAG is a co-lead agency for development of the SIP. Responsibilities may include preparing initial drafts of SIP submittals, revising those drafts, incorporating other agency comments, and preparing public hearing transcripts and responding to public comments. ABAG's responsibilities include developing regional economic, land use and population forecasts used in developing SIP inventories. ABAG participates in public workshops and hearings on SIP submittals
California DOT (Caltrans)	Caltrans participates through various meetings, workshops, and hearings that are conducted by the co-lead agencies.
California ARB	ARB participates in the SIP development process in the Bay Area. ARB receives the Bay Area's SIP submittals, and upon approval, transmits them to EPA. Concurs with TCM substitution in the SIP.
BAAQMD	BAAQMD is responsible for air quality monitoring, preparation and maintenance of detailed and comprehensive emissions inventories, and other air quality planning and control responsibilities. BAAQMD is responsible for air quality planning in the region. Its responsibilities may include preparing initial drafts of SIP submittals, revising those drafts, incorporating other agencies' comments, and preparing public hearing transcripts and responding to public comments. BAAQMD organizes and participates in public workshops and hearings on SIP submittals.
EPA	EPA receives the Bay Area's SIP submittals from the California ARB, and has the responsibility to act on them in a timely manner. EPA directly influences the content of the submittals through regulations implementing the federal Clean Air Act. EPA also has the opportunity to influence the submittals through various meetings, workshops, and hearings that are conducted by the co-lead agencies. Provides guidance on the Clean Air Act. Determines adequacy of motor vehicle emissions budget used for making RTP/TIP conformity findings. Concurs with TCM substitution in the SIP.
Local Municipalities	Local municipalities will also participate through various meetings, workshops, and hearings that are conducted by the co-lead agencies.
Local Transportation Agencies (CTAs and Transit Operators)	CTAs and transit operators participate through various meetings, workshops, and hearings that are conducted by the co-lead agencies. CTAs represent the collective transportation interests of cities and counties, and, in certain cases, other local agencies.
FHWA/FTA	Provide guidance on transportation planning regulations. Opportunities to participate in the SIP are as noted above.

V. Consultation process for model assumptions, design and data collection

Consultation on model assumptions, design and data collection will take place through two forums ⁽¹⁾:

Group	Role/Focus	Approximate Meeting Frequency
Conformity Task Force	Feedback on regional travel demand forecast model development and assumptions. Consultation on regional emission models and assumptions. Feedback on pollutant hot spot analysis models developed by others	Quarterly, unless consensus to meet less frequently
Model Coordination Working Group of the Partnership	Consultation on regional travel model data collection, analysis, forecasting assumptions, and model development and calibration.	At the call of the Chair.

⁽¹⁾ Membership and meeting frequency changes are regular and expected. Committee structure is subject to change as new committees are formed or as additional committees are included in modeling consultation.

The Model Coordination Working Group focuses on regional transportation model development and coordination. The Working Group or its successor, among other duties, provides a process for consulting on the design, schedule and funding of research and data collection efforts and on development and upgrades to the regional travel demand forecast model maintained by MTC. MTC staff coordinates meetings and helps prepare agenda items. Agendas and packets are generally mailed out one week prior to each meeting. Participation is open to all interested agencies, including members of the Conformity Task Force and the public.

Significant modeling issues that affect or pertain to conformity determinations of the RTP and TIP will be brought by MTC to the Conformity Task Force for discussion prior to any conformity analysis that requires the use of the MTC travel demand forecast model. Any member of the Conformity Task Force can independently request information from MTC concerning specific issues associated with the MTC model design or assumptions, and MTC staff will make the information available.

Models for analysis of localized pollutant hot spots have been developed by others, and the Conformity Task Force does not have any direct role in their development or application. The Conformity Task Force may:

1. Periodically review and participate with Caltrans and other agencies as appropriate in the update of these models and procedures.
2. Refer project sponsors to the most up to date guidance on hot spot analyses.

VI. Project-Level Conformity Determinations

Project-level conformity determinations are required for Federal highway and transit projects in nonattainment and maintenance areas. The project must come from a conforming metropolitan transportation plan and TIP. Additionally, as part of these project-level determinations, in Federal nonattainment and maintenance areas, localized analysis requirements apply for certain Federally-funded or approved projects.

Project sponsors should use the most recent Caltrans procedures for project-level conformity analyses approved by CARB and the EPA. In accordance with Government Code 66518 and 66520, MTC will determine the following:

1. That FHWA or FTA has approved the project-level conformity analysis which is included in the project's environmental document.
2. That the design concept and scope of the project has not changed significantly from that used by MTC in its regional emissions analysis of the RTP or the TIP.

The Conformity Task Force may periodically review and participate with Caltrans and other agencies as appropriate in the update of the Caltrans procedures for project-level conformity analyses and provide technical guidance to project sponsors who use these procedures.

VII. Monitoring of Transportation Control Measures (TCMs)

The periodic conformity analyses for the RTP and TIP will include updates of the implementation of TCMs in the applicable SIP. The Conformity Task Force may request more frequent updates, as needed.

Prior to conducting a new conformity analysis for an RTP or TIP, MTC will document the status of TCMs that have not been completed, by comparing progress to the implementation steps in the SIP. Where TCM emissions reductions are included as part of the MVEB, MTC will also estimate the portion of emission reductions that have been achieved. If there are funding or scheduling issues for a TCM, MTC will describe the steps being undertaken to overcome these obstacles, including means to ensure that funding agencies are giving these TCM maximum priority. MTC may propose substitution of a new TCM for all or a portion of an existing TCM that is experiencing implementation difficulties (see below).

VIII. Substitution of TCMs in the SIP

After consultation with the Conformity Task Force, MTC may recommend and proceed with the substitution of a new TCM in the SIP to overcome implementation difficulties with an existing TCM(s). The substitution will take place in accordance with MTC's adopted TCM substitution procedures, which provide for full public involvement. In the event of possible discrepancies between MTC's TCM Substitution Procedures and those in SAFETEA (Public Law 109-59), the provisions of SAFETEA will govern.

IX. Other Conformity Task Force Processes and Procedures

Interagency consultation procedures for specific conformity issues are described below:

1. Defining regionally significant projects: Regionally significant projects are defined as a transportation project (other than an exempt project) that is on a facility which serves regional transportation needs and would normally be included in the coded network for the regional transportation demand forecast model, including at a minimum all principal arterial highways and all fixed guideway transit facilities that offer an alternative to regional highway travel. MTC's travel model roadway network may also include other types of facilities for reasons of functionality or connectivity that would not normally be considered regionally significant. MTC will periodically review with the Conformity Task Force the types of facilities and projects that are coded in the network but which MTC recommends should not be classified as regionally significant (and which therefore would not trigger a new regional emissions analysis if amended into the TIP). MTC will document the decisions of the Task Force for future reference. The Task Force will also consider projects that would not be found regionally significant according to the modeling definition above but should be treated as regionally significant for conformity purposes.
2. Determination of significant change in project design concept and scope: Project sponsors should provide timely notice to MTC of any change in the design concept or scope of any regionally significant project in the RTP and TIP. MTC will consider a significant change in design concept and scope to be one that would alter the coding of the project in the transportation network associated with the regional travel model. When a project(s) has a change in design concept and scope from that assumed in the most recent conformed TIP and RTP, MTC will not normally consider revisions to the RTP or TIP if such a revision requires a new regional emissions analysis for the entire Plan and TIP. MTC will evaluate projects that may be considered to have a change in design concept and scope and will consult with the Conformity Task Force prior to advising the project sponsor as to how MTC intends to proceed with any request to amend the RTP and/or TIP.
3. Determining if exempt projects should be treated as non-exempt: MTC will identify all projects in the TIP that meet the definition of an exempt project, as defined in the Conformity regulations. MTC will provide a list of exempt projects to the Conformity Task Force for review prior to releasing the draft TIP for public comment. If any member of the Conformity

Task Force believes an exempt project has potentially adverse emission impacts or interferes with TCM implementation, they can bring their concern to the Conformity Task Force for review and resolution. If it is determined by the Conformity Task Force that the project should be considered non-exempt, MTC will notify the project sponsor of this determination and make appropriate changes to the conformity analysis, as required.

4. Treatment of non-FHWA/FTA regionally significant projects: Any recipient of federal funding is required to disclose to MTC the design concept and scope of regionally significant projects that do not use FHWA or FTA funds. MTC will request that Caltrans and local agencies identify all such projects prior to conducting a new conformity analysis for the RTP or TIP. As part of the conformity analysis, MTC will also include a written response to any significant comment received about whether any project or projects of this type are adequately accounted for in the regional emissions analysis.
5. Projects that can advance during a conformity lapse. In the event of a conformity lapse, MTC will convene the Conformity Task Force to identify projects in the RTP and TIP that may move forward. MTC will also consult the Conformity Task Force on the process for preparing an Interim RTP and TIP.

X. Addressing Activities and Emissions that Cross MPO Boundaries

When a project that is not exempt is proposed in another MPO's Plan or TIP crosses MTC's boundaries, MTC will review the project with the Conformity Task Force to determine appropriate methods for addressing the emissions impact of the project in MTC's conformity analysis, consistent with EPA's conformity regulations.

MTC's federal transportation planning area includes a portion of Solano County, which is in the Sacramento air basin. This portion, the eastern half of Solano County, is also designated nonattainment for the ozone National Ambient Air Quality Standard (NAAQS), and is included in the Sacramento Metropolitan air quality planning area. (see Exhibit A) The Sacramento Area Council of Governments (SACOG) is the MPO for this planning area. MTC and SACOG, in consultation with Caltrans, the State Air Resources Board, and the Governor's Office, have developed and signed a Memorandum of Understanding (MOU) for undertaking conformity analysis in eastern Solano County.

MTC staff has consulted with the Conformity Task Force and SACOG staff and has prepared revisions to the MTC/SACOG MOU. The revisions account for additional federal transportation-air quality requirements and provide clarity on MTC and SACOG's roles and responsibilities relative to these new requirements. The MTC/SACOG MOU revisions were reviewed and approved by the Conformity Task Force and SACOG staff. The key revisions are summarized below:

- Programming of CMAQ funds in eastern Solano County;

- Coordination between MTC and SACOG when exchanging travel data for emission inventories in eastern Solano County; and,
- Coordination between MTC and SACOG when conducting project-level conformity in eastern Solano County.

The MTC approved MTC Resolution No. 2611, Revised, and MTC's and SACOG's executive directors executed the revised MTC/SACOG MOU on September 11, 2018.

XI. Conflict Resolution

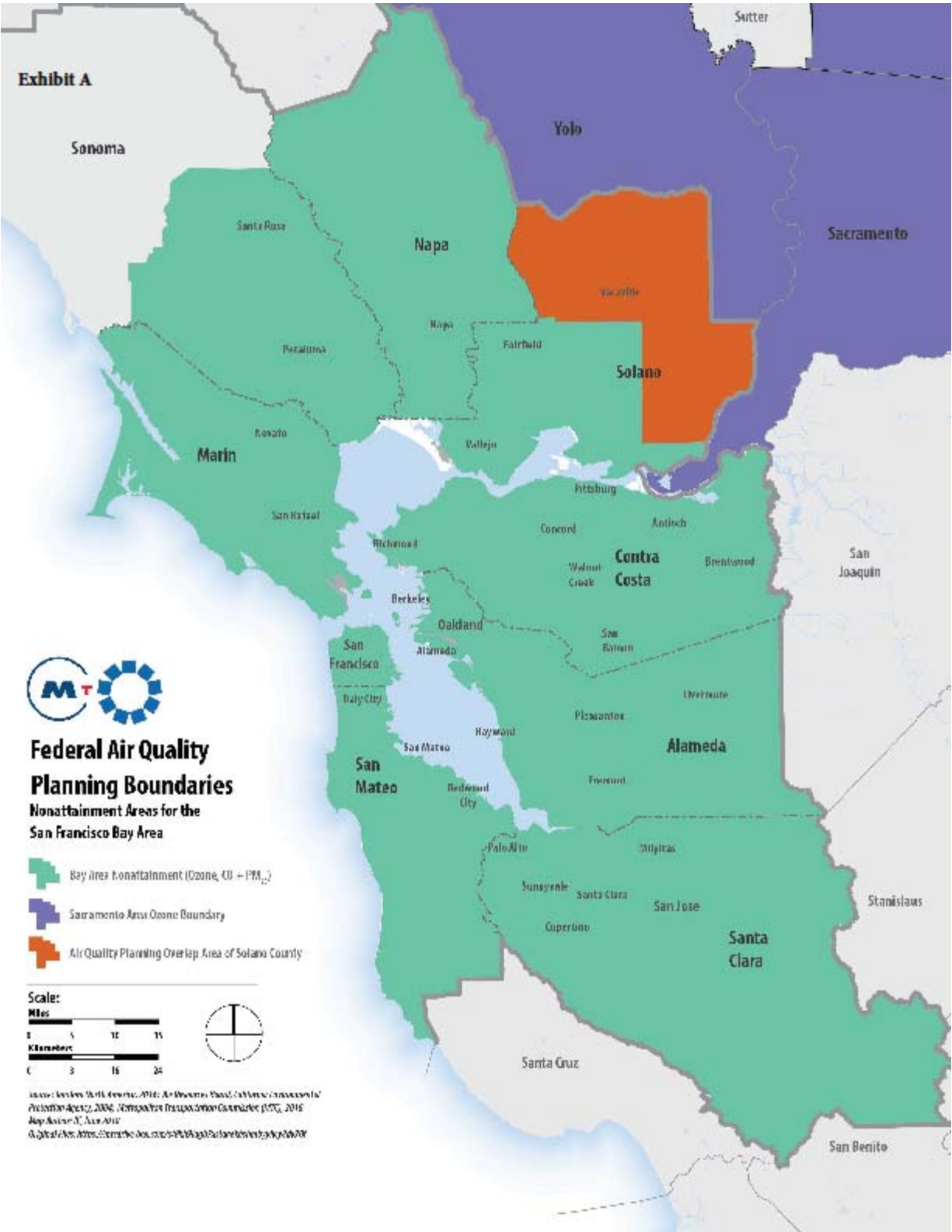
Conflicts between State agencies, ABAG, MTC or BAAQMD that arise during consultation will be resolved as follows:

1. A statement of the nature of the conflict will be prepared and agreed to by the Conformity Task Force.
3. Staff of the affected agencies will meet in a good faith effort to resolve the conflict in a manner acceptable to all parties.
4. If the staff is unsuccessful, the Executive Directors or their designee of any state agency and all other parties to the conflict shall meet to resolve differences in a manner acceptable to all parties.
5. The parties to the conflict will determine when the 14-day clock (see below) starts.
6. Following these steps, the State Air Resources Board has 14 days to appeal to the Governor after Caltrans or MTC has notified the State Air Resources Board that either party plans to proceed with their conformity decision or policy that is the source of the conflict. If the State air agency appeals to the Governor, the final conformity determination must have the concurrence of the Governor. If the State Air Resources Board does not appeal to the Governor within 14 days, the MTC or State Department of Transportation may proceed with the final conformity determination. The Governor may delegate his or her role in this process, but not to the head or staff of the State or local air agency, State department of transportation, State transportation commission or board, or an MPO.

XII. Public Consultation Procedures

MTC will follow its adopted public involvement procedures when making conformity determinations on transportation plans, and programs. These procedures establish a proactive public involvement process which provides opportunity for public review and comment by, at a minimum, providing reasonable public access to technical and policy information considered by MTC at the beginning of the public comment period and prior to taking formal action on a

conformity determination for the RTP and TIP, consistent with these requirements and those of 23 CFR 450.316(b). Meetings of the Conformity Task Force and Partnership are open to the public. Any charges imposed for public inspection and copying should be consistent with the fee schedule contained in 49 CFR 7.95. These agencies shall also provide opportunity for public involvement in conformity determinations for projects where otherwise required by law.



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: Referral of Proposed Budget for Fiscal Year Ending (FYE) 2021 to the Budget and
Finance Committee

RECOMMENDED ACTION

Refer proposed operating budget for Fiscal Year Ending (FYE) 2021 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 2021 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 Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: Report of the Climate Protection Committee Meeting of February 20, 2020

RECOMMENDED ACTION

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

BACKGROUND

The Committee met on Thursday, February 20, 2020, and received the following reports:

- A) Climate Change and Food – An Overview;
- B) Food Waste Reduction in Alameda County; and
- C) Regional Food and Climate Event.

Chairperson Theresa Barrett will provide an oral report of the Committee meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None at this time;
- B) None at this time; and
- C) None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Erica Trask
Reviewed by: Vanessa Johnson

Attachment 8A: 02/20/2020 – Climate Protection Committee Meeting Agenda #4
Attachment 8B: 02/20/2020 – Climate Protection Committee Meeting Agenda #5
Attachment 8C: 02/20/2020 – Climate Protection Committee Meeting Agenda #6

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Teresa Barrett and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 11, 2020

Re: Climate Change and Food – An Overview

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In 2017, the Board of Directors (Board) adopted the 2017 Clean Air Plan, *Spare the Air – Cool the Climate* (2017 Plan), which sets a blueprint for reducing Bay Area greenhouse gas (GHG) emissions 40 percent below 1990 levels by 2030, and 80 percent below 1990 levels by 2050.

Included in the 2017 Plan is a call for Bay Area residents to play a critical role in achieving these GHG-reduction targets. In particular, the 2017 Plan outlines the need for Bay Area residents to develop a low-carbon lifestyle, one where residents make informed and appropriate consumption decisions. Through deliberate decisions as consumers – in terms of the goods and services purchased, how and where to travel, and what foods to eat – residents can greatly reduce their carbon footprint. The nexus between GHG emissions and food is shown when resident centers shift diets, creating less GHG-intensive food consumption.

The connection between food and GHG emissions also extends to how food waste is handled. Food waste occurs at all steps of the production, distribution, and consumption cycle. When this waste ends up in a landfill, the zero-oxygen environment results in production of methane, a potent GHG. Reducing food waste will require a multi-pronged approach: reducing waste in food production, at supermarkets, in restaurants and institutions (schools, hospitals, prisons), and in the home, as well as diverting excess edible food to food banks and shelters. Food that cannot be put to edible use will need to be composted or otherwise put to productive use.

DISCUSSION

Staff will present on the nexus between food and GHG emissions. Topics to be addressed include: the impact of climate change on food production and supply, the impacts of the carbon intensity of food (i.e., GHG emission from production, processing, and distribution) on climate change, as well as the role of food waste on climate change given its potential as a potent source of methane.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Geraldina Grünbaum
Reviewed by: Henry Hilken

CLIMATE PROTECTION COMMITTEE
MEETING OF 02/20/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Teresa Barrett and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 11, 2020

Re: Food Waste Reduction in Alameda County

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Methane is responsible for about 20 percent of current net global climate forcing. In September 2016, Governor Brown signed into law Senate Bill (SB) 1383, establishing a target of reducing methane emissions 40 percent by 2030. In the Bay Area, methane emissions are responsible for approximately 10 percent of total greenhouse gas emissions (based on a 20-year time horizon). Landfills are the largest contributor to methane emissions in the Bay Area. Recent top-down studies by staff indicate that methane emissions from landfills contribute more than was previously estimated, accounting for 50 to 70 percent of the region's total human-made methane inventory.

Addressing methane emissions from landfills can be done at the facility level, such as through current Air District rulemaking, and by limiting the amount of organic material being sent to landfills. This latter approach is the focus of a county-wide effort by the Alameda County Waste Management Authority (StopWaste). StopWaste is a regional joint powers authority that helps Alameda County's businesses, residents, schools, and local governments waste less, recycle more, and use water, energy, and other resources efficiently. StopWaste's county-wide effort to reduce food waste includes a Climate Protection Grant from the Air District for a pilot project using a technological approach to identify and reduce contamination in the commercial organics recycling stream.

DISCUSSION

According to StopWaste, food scraps and food-soiled paper are the largest single item in Alameda County's waste stream, accounting for approximately 35 percent of the County's solid waste. Wasted food that ends up in landfills is a growing problem with both financial and environmental impacts. StopWaste is implementing a multi-pronged food waste reduction program that connects the reduction of food waste with important co-benefits, such as financial savings and improved health for families, and reducing methane emissions for climate protection.

Cassie Bartholomew, Program Manager at StopWaste, will present on the program's components, including digital campaigns and on-the-ground outreach. She will also report on metrics that have been tracked and development of the program for 2020.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Abby Young
Reviewed by: Henry Hilken

CLIMATE PROTECTION COMMITTEE
MEETING OF 02/20/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Teresa Barrett and Members
of the Climate Protection Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 11, 2020

Re: Regional Food and Climate Event

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

In 2019, the Air District sponsored its first climate-friendly cuisine event, as part of the Governor's Global Climate Action Summit. The event was attended by restaurateurs and others with a focus on promoting sustainable food choices. Over 125 people attended the event.

DISCUSSION

A second Climate Friendly Cuisine Conference is being planned for Fall 2020, to build on the success of our 2019 event. The focus is to inform and empower individuals from the Bay Area food service industry, and public, about sustainability and climate-friendly business practices, regarding food, sustainable food choices, and diets. Participants will include food service staff from restaurants, caterers, hospitals, educational institutions, corporate campuses, entertainment venues, and the general public. The conference will promote the reduction of food and packaging waste, sourcing of food products from more sustainable options, and adoption of a climate-friendly diet, which will ultimately lead to significantly lower greenhouse gas emissions from Bay Area sources.

The 2020 event will be enhanced by video-taping the sessions and making the information available on the Acterra Climate Friendly Cuisine webpages.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None; resources for this event are included in the Fiscal Year Ending (FYE) 2020 and proposed FYE 2021 budgets.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Lisa Fasano

CLIMATE PROTECTION COMMITTEE
MEETING OF 02/20/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: Report of the Budget and Finance Committee Meeting of February 26, 2020

RECOMMENDED ACTION

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

BACKGROUND

The Committee met on Wednesday, February 26, 2020, and received the following reports:

- A) Air District Financial Audit Report for Fiscal Year Ending (FYE) 2019;
- B) Second Quarter Financial Report – Fiscal Year Ending (FYE) 2020;
- C) Participation and Selection of a Section 115 Pension Trust Administrator for Prefunding Air District’s Pension Obligations; and
- D) Air District Financial Plan Overview.

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None at this time;
- B) None at this time;
- C) None at this time;
- D) None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Erica Trask
Reviewed by: Vanessa Johnson

Attachment 9A: 02/26/2020 – Budget and Finance Committee Meeting Agenda #4
Attachment 9B: 02/26/2020 – Budget and Finance Committee Meeting Agenda #5
Attachment 9C: 02/26/2020 – Budget and Finance Committee Meeting Agenda #6
Attachment 9D: 02/26/2020 – Budget and Finance Committee Meeting Agenda #7

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

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

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 19, 2020

Re: Air District Financial Audit Report for Fiscal Year Ending (FYE) 2019

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 Air District's Financial Statements for the Fiscal Year Ending (FYE) 2019. The Independent Auditors also completed the Financial Audit Report of the Office of Management and Budget (OMB) Circular A-133 for the FYE 2019.

DISCUSSION

The Air District's independent auditors completed their audit of the Air District's financial records and activities for the year ended June 30, 2019, 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. While there were no significant deficiencies or material weaknesses, the auditors did communicate some recommendations to strengthen internal controls and operating efficiency.

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 10 and 11 of the Schedule of Audit Findings and Questioned Costs, there was one federal compliance finding followed by staff response to the finding.

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 2020 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, 2019

Attachment 4B: Single Audit Reports for Year Ended June 30, 2019 (OMB Circular A-133)

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT
Basic Financial Statements
With Independent Auditor's Report
For the Year Ended June 30, 2019**

BUDGET AND FINANCIAL COMMITTEE
MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Basic Financial Statements
For the Year Ended June 30, 2019

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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, 2019, 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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.





Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 and the required supplementary information on pages 46 through 52 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.

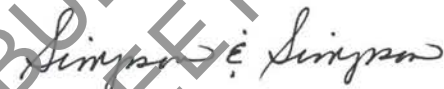
Other Information

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 53 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 10, 2020, 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 3, 2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2019
(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, 2019. Please read it in conjunction with the accompanying basic financial statements and notes.

A. Financial Highlights

- During the fiscal year 2018-2019, the District purchased additional office space at 375 Beale Street and a new office building located in the city of Richmond totally approximately \$13 million. As of June 30, 2019, a portion of the Richmond location was occupied by the previous owners through a lease back agreement with the District. The District is in the process of remodeling a portion of the unoccupied space and anticipates completion the end of December 2019.
- At the close of the fiscal year 2018-2019, the District's net position is \$191,369,654. Total net position includes \$51.0 million for net investment in capital assets, \$155.9 million for restricted net position and a negative \$15.5 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 2018-19, increasing the District's overall (net position) by \$19.1 million or 11.1%.
- The District's governmental funds reported a total fund balance of \$227,885,210; \$150,412,565 for the Special Revenue Fund and \$77,472,645 for the General Fund. The entire fund balance of the Special Revenue Fund in the amount of \$150,412,565 is reserved for air quality grants and projects. The \$77,472,645 General Fund balance consists of \$29,552,042 representing the assigned fund balance, \$5,503,285 restricted, \$937,780 committed or nonspendable and the remaining balance of \$41,479,538 unassigned.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Management's Discussion and Analysis
 Year Ended June 30, 2019
 (Unaudited)

Table 1 presents the General Fund detail of fund balances as of June 30, 2019, and June 30, 2018.

Table 1. General Fund Balances as of June 30, 2019 and 2018

Category	General Fund June 30, 2019	General Fund June 30, 2018	Increase/ (Decrease)
Fund Balances:			
Nonspendable:			
Prepaid Expenses	\$ 937,780	\$ 860,802	\$ 76,978
Restricted:			
Air Quality Grants and Projects	925,631	1,160,696	(235,065)
Post-Employment Benefits	3,406,018	3,286,872	119,146
Debt service	1,171,636	872,676	298,960
Committed:			
Self-Funded Worker's Compensation	-	1,000,000	(1,000,000)
Assigned:			
PERS Funding and Post Employment Benefits	2,000,000	1,000,000	1,000,000
Building and Facilities	209,489	4,668,200	(4,458,711)
Capital Equipment	-	711,100	(711,100)
Air Quality Grants and Projects	22,728,264	18,238,088	4,490,176
Other Assigned	4,614,289	8,441,982	(3,827,693)
Unassigned:	41,479,538	34,725,789	6,753,749
Total Fund Balance	\$ 77,472,645	\$ 74,966,205	\$ 2,506,440

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, 2019

(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, 2019 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, 2019

(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 45.

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 46 to 53.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2019
(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, 2019 compared to the fiscal year ended June 30, 2018.

Table 2. Statement of Net Position as of June 30, 2019 and June 30, 2018

	Governmental Activities June 30, 2019	Governmental Activities June 30, 2018	Increase/ (Decrease)
Current & Other Assets	\$ 324,330,353	\$ 261,747,182	\$ 62,583,171
Capital Assets	70,696,145	59,241,087	11,455,058
Total Assets	395,026,498	320,988,269	74,038,229
Deferred Outflows of Resources	26,624,823	28,583,434	(1,958,611)
Current Liabilities	96,980,498	44,358,804	52,621,694
Noncurrent Liabilities	125,787,760	128,941,388	(3,153,628)
Total Liabilities	222,768,258	173,300,192	49,468,066
Deferred Inflows of Resources	3,763,409	3,985,073	(221,664)
Net Position			
Invested in Capital Assets	50,980,564	38,757,113	12,223,451
Restricted	155,915,850	148,614,308	7,301,542
Unrestricted net position	(15,526,760)	(15,084,983)	(441,777)
Total Net Position	\$ 191,369,654	\$ 172,286,438	\$ 19,083,216

At June 30, 2019, the District's total assets and deferred outflows of resources exceeded its total liabilities and deferred inflows of resources by \$191.4 million, an increase of \$19.1 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 \$15.5 million which is mainly due to the implementation of GASB Statement 68 and 75; which requires the District to report its current obligations for Other Post-Employment Benefit and Pension.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Management's Discussion and Analysis
 Year Ended June 30, 2019
 (Unaudited)

C. Government-Wide Financial Analysis, Continued

Table 3 below provides changes in net position for the fiscal year ending June 30, 2019 compared with the fiscal year ended June 30, 2018.

Table 3. Statement of Activities for Fiscal Years 2018-19 and 2017-18

	Governmental Activities FY 2018-19	Governmental Activities FY 2017-18	Dollar Increase/ (Decrease)	Percentage Increase/ (Decrease)
Revenues:				
Program Revenue:				
Charges for services	\$ 56,094,102	\$ 51,596,011	\$ 4,498,091	9%
Operating grants and contributions	81,116,395	53,474,181	27,642,214	52%
Total Program Revenue	137,210,497	105,070,192	32,140,305	31%
General Revenues:				
County Apportionments	35,823,924	33,032,767	2,791,167	8%
Investment income not restricted for a specific program	1,622,927	997,879	625,048	63%
Donated assets	-	-	-	-
Other	502,969	150,958	352,011	233%
Total General Revenues	37,949,830	34,181,604	3,768,226	11%
Total Revenues	175,160,327	139,251,796	35,908,531	26%
Expenses:				
General Government	93,525,653	81,950,526	11,575,127	14%
California Goods Movement Program	7,467,502	399,084	7,068,418	1771%
Vehicle Settlement	162,364	-	162,364	-
Debt Service	550,307	482,502	67,805	14%
TFCA/MSIF, CMP, & Other programs:				
TFCA / MSIF & other program distribution	38,262,656	22,224,037	16,038,619	72%
Carl Moyer Program	16,108,629	6,424,173	9,684,456	151%
Total Expenses	156,077,111	111,480,322	44,596,789	40%
Change in Net Position	19,083,216	27,771,474	(8,688,258)	-31%
Net Position-beginning of year, Restated	172,286,438	144,514,964	27,771,474	19%
Net Position-ending of year	\$ 191,369,654	\$ 172,286,438	\$ 19,083,216	11%

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2019
(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 2018-2019. 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.

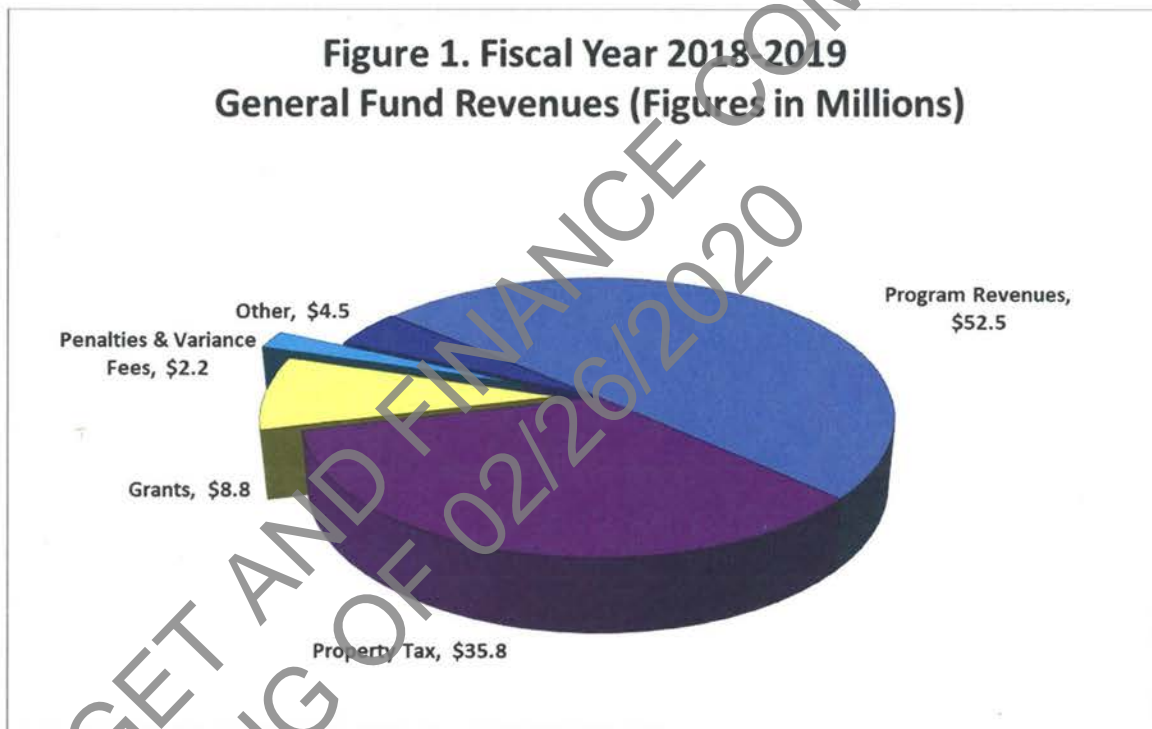
At June 30, 2019, the District's governmental activities reported ending net position of \$191,369,654, an increase of \$19,083,216 in comparison to the prior year. The primary reason is due to increased activities in the following programs: California Goods Movement, Carl Moyer Program and General Government.

- Overall governmental revenues are \$175,160,327; an increase of \$35,908,531 from the prior year. Of the \$36.0 million increase, approximately \$27.6 million relates to grant activities in the California Goods Movement locomotive program, Carl Moyer's Farmer and AB134 Community Incentive programs. The remaining increase of \$8.4 million is primary due to County apportionment from higher assessed valuations in the Bay Area and permitting fees related to a change in the anniversary date of some fee payers, resulting in the District capturing an additional four months of fees.
- Overall governmental expenditures are \$156,077,111; an increase of \$44,596,789 over the prior year. Of this \$44.6 million increase, \$33.0 million relates to increase in grant activities in TFCA/MSIF and Goods Movement programs. The remaining increase of \$11.6 million is the combination of \$7.8 million in the General Government Program primary due to a legal settlement, distribution of Climate Protection Grants and continued implementation of the AB 617 program, Technology Implementation Office and Production System.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2019
(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 2018-2019. The General Fund recognized total revenue of \$103,765,746 in fiscal year 2018-19, an increase of \$12.3 million over fiscal year 2017-18. This increase is mainly comprised of increased revenues in property tax due to increased economic activities, additional four months of permit fees revenues received due to change in anniversary date for certain fee payers, as well as, an annual increase to the permit fee schedule; grant revenues and other revenues. This increase is offset by reduction in penalties and variance fees. Program Revenues includes: Permit, AB2588, Title V, and Asbestos fees. Program revenues are the largest General Fund revenue source in fiscal 2018-19 (\$52.5 million), followed by Property Tax (\$35.8 million), Grants (\$8.8 million), Penalties (\$2.2 million), and Other revenues (\$4.5 million).

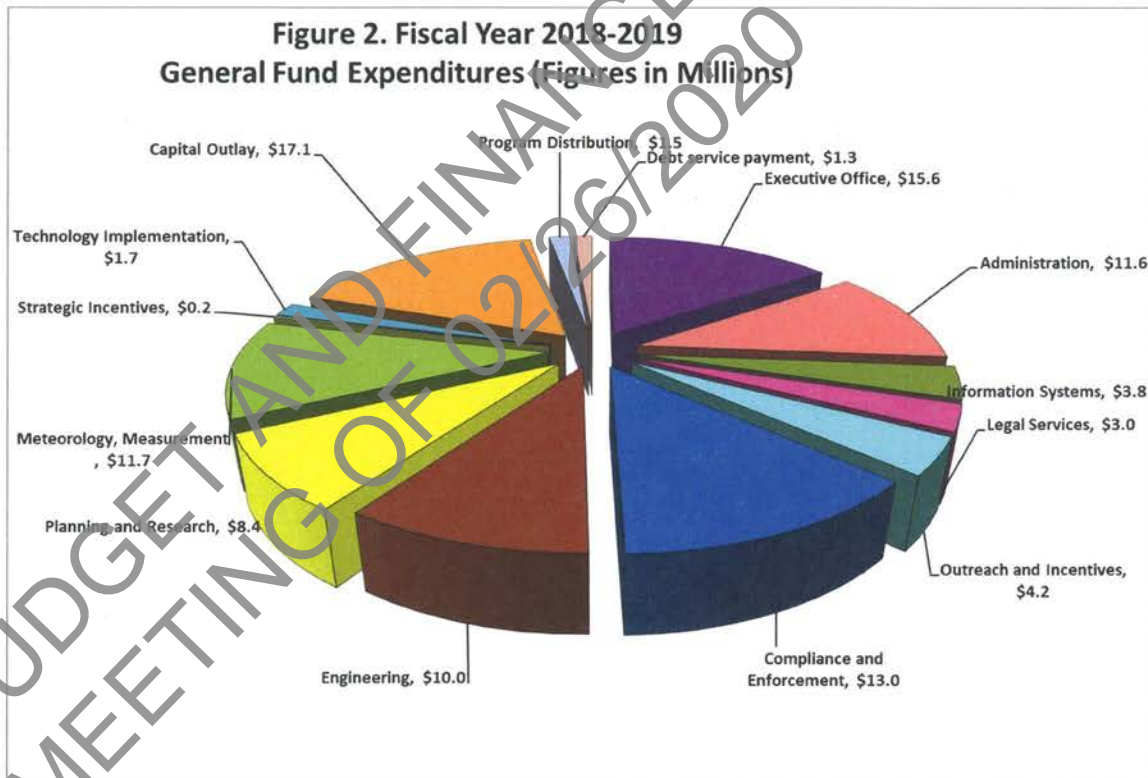


BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Management's Discussion and Analysis
 Year Ended June 30, 2019
 (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 2018-19. General Fund operating expenditures totaled \$102,970,866 which is an increase of \$21,641,672 over fiscal year 2017-18. This increase is a combination of purchased office space at 375 Beale Street and a new facility in Richmond, increased personnel & benefits costs associated with increase in staffing levels and increased professional services across various programs of District and AB 617 implementation. General Fund expenditures represent the District's general government operating costs categorized into the following operating divisions: Compliance and Enforcement (\$13.0 million), Engineering (\$10.0 million), Administration (\$11.6 million), Information Systems (\$3.8 million), Meteorology, Measurements and Rules (\$11.7 million), Executive (\$15.6 million), Planning & Research (\$8.4 million), Outreach & Incentives (\$4.2 million), Strategic Incentives (\$0.2 million), Technology Implementation (\$1.7 million) and Legal Services (\$3.0 million). Capital Outlay (17.1 million), Debt Service (\$1.3 million) and Program Distribution (\$1.5 million) are not operating divisions, but rather categories capturing expenditures related to capital assets, COPs financing and special projects, respectively. General Fund operating revenues exceeded operating expenditures by \$0.8 million in fiscal year 2018-19.



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Management's Discussion and Analysis

Year Ended June 30, 2019

(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 \$77.5 million. The assigned fund balance was \$29.6 million, restricted \$5.5 million, non-spendable \$0.9 million, and the remaining \$41.5 million is unassigned. The unassigned fund balance represents 40% of the total General Fund expenditures, while the total fund balance represents 75% of the total General Fund expenditures. The District has available funds for unanticipated emergencies.

The FY 2018-19 amended budget compared to the adopted budget reflect an increase in appropriations of \$28.0 million. The changes to the budget were the result of Governing Board actions that allocated additional funding after the budget was adopted and approved appropriations related to multi-year projects and obligations that will carry over to the next fiscal year. The FY 2018-19 actual revenues were above the final budget by \$10.3 million resulting from increased economic activities related to property tax receipts, permit related fees and earned interests.

E. Capital Assets

Capital assets include land, buildings, laboratory equipment, air monitoring stations, computers, office furniture and District fleet vehicles. As of June 30, 2019, the District's investment in capital assets was \$70.7 million net of accumulated depreciation, an increase of \$11.5 million or 19% from prior year. This increase resulted in the purchase of additional office space at Beale Street and purchase of a new office building in Richmond.

F. Long-Term Liabilities

At the end of current fiscal year, the District had total long-term liabilities of \$133.9 million. Of this amount, \$105.4 million comprises of the District's Net Pension Liability and Net OPEB Liability, while \$18.9 million pertains to the District's outstanding Certificate of Participation (COPs). Total Long-Term Liabilities increased from the prior year by \$0.8 million or 0.6%, as restated.

G. Economic Factors and Next Year's Budget

The District receives approximately 35% of its General Fund revenue from property taxes levied in nine Bay Area counties and 46% 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 2019-20. The District continues to focus on long term financial planning to ensure the vitality and effectiveness of its programs and recently prepared a Five-Year Financial Plan to project the District's financial health based on key economic assumptions.

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, 2019

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 75,255,044
Restricted cash and cash equivalents	229,606,906
Receivables	14,554,357
Due from other governments	3,828,559
Prepays, deposits, and other assets	1,085,487
Capital assets:	
Non-depreciable	7,198,782
Depreciable	95,527,918
Less: accumulated depreciation	<u>(32,030,555)</u>
Total capital assets, net of depreciation	<u>70,696,145</u>
Total Assets	<u>395,026,498</u>
Deferred Outflows of Resources	<u>26,624,823</u>
Liabilities:	
Accounts payable	2,876,426
Accrued liabilities	1,551,510
Other liabilities	1,223,836
Unearned revenue	86,930,281
Long-term liabilities	
Portion due within one year:	
Legal settlements	3,750,000
Compensated absences	3,620,000
Certificates of participation	400,000
Capital lease obligation	378,445
Portion due after one year:	
Compensated absences	1,460,503
Certificates of participation	18,500,000
Capital lease obligation	437,136
Net pension liability	76,672,223
Net OPEB liability	28,717,898
Total Liabilities	<u>226,518,258</u>
Deferred Inflows of Resources	<u>3,763,409</u>
Net Position:	
Net investment in capital assets	50,980,564
Restricted for:	
Air quality grants and projects	151,338,196
Post-employment benefits	3,406,018
Debt service	1,171,636
Unrestricted	<u>(15,526,760)</u>
Total Net Position	<u>\$ 191,369,654</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Statement of Activities
Year Ended June 30, 2019

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Primary government	\$ 93,525,653	\$55,870,537	\$10,502,617	\$ (27,152,499)
California Goods Movement Program	7,467,502	-	7,461,455	(6,047)
Vehicle settlement	162,364	223,565	-	61,201
Interest expense	550,307	-	-	(550,307)
TFCA / MSIF, CPM & other programs:				
TFCA / MSIF & other program distribution	38,262,656	-	46,423,007	8,160,351
Carl Moyer Program	16,108,629	-	16,729,316	620,687
Total Governmental Activities	<u>\$156,077,111</u>	<u>\$56,094,102</u>	<u>\$81,116,395</u>	<u>(18,866,614)</u>
General revenues:				
County apportionment				35,823,934
Investment income not restricted for a specific program				1,622,927
Other				502,969
Total General Revenues				<u>37,949,830</u>
Change in Net Position				19,083,216
Net Position – Beginning of Year				172,286,438
Net Position – End of Year				<u>\$191,369,654</u>

See accompanying notes to basic financial statements.

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Balance Sheet
Governmental Funds
June 30, 2019

	<u>General</u>	<u>Special Revenue</u>	<u>Total Governmental</u>
Assets:			
Cash and cash equivalents	\$ 75,255,044	\$ -	\$ 75,255,044
Restricted cash and cash equivalents	4,577,654	225,029,252	229,606,906
Receivables	6,403,850	8,150,507	14,554,357
Due from other governments	3,280,791	547,768	3,828,559
Due from other funds	5,879,988		5,879,988
Prepays, deposits, and other assets	1,085,487		1,085,487
Total Assets	96,482,814	233,727,527	330,210,341
Liabilities and Fund Balances:			
Accounts payable	2,261,833	614,593	2,876,426
Accrued liabilities	1,551,510	-	1,551,510
Due to other funds	-	5,879,988	5,879,988
Other liabilities	1,154,836	69,000	1,223,836
Unearned revenue	10,178,900	76,751,381	86,930,281
Total Liabilities	(5,147,679)	83,314,962	98,462,041
Deferred Inflows of Resources:			
Unavailable revenue	3,863,090	-	3,863,090
Fund Balances:			
Nonspendable:			
Prepaid items	937,780	-	937,780
Restricted:			
Air quality grants and projects	925,631	150,412,565	151,338,196
Postemployment benefits	3,406,018	-	3,406,018
Debt service	1,171,636	-	1,171,636
Committed:			
Self-funded workers' compensation	-	-	-
Assigned:			
Pension and postemployment	2,000,000	-	2,000,000
Building and facilities	209,489	-	209,489
Capital equipment	-	-	-
Air quality grants and projects	22,728,264	-	22,728,264
Other assigned	4,614,289	-	4,614,289
Unassigned	41,479,538	-	41,479,538
Total Fund Balances	77,472,645	150,412,565	227,885,210
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 96,482,814	\$ 233,727,527	\$ 330,210,341

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, 2019

Total Fund balances - Governmental Funds	\$ 227,885,210
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 \$102,726,700 and accumulated depreciation is \$32,030,555	70,696,145
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.	3,863,090
Long-term liabilities, including legal settlements, 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.	(28,546,084)
Proportionate share of net pension liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(63,281,442)
Net other post-employment benefits liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(19,247,265)
Total Net Position - Governmental Activities	<u>\$ 191,369,654</u>

See accompanying notes to basic financial statements.

BUDGET AND FINANCE COMMITTEE
 MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2019

	General	Special Revenue	Total Governmental
Revenues:			
TFCA / MSIF DMV fees	\$ -	\$ 41,791,659	\$ 41,791,659
Permit fees	48,023,387	-	48,023,387
County apportionment	35,823,934	-	35,823,934
California Goods Movement	-	7,461,455	7,461,455
Carl Moyer Program	-	16,729,316	16,729,316
Federal grants	4,766,490	2,124,817	6,891,307
Penalties and variance fees	2,165,289	-	2,165,289
Asbestos fees	4,434,539	-	4,434,539
State subvention	1,734,548	-	1,734,548
State and other grants	4,001,579	2,506,531	6,508,110
Portable equipment registration program (PERP)	673,508	-	673,508
Vehicle settlement	-	223,565	223,565
Other revenues	502,969	-	502,969
Interest and investment gain (loss)	1,622,927	-	1,622,927
Special environmental projects	10,445	-	10,445
Total Revenues	<u>103,759,615</u>	<u>70,837,843</u>	<u>174,596,958</u>
Expenditures:			
General government:			
Program distribution	1,490,522	-	1,490,522
Executive office	15,557,089	-	15,557,089
Administration	11,571,906	-	11,571,906
Information systems	3,809,231	-	3,809,235
Legal services	3,021,699	-	3,021,699
Outreach and incentives	4,157,496	-	4,157,496
Compliance and enforcement	13,004,966	-	13,004,966
Engineering	9,972,258	-	9,972,258
Planning and research	8,418,139	-	8,418,139
Meteorology, measurement and rules	11,686,398	-	11,686,398
Strategic incentives division	188,351	-	188,351
Technology implementation	1,670,009	-	1,670,009
TFCA / MSIF & other programs:			
Program distribution	-	28,904,241	28,904,241
Commuter assistance	-	70,115	70,115
Intermittent control	-	1,699,041	1,699,041
TFCA administration	-	1,142,354	1,142,354
Vehicle buy-back	-	4,929,937	4,929,937
Mobile source incentive	-	242,367	242,367
Miscellaneous incentive program	-	210,373	210,373
Regional electric vehicle deployment	-	1,044,346	1,044,346
Enhanced mobile source inspection	-	19,882	19,882
Carl Moyer Program			
Project funding	-	14,810,049	14,810,049
Grant administration	-	1,298,580	1,298,580
California Goods Movement Program & other			
Project funding	-	7,362,858	7,362,858
Grant administration	-	104,644	104,644
Vehicle settlement			
Grant administration	-	162,364	162,364
Debt Service			
Principal	768,393	-	768,393
Interest	550,307	-	550,307
Capital outlay	17,104,098	-	17,104,098
Total Expenditures	<u>102,970,866</u>	<u>62,001,151</u>	<u>164,972,017</u>
Excess of Revenues			
Over Expenditures	<u>788,749</u>	<u>8,836,192</u>	<u>9,624,941</u>
Other Financing Sources (Uses):			
Transfers in	1,717,691	-	1,717,691
Transfers out	-	(1,717,691)	(1,717,691)
Total Other Financing Sources (Uses)	<u>1,717,691</u>	<u>(1,717,691)</u>	<u>-</u>
Net Changes in Fund Balances	2,506,440	7,118,501	9,624,941
Fund Balances, July 1, 2018	74,966,205	143,294,064	218,260,269
Fund Balances, June 30, 2019	<u>\$ 77,472,645</u>	<u>\$ 150,412,565</u>	<u>\$ 227,885,210</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, 2019

Net Changes in Fund Balances - Governmental Funds	\$ 9,624,941
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.	11,455,058
Repayment on debt principal are reported as expenditures in the governmental funds, but constitute reductions to liabilities in the statement of net position.	768,393
Legal settlements are recognized in the government wide statements as soon as the underlying event has occurred but not until due and payable in the governmental funds.	(3,750,000)
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).	(298,140)
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.	563,369
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.	(2,372,380)
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.	3,098,302
Changes in Net Position of Governmental Activities	<u>\$19,083,216</u>

See accompanying notes to basic financial statements.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2019

(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, 2019

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 60 (sixty) 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, 2019

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, 2019, 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, 2019

(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.

Assets	Years
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, 2019

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, 2019

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. 83, *Certain Asset Retirement Obligations*, effective for periods beginning after June 15, 2018. This addresses accounting and financial reporting for certain asset retirement obligations (AROs) and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement did not have an impact on the District's financial statements for fiscal year 2018-19.

The GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for periods beginning after June 15, 2018. This Statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement did not have an impact on the District's financial statements for fiscal year 2018-19.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2019

(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, 2019, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 75,255,044
Restricted cash and cash equivalents	229,606,906
Total cash, cash equivalents and investments	<u>\$ 304,861,950</u>

Cash, cash equivalents and investments as of June 30, 2019 consist of the following:

Cash and investments in San Mateo Pooled Fund Investment Program	\$ 300,284,296
Cash, cash equivalents, and investments with fiscal agent	4,577,654
Total cash, cash equivalents and investments	<u>\$ 304,861,950</u>

Cash in County Treasury

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

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

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

Investments Authorized by the District's Investment Policy

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

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2019

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 \$1,171,636 represent funds which are restricted for specific purposes under terms of the debt agreement at June 30, 2019.

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, 2019.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2019

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, 2019:

	Ratings:		Maturities	Fair Value
	Moody's	S&P		
AIG Fixed Annuity	Not Rated	Not Rated	Current	\$ 3,406,018
Dreyfus Treasury Securities	Aaa-mf	AAAm	Current	\$1,171,636
Investments in San Mateo Pooled Fund Investment Program	Aaa to P-1	AAA to A-1	0.93 Years	300,284,296
Total cash, cash equivalents, and investments				<u>\$ 304,861,950</u>

Restricted Cash, Cash Equivalents, and Investments

The District's restricted cash, cash equivalents, and investments are \$229,606,906 at June 30, 2019. Included in this restricted balance is \$225,029,252 for air quality grants and projects, \$1,171,636 for debt service, and \$3,406,018 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, 2019

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, 2019, the District had the following accounts receivable:

General Fund:		
Permit and other fees	\$ 4,712,419	
County apportionments	899,231	
Interest	424,165	
Other	368,035	
Total General Fund		<u>\$ 6,403,850</u>
 Special Revenue Fund		
TFCA DMV fees	\$ 4,561,468	
MSIF DMV fees	2,262,092	
Interest	1,316,947	
Total Special Revenue Fund		<u>\$ 8,150,507</u>
Total Receivables		<u><u>\$ 14,554,357</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, 2019, the General Fund was owed \$5,879,988 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, 2019 were as follows:

<u>Fund Receiving Transfer</u>	<u>Fund Making Transfer</u>	<u>Amount Transferred</u>
General Fund	Special Revenue Fund	\$1,717,691

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2019

(5) Capital Assets

The District's capital assets were comprised of the following at June 30, 2019:

	Balance at 7/1/2018	Additions	Deletions	Transfers	Balance at 6/30/2019
Nondepreciable Assets:					
Land	\$ 1,018,521	\$ 2,955,746	\$ -	\$ -	\$ 3,974,267
Construction in progress	1,457,678	3,224,515	-	(1,457,678)	3,224,515
Total nondepreciable assets	2,476,199	6,180,261	-	(1,457,678)	7,198,782
Depreciable assets:					
Building	31,255,951	5,694,254	-	-	36,950,205
Building & grounds	207,868	4,457,711	-	-	4,665,579
Leasehold improvements	2,908,329	-	-	-	2,908,329
Computer and network equipment	10,366,038	236,659	-	-	10,602,697
Enterprise application	23,705,666	1,457,678	-	-	25,163,344
Motorized equipment (vehicle)	426,432	52,717	(68,447)	-	410,702
Lab and monitoring equipment	10,609,924	482,496	-	-	11,092,420
Communication equipment	2,943,055	-	-	-	2,943,055
Furniture	158,950	-	-	-	158,950
Office equipment	419,207	-	-	-	419,207
General equipment	213,430	-	-	-	213,430
Total depreciable assets	83,214,850	6,331,515	(68,447)	-	95,527,918
Building	1,809,148	1,728,880	-	-	3,538,028
Building and grounds	190,771	160,419	-	-	351,190
Leasehold improvements	2,729,847	12,321	-	-	2,742,168
Computer and network equipment	6,301,752	1,167,078	-	-	7,468,830
Enterprise application	3,539,237	1,580,378	-	-	5,119,615
Motorized equipment (vehicle)	167,881	42,274	(45,934)	-	164,221
Lab and monitoring equipment	8,397,664	737,933	-	-	9,135,597
Communication equipment	2,603,278	183,079	-	-	2,786,357
Furniture	150,005	1,197	-	-	151,202
Office equipment	353,397	12,968	-	-	366,365
General equipment	206,982	-	-	-	206,982
Total accumulated depreciation	26,449,962	5,626,527	(45,934)	-	32,030,555
Total depreciable assets, net	56,764,888	6,754,988	(22,513)	-	63,497,363
Total capital assets, net	\$59,241,087	\$12,935,249	\$ (22,513)	\$(1,457,678)	\$70,696,145

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, 2019

Depreciation expense by function for capital assets for the year ended June 30, 2019, is as follows:

Primary Government:

Executive	\$ 940,717
Administrative services	484,340
Legal services	162,294
Communications Office	74,048
TIO	29,762
Compliance & Enforcement	751,275
Engineering	546,029
Planning	394,135
Meteorology, Measurements & Rules	1,065,669
Information Systems	1,168,651
Strategic Incentives Division	9,607
Total depreciation expense	<u>\$ 5,626,527</u>

(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, 2019, the various components of unavailable revenue and unearned revenue reported were as follows:

	<u>Unearned Revenue</u>	<u>Unavailable Revenue</u>	<u>Total</u>
General Fund:			
Permits and licenses	\$ -	\$ 3,863,090	\$ 3,863,090
Community Air Protection Program	14,041,990	-	14,041,990
Total General Fund	<u>14,041,990</u>	<u>3,863,090</u>	<u>17,905,080</u>
Special Revenue Fund:			
GMB - Administration	555,724	-	555,724
GMB - On-Road Projects	8,932,835	-	8,932,835
Shore Power Projects	1,475,318	-	1,475,318
YRUs	49,805	-	49,805
Locomotive	6,839,065	-	6,839,065
Carl Moyer Program	51,488,963	-	51,488,963
Carl Moyer Program Administration	2,799,802	-	2,799,802
Low Carbon Project Funding	1,137,659	-	1,137,659
Low Carbon Program Administration	319,907	-	319,907
CEC Project Funding	31,399	-	31,399
Special Projects	3,120,905	-	3,120,905
Total Special Revenue Fund	<u>76,751,381</u>	<u>-</u>	<u>76,751,381</u>
Total Unearned and Unavailable Revenue	<u>\$ 90,793,371</u>	<u>\$ 3,863,090</u>	<u>\$ 94,656,461</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2019

(7) Deferred Outflows and Inflows of Resources

District's deferred outflows and inflows of resources as of June 30, 2019 are comprised of the following:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Changes of assumptions - Pension	\$ 8,356,219	\$ 1,521,601
Changes of assumptions - OPEB	2,859,294	-
Differences between expected and actual experience - Pension	-	1,691,273
Net differences between projected and actual earnings on plan investments - Pension	571,474	-
Differences between projected and actual earnings on plan investments - OPEB	-	550,535
Pension contributions subsequent to measurement date	7,075,962	-
OPEB contributions subsequent to measurement date	7,161,874	-
Total	<u>\$ 26,624,823</u>	<u>\$ 3,763,409</u>

(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 per month beginning July 1, 2017.

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>
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
2032	700,000		

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2019

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 made into the sinking fund are restricted for debt service.

Total payments of principal and interest are structured as follows:

<u>Fiscal Year</u>	<u>Total Annual Payments</u>
2020	\$ 1,200,000
2021	1,200,000
2022	1,200,000
2023	1,200,000
2024	1,200,000
2025-2029	6,340,000
2030-3034	6,850,000
2035-2039	6,850,000
2040-2044	6,850,000
2045	1,370,000
	<u>\$ 34,260,000</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, 2019 was \$368,393.

(c) Summary of Long-Term Liabilities

A schedule of changes in general long-term debt for the year ended June 30, 2019, is shown below:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Certificates of participation (COPs)	\$ 19,300,000	\$ -	\$ (400,000)	\$ 18,900,000	\$ 400,000
Compensated absences	4,782,817	3,933,361	(3,635,675)	5,080,503	3,620,000
Capital lease	1,183,974	-	(368,393)	815,581	378,445
Total	<u>\$ 25,266,791</u>	<u>\$3,933,361</u>	<u>\$(4,404,068)</u>	<u>\$ 24,796,084</u>	<u>\$ 4,398,445</u>

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2019

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

Future annual payments on COPs are as follows:

Year Ending June 30	Certificates of Participation	
	Principal	Interest
2020	\$ 400,000	\$ 573,500
2021	400,000	561,100
2022	500,000	545,600
2023	500,000	530,100
2024	500,000	514,600
2025-2029	2,800,000	2,621,900
2030-2034	3,500,000	1,825,900
2035-2039	4,100,000	1,221,400
2040-2044	4,800,000	523,900
2045	1,000,000	12,400
	<u>\$ 18,500,000</u>	<u>\$ 8,630,400</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 1.9%; 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, 2019 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, 2019

(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>
2020	\$ 1,482,571
2021	733,714
2022	656,079
2023	505,147
2024	356,338
2025-2029	1,075,353
2030-2034	774,770
2035-2039	820,272
	<u>\$ 6,404,244</u>

Air-monitoring station leases are renewable with minor escalations.

Rental expense for lease agreements above during the year ended June 30, 2019, was \$1,583,583.

(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 sixty 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, 2019

County apportionment revenue recognized as of June 30, 2019, is as follows:

<u>County</u>	<u>Amount</u>
Alameda	\$ 6,219,340
Contra Costa	3,937,334
Marin	1,608,627
Napa	1,126,069
Santa Clara	10,194,485
San Francisco	5,369,698
San Mateo	4,876,953
Solano	862,298
Sonoma	1,629,130
Total county apportionment revenue	<u>\$ 35,823,934</u>

(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, 2019

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Classic	PEPRA
	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	2.42%	2.50%
Required employee contribution rates	7.00%	5.50%
Required employer contribution rates	20.158%	20.158%

Employees Covered

At June 30, 2019, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	300
Inactive employees entitled to but not yet receiving benefits	90
Active employees	360
	<u>750</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, 2019, the contributions to the Plan amounted to \$7,675,962.

Net Pension Liability

The District's net pension liability for the Plan of \$76,672,223 at June 30, 2019 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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 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, 2019

The total pension liability in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry-Age Normal
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
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 2.00% until purchasing power protection allowance floor on purchasing power applies, 2.50% 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 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS' demographic data from 1997 to 2015) that can be found on the CalPERS website.

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, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

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, 2019

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 adjusted to account for assumed administrative expenses.

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	Current Target Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0	1.00	2.62
Inflation assets	—	0.77	1.81
Private equity	8.0	6.30	7.23
Real assets	13.0	3.75	4.93
Liquidity	1.0	—	(0.92)
Total	100.00%		

^(a) An expected inflation of 2.00% used for this period.

^(b) An expected inflation of 2.92% used for this period.

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/20/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2019

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, 2018	\$ 304,804,251	\$ 225,485,533	\$ 79,318,718
Changes recognized for the measurement period:			
Service cost	5,588,151	-	5,588,151
Interest on the total pension liability	21,332,712	-	21,332,712
Differences between expected and actual experience	(643,002)	-	(643,002)
Changes of assumptions	(1,997,101)	-	(1,997,101)
Plan to plan resource movement		(556)	556
Contributions from the employer	-	6,359,880	(6,359,880)
Contributions from employees	-	2,514,609	(2,514,609)
Net investment income	-	19,071,946	(19,071,946)
Benefit payments, including refunds of employee contributions	(13,197,195)	(13,197,195)	-
Other miscellaneous income (expense)	-	(351,369)	351,369
Administrative expense	-	(667,255)	667,255
Net changes	11,083,565	13,730,060	(2,646,495)
Balance at June 30, 2019	\$ 315,887,816	\$ 239,215,593	\$ 76,672,223

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	\$ 116,166,626	\$ 76,672,223	\$ 43,589,217

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, 2019

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the District recognized pension expense of \$10,837,194 for the Plan. As of June 30, 2019, 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	\$ 8,356,219	\$ 1,521,601
Differences between expected and actual experience	—	1,691,273
Net differences between projected and actual earnings on pension plan investments	571,474	
District contributions subsequent to the measurement date	7,675,962	—
Total	\$ 16,603,655	\$ 3,212,874

The amounts above are net of outflows and inflows recognized in the 2017-18 measurement period expense.

The \$7,675,962 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, 2020. 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>
2020	\$ 5,543,781
2021	3,501,514
2022	(2,569,224)
2023	(761,254)

Payable to the Pension Plan

The District's contribution for all members to the Plan for the fiscal year ended June 30, 2019 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, 2019.

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, 2019

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, 2019, the AIG Retiree Life Insurance Fund had a total asset balance of \$590,444, making up 1.3% of the total Plan Fiduciary Net Position of \$47,004,063. 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 2018-19, the District contributed a total of \$7,161,874 to the plan that includes \$4,000,000 contributed to the OPEB trust and \$559,463 identified as implicit contributions.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2019

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 \$28,717,899 at June 30, 2019 is measured as the total OPEB liability, less the OPEB plan’s fiduciary net position. All information provided is based on the census data, actuarial assumptions, and plan provisions used in the June 30, 2017 actuarial valuation report (dated September 2018), except for the Changes of Assumptions which are reflected in the June 30, 2018 actuarial valuation and noted below. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal Cost
Discount rate	6.80%
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	6.80%, 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 (CalPERS) 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, 2019

Changes of Assumptions

During the measurement period ended June 30, 2018, the discount rate was reduced from 7.25% to 6.80% based on updated expected return on trust assets published by CalPERS CERBT and reflecting the District's projected future retiree benefit cash flows.

Discount Rate

The discount rate used to measure the total OPEB liability 6.80%. 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 ⁽²⁾
Global equity	59.00%	4.80%	5.98%
Fixed income	25.00	1.10	2.62
Treasury inflation protected securities (TIPS)	5.00	0.25	1.46
Real estate investment trusts (REITs)	8.00	3.20	5.00
Commodities	3.00	1.50	2.87
Total	<u>100.00%</u>		

⁽¹⁾ Allocation approved by the CalPERS Board at the May 2018 Investment Committee meeting

⁽²⁾ Real rates of return come from a geometric representation of returns that assume a general inflation rate of 2.00%.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Notes to Basic Financial Statements
Year Ended June 30, 2019

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, 2018	\$ 68,562,695	\$ 40,028,423	\$ 28,534,272
Changes recognized for the measurement period			
Service cost	1,581,585		1,581,585
Interest on the total OPEB liability	4,980,026		4,980,026
Change of assumptions	3,506,193		
Benefit payments	(2,908,537)	(2,908,537)	-
Contributions - employer		6,817,699	(6,817,699)
Net investment income		3,139,604	(3,139,604)
Other expenses - administrative expense		(73,126)	73,126
Net changes	7,159,267	6,975,640	183,627
Balance at June 30, 2018	\$ 75,721,962	\$ 47,004,063	\$ 28,717,899

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, 2019:

	1.00% Decrease (5.80%)	Current Discount Rate (6.80%)	1.00% Increase (7.80%)
Net OPEB liability	\$ 37,571,705	\$ 28,717,899	\$ 21,274,355

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, 2019:

	1.00% Decrease	Trend Rate ⁽¹⁾	1.00% Increase
Net OPEB liability	\$ 22,943,695	\$ 28,717,899	\$ 35,002,635

⁽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, 2019

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$3,098,302. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 2,859,294	\$ —
Difference between expected and actual earnings on OPEB plan investments	—	550,535
District contributions subsequent to the measurement date	7,161,874	—
Total	\$ 10,021,168	\$ 550,535

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>
2020	\$ 469,953
2021	469,953
2022	469,953
2023	627,202
Thereafter	271,698

(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 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, 2019, 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 Districts grant expenditures which may be disallowed upon audit by the granting agencies cannot be determined at this time, although the District expects any such amounts to be immaterial.

REQUIRED SUPPLEMENTARY INFORMATION

**BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020**

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, 2019
 (unaudited)

	<u>2017-2018</u>	<u>2018-2019</u>
Total OPEB Liability		
Service cost	\$ 1,531,801	\$ 1,581,585
Interest on the total OPEB liability	4,722,673	4,980,026
Changes of assumptions	-	3,506,193
Benefit payments	(2,600,577)	(2,908,537)
Net change in total OPEB liability	3,653,897	7,159,267
Total OPEB liability – beginning	64,908,798	68,562,695
Total OPEB liability – ending (a)	<u>\$ 68,562,695</u>	<u>\$ 75,721,962</u>
Plan fiduciary net position		
Contributions – employer	\$ 6,600,577	\$ 6,817,699
Net investment income	3,304,360	3,139,604
Benefit payments	(2,600,577)	(2,908,537)
Administrative expense	(17,180)	(73,126)
Net change in plan fiduciary net position	7,287,180	6,975,640
Plan fiduciary net position – beginning	32,741,243	40,028,423
Plan fiduciary net position – ending (b)	40,028,423	47,004,063
Net OPEB liability – ending (a) - (b)	<u>\$ 28,534,272</u>	<u>\$ 28,717,899</u>
Plan fiduciary net position as a percentage of the total OPEB liability	58.4%	62.1%
Covered – employee payroll	\$ 35,433,438	\$ 37,405,253
Net OPEB liability as percentage of covered – employee payroll	80.53%	76.78%

* Fiscal year 2017-18 was the first year of implementation, therefore only two years are 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, 2019
(unaudited)

	<u>2017-2018</u>	<u>2018-2019</u>
Actuarially determined contribution	\$ 6,081,000	\$ 5,655,362
Contributions in relation to the actuarially determined contributions	6,817,699	7,161,874
Contribution deficiency (excess)	\$ (736,699)	\$ (1,506,512)
Covered - employee payroll	\$ 37,405,252	\$ 40,734,161
Contributions as a percentage of covered employee payroll	18.23%	17.58%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2015	7/1/2017
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percentage of pay	Level percentage of pay
Amortization period	10 years	8 years
Asset valuation method	CERBT - 5-year smoothed market AIG Fund - contract value	Market value of assets
Inflation	3.00%	2.75%

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%	Medical Premium Increase - Effective January 1: 2018: 8.00%, 2019: 7.50%, 2020: 7.00%, 2021: 6.50%, 2022: 6.00%, 2023: 5.50%, 2024: 5.00%, & later: 5.00%
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Medicare - 2015: Actual; 2016: Actual; 2017: 7.2%; 2018: 6.7%; 2019: 6.1%; 2020: 5.6%; 2021+: 5.0%

Dental and vision premiums are assumed to increase by 3% per year. The PEMHCA Minimum Employer Contribution is assumed to increase at 4.5% per year. Life insurance premiums are assumed to remain fixed at current levels in all future years.

Salary increases 3.25%

Investment rate of return 7.25%

3.25% per year; used to determine amortization payments if developed on a level percent of pay basis

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 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. Fully generational with Scale MP-2014 modified to converge to ultimate improvement rates in 2022 for pre and post-retirement mortality

The representative mortality rates were those published by CalPERS in their 2014 study, adjusted to back out 20 years of Scale BB to central year 2008.

* Fiscal year 2017-18 was the first year of implementation, therefore only two years are 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, 2019
 (unaudited)

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Total Pension Liability					
Service Cost	\$ 4,509,169	\$ 4,405,494	\$ 4,402,254	\$ 5,251,175	\$ 5,586,151
Interest on total pension liability	18,144,590	19,019,896	19,929,495	20,568,801	21,332,712
Changes in assumptions	—	(4,479,434)	—	16,311,523	(1,997,101)
Differences between expected and actual experience	—	(1,508,680)	(584,236)	(2,082,303)	(643,002)
Benefit payments, including refunds of employee contributions	(9,459,410)	(10,371,769)	(11,526,958)	(12,131,353)	(13,197,195)
Net change in total pension liability	13,194,349	7,065,507	12,220,555	27,920,843	11,083,565
Total pension liability – beginning	244,402,997	257,597,346	264,662,853	276,883,408	304,804,251
Total pension liability – ending (a)	257,597,346	264,662,853	276,883,408	304,804,251	315,887,816
Plan fiduciary net position					
Contributions – employer	3,815,653	4,268,315	5,253,802	5,682,917	6,359,880
Contributions – employee	2,622,951	2,372,392	2,502,885	2,429,913	2,514,609
Net investment income	31,178,442 ⁽¹⁾	4,871,767	1,102,999	22,856,288	19,071,946
Plan to plan resource movement	—	—	—	—	(556)
Benefit payments, including refunds of employee contributions	(9,459,410)	(10,371,769)	(11,526,958)	(12,131,353)	(13,197,195)
Other miscellaneous income (expense)	—	—	—	—	(667,255) ⁽²⁾
Administrative expense	—	(236,125)	(127,831)	(305,553)	(351,369)
Net change in plan fiduciary net position	28,157,636	704,580	(2,795,103)	18,532,212	13,730,060
Plan fiduciary net position – beginning	180,686,208	208,843,844	201,748,424	206,953,321	225,485,533
Plan fiduciary net position – ending (b)	208,843,844	209,748,424	206,953,321	225,485,533	239,215,593
Net pension liability – ending (a) - (b)	\$ 48,753,502	\$ 54,914,429	\$ 69,930,087	\$ 79,318,718	\$ 76,672,223
Plan fiduciary net position as a percentage of the total pension liability	81.07%	79.25%	74.74%	73.98%	75.73%
Covered – employee payroll	\$ 32,010,641	\$ 33,133,499	\$ 34,119,169	\$ 35,433,438	\$ 37,405,253
Net pension liability as percentage of covered – employee payroll	152.30%	165.74%	204.96%	223.85%	204.98%

⁽¹⁾ Net of administrative expenses.

⁽²⁾ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68).

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, 2017 and 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 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. 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 five 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, 2019
(unaudited)

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Actuarially determined contribution	\$ 4,268,315	\$ 5,365,344	\$ 5,685,584	\$ 6,407,096	\$ 7,675,962
Contributions in relation to the actuarially determined contributions	(4,268,315)	(5,365,344)	(5,685,584)	(6,407,096)	(7,675,962)
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered – employee payroll	\$ 33,133,499	\$ 34,119,169	\$ 35,433,438	\$ 37,405,253	\$ 40,734,161
Contributions as a percentage of covered – employee payroll	12.88%	15.73%	16.05%	17.13%	18.84%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Actuarial cost method	Entry age normal 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	Level percent of payroll
Asset valuation method	Actuarial value of assets	Market 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	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	Varies by entry age and service
Payroll Growth	3.00%	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.	7.00% 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.	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.	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, 2019

	Budgeted Amounts		Actual (Budgetary Basis)	Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Permit fees	\$ 38,346,963	\$ 38,346,963	\$ 40,950,674	\$ 2,603,711
Title V permit fees	5,810,627	5,810,627	6,597,440	786,813
Asbestos fees	2,500,000	2,500,000	4,434,539	1,934,539
Penalties and variance fees	2,750,000	2,750,000	2,123,615	(626,385)
Hearing board fees	8,000	8,000	41,674	33,674
State subvention	1,726,553	1,726,553	1,734,548	7,995
AB 2588 income	506,806	178,035	475,273	297,238
Miscellaneous	100,000	100,000	502,969	402,969
Federal grant -EPA	1,523,921	1,523,921	2,173,732	949,811
Federal grant - DHS	1,171,805	1,171,805	1,218,490	46,685
CMAQ Spare The Air	885,000	885,000	1,074,268	189,268
Other grants	4,800,000.00	4,800,000	4,001,579	(798,421)
Portable equipment registration program (PERP)/Inspection Fees	400,000	400,000	673,508	273,508
Interest/Investment	496,796	496,796	1,622,927	1,126,131
County apportionment	33,274,701	33,274,701	35,823,934	2,549,233
Special environmental projects	-	-	10,445	10,445
Total revenues	94,301,172	93,972,401	103,759,615	9,787,214
Expenditures:				
Executive office	13,972,653	16,652,861	15,557,089	(1,095,778)
Administration	13,273,773	14,298,660	11,571,906	(2,726,754)
Information systems	5,774,577	6,038,872	3,809,235	(2,229,637)
Legal services	3,308,911	3,379,573	3,021,699	(357,874)
Communication & Outreach	4,006,880	5,234,209	4,157,496	(1,076,713)
Compliance and enforcement	15,529,081	15,642,567	13,004,966	(2,637,601)
Engineering	12,882,020	13,104,888	9,972,258	(3,132,630)
Planning and research	8,059,428	13,378,988	8,418,139	(4,960,849)
Meteorology, Measurement and Rules	15,213,804	14,808,432	11,686,398	(3,122,034)
Strategic incentives division	532,024	540,899	188,351	(352,548)
Technology Implementation Office	3,076,211	4,866,735	1,670,009	(3,196,726)
Program Distribution	-	3,171,945.17	1,490,522	(1,681,423)
1% Vacancy Savings	(1,934,850)	(1,934,850)	-	1,934,850
Total current expenditures	93,644,612	109,183,785	84,548,068	(24,635,717)
Capital outlay	5,691,775	9,577,591	17,104,098	7,526,507
Debt Service: Principal	-	-	768,393	768,393
Debt Service: Interest	-	-	550,307	550,307
Total expenditures	99,336,387	118,761,377	102,970,866	(15,790,511)
Excess of Revenues Over Expenditures	(5,035,215)	(24,788,976)	788,749	25,577,725
Other Financing Sources				
Transfers in	483,697	483,697	1,717,691	1,233,994
Total other financing sources	483,697	483,697	1,717,691	1,233,994
Net Change in Fund Balance	\$ (4,551,518)	\$ (24,305,279)	2,506,440	\$ 26,811,719
Beginning Budgetary Fund Balance	-	-	74,966,205	-
Ending Budgetary Fund Balance	-	-	\$ 77,472,645	-

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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Final Budget</u> <u>Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
TFCA/MSIF DMV fee	\$ 36,794,164	\$ 88,028,404	\$ 34,673,158	\$ (3,355,246)
Carl Moyer Program	15,409,032	17,957,574	16,729,316	(1,228,258)
Other grants/funding	7,797,267	7,797,267	2,506,531	(5,290,736)
Federal grants	-	-	2,124,817	2,124,817
California Goods Movement	150,000	11,240,214	7,461,455	(3,778,759)
Vehicle settlement	-	-	223,565	223,565
Total revenues	<u>60,150,463</u>	<u>125,023,459</u>	<u>63,718,842</u>	<u>(61,304,617)</u>
Expenditures:				
TFCA/MSIF & Other Programs				
Program distribution	30,165,447	78,746,432	28,904,241	(49,842,191)
Intermittent control	1,908,398	3,389,062	1,699,041	(1,690,021)
TFCA administration	1,301,126	1,352,070	1,142,354	(209,716)
Miscellaneous Incentive Program	323,204	482,293	210,373	(271,920)
Regional Electric Vehicle Deployment	1,642,323	2,041,133	1,044,346	(1,003,787)
Enhanced Mobile Source Inspection	288,339	291,211	19,882	(271,329)
Mobile source incentive	559,699	559,699	242,367	(317,332)
Vehicle Buy-Back	7,297,060	8,263,766	4,929,937	(3,333,829)
Commuter Assistance	256,000	256,000	70,115	(185,885)
CMP				
Project Funding	14,447,956	16,986,054	14,810,049	(2,176,005)
Grant administration	961,036	971,520	1,298,580	327,060
California Goods Movement Program:				
Project Funding	-	10,677,384	7,362,858	(3,314,526)
Grant administration	562,830	562,830	104,644	(458,186)
Vehicle settlement				
Grant administration	-	-	162,364	162,364
Total expenditures	<u>59,713,458</u>	<u>124,586,454</u>	<u>62,001,151</u>	<u>(62,585,303)</u>
Excess of Revenues Over Expenditures	<u>47,005</u>	<u>437,005</u>	<u>1,717,691</u>	<u>1,280,686</u>
Other Financing Uses				
Transfers out	(483,697)	(483,697)	(1,717,691)	\$ (1,233,994)
Total other financing uses	<u>(483,697)</u>	<u>(483,697)</u>	<u>(1,717,691)</u>	<u>\$ (1,233,994)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Beginning Budgetary Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Budgetary Fund Balance	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Notes to Required Supplementary Information

Year Ended June 30, 2019

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.

	<u>Special Revenue Fund</u>
Revenues - Budgetary Basis	\$ 63,718,842
Revenue recognition adjustments	7,118,501
Revenues - GAAP Basis	<u>\$ 70,837,343</u>

SUPPLEMENTARY INFORMATION

**BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020**

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Transportation Fund for Clean Air (TFCA) Program,
 Mobile Source Incentive Fund Program & Other Programs
 Schedule of Expenditures
 Year Ended June 30, 2019

<u>Programs</u>	<u>Salaries and Benefits</u>	<u>Services and Supplies</u>	<u>Program Distribution</u>	<u>Total</u>
Program distribution	\$ -	\$ -	\$ 28,904,241	\$ 28,904,241
Intermittent control	601,801	1,097,240	-	1,699,041
TFCA administration	968,552	173,802	-	1,142,354
Miscellaneous Incentive Program	138,751	71,622	-	210,373
Regional Electric Vehicles	672,302	372,044	-	1,044,346
Enhanced Inspection Program	8,800	11,082	-	19,882
Commute Assistance	70,115	-	-	70,115
Vehicle Buy-Back	28,360	4,901,577	-	4,929,937
Mobile source incentive	195,467	46,900	-	242,367
Total expenditures	<u>\$2,684,148</u>	<u>\$ 6,674,267</u>	<u>\$ 28,904,241</u>	<u>\$ 38,262,656</u>

BUDGET AND FINANCE COMMITTEE
 MEETING OF 02/26/2020

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

Single Audit Reports

For the Year Ended June 30, 2019

(With Independent Auditor's Reports Thereon)

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Single Audit Reports
For the Year Ended June 30, 2019

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BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020



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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, 2019, 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 3, 2020.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 that reads "Simpson & Simpson".

Los Angeles, California
February 3, 2019

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRANARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

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, 2019. 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.

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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is disclosed in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated February 3, 2020, 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 3, 2020

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Grantor or Pass-Through Entity ID Number</u>	<u>Passed Through to Subrecipients</u>	<u>Program Cluster Expenditures</u>	<u>Total Federal Expenditures</u>
U.S. Environmental Protection Agency:					
Air Pollution Control Program Support	66.001	A00905618			\$ 174,752
Air Pollution Control Program Support	66.001	A00905619	\$ 629,513		1,948,004
Subtotal CFDA 66.001			<u>629,513</u>		<u>2,122,756</u>
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM99T08001-9			205,408
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM99T08001-B			50,330
Community Scale Air Toxics Ambient Monitoring	66.034	XA99T70701			95,238
Subtotal CFDA 66.034					<u>350,976</u>
National Clean Diesel Assistance	66.039	DE-99T82401	1,399,750		1,405,580
National Clean Diesel Assistance	66.039	DE-99T81801	334,168		334,168
Subtotal CFDA 66.039			<u>1,733,918</u>		<u>1,739,748</u>
Subtotal Direct Program					<u>4,213,480</u>
Total U.S. Environmental Protection Agency					<u>4,213,480</u>
U.S. Department of Homeland Security:					
Homeland Security Biowatch Program	97.091	000-ST-091-2			1,218,491
Subtotal Direct Program					<u>1,218,491</u>
Total U.S. Department of Homeland Security					<u>1,218,491</u>
U.S. Department of Transportation:					
Passed through California Department of Transportation:					
Highway Planning and Construction	20.205	CML-6297 (003)		47,176	
Highway Planning and Construction	20.205	CML-6297 (007)		358,501	
Highway Planning and Construction	20.205	CML-6297 (008)		1,027,091	
Highway Planning and Construction	20.205	CML-6297 (009)		26,568	
Subtotal Expenditures - Highway Planning and Construction Cluster				<u>1,459,336</u>	
Subtotal Pass-Through Program					<u>1,459,336</u>
Total U.S. Department of Transportation					<u>1,459,336</u>
Total Expenditures of Federal Awards			<u>\$ 2,363,431</u>	<u>\$ 1,459,336</u>	<u>\$ 6,891,307</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, 2019

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, 2019. 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.

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2019

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? | None noted |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | None noted |
| 3. Noncompliance material to financial statements noted? | None noted |

Federal Awards:

- | | |
|--|------------|
| 4. Internal control over major programs: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified not considered to be material weaknesses? | Yes |
| 5. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 6. Identification of major programs: | |

CFDA Number

66.039

Name of Federal Program

National Clean Diesel Assistance

**U.S. Department of Transportation –
 Highway Planning and Construction
 Cluster:**

20.205

Highway Planning and Construction

- | | |
|--|-----------|
| 7. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516? | Yes |
| 8. Dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section II – Financial Statement Finding

No matters were reported

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Section III – Federal Award Findings and Questioned Costs

Program Identification

Finding Reference Number:	2019-001
Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, and Award Number:	Highway Planning and Construction, U.S. Department of Transportation, California Department of Transportation, CFDA No. 20.205, Contract No. CML-6297 (003, 007, 008, & 009) (Significant Deficiency)
Compliance Requirement:	Cost Principles

Criteria

2 CFR section 200.19 defines the cognizant agency for indirect costs as the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this part on behalf of all Federal agencies. The cognizant agency for indirect cost is not necessarily the same as the cognizant agency for audit.

2 CFR section 200.416(b) describes the application of indirect costs to Federal awards by stating: individual operating agencies (governmental department or agency), normally charge Federal awards for indirect costs through an indirect cost rate. A separate indirect cost rate(s) proposal for each operating agency is usually necessary to claim indirect costs under Federal awards.

The Air District's cognizant agency is the U.S. Environmental Protection Agency (EPA).

The Air District entered into a Negotiation Agreement with the EPA on October 3, 2018 for a fixed indirect cost rate of 68.12% for the effective period of July 1, 2018 through June 30, 2019.

The EPA stated that the basis for the application of the indirect cost rate is on direct salaries and wages which does not include fringe benefits.

The Air District submitted to California Department of Transportation (Caltrans) the Negotiation Agreement with the EPA for the use of the 68.12% indirect cost rate on the federal program which it applies against direct payroll charges.

Condition

As part of our compliance review over indirect costs, we selected a sample of payroll expenditures charged to the program along with the corresponding indirect costs to ascertain that the Air District properly applied the indirect cost rate in accordance with the terms of the Negotiation Agreement with the EPA.

In our sample of three (3) employees representing 98% of payroll expenditures charged to the program, we noted that the Air District improperly applied the indirect cost rate against payroll charges which included fringe benefits in the basis for the application of the indirect cost rate.

As the identified error was applied to payroll expenditures for all employees charged to the program, we sampled the remaining six (6) employees.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2019

Condition *(continued)*

Total exceptions amounted to \$37,092 of indirect costs overcharged to the program as a result of incorrectly including fringe benefit in the basis for the application of the indirect cost rate out of a population of \$126,798 of indirect costs charged during the fiscal year.

Our sample was a statistically valid sample.

Cause and Effect

District staff submitted several invoices to Caltrans staff for review, approval and payment under the grant. The District believed the invoices clearly indicated the method used in calculating administrative costs including direct, fringe and indirect costs. The District assumed that the payment of these disbursement requests implied that the methodology and documentation provided in the invoices were acceptable to Caltrans and met the requirements for reimbursement.

Questioned Costs

The total cost related to the above-mentioned condition amounted to \$37,092.

Recommendation

We recommend the District strengthen its controls over the application of indirect cost charges.

Views of Responsible Officials, Planned Corrective Action, and Contact Information

The District recognizes the issue and agrees to repay an agreed upon amount for the overcharges that were reimbursed by Caltrans in Fiscal Year 2019. District staff will make changes to our indirect cost methodology for future grants to prevent this problem from reoccurring in future grant disbursements. Finally, District staff will work with Caltrans to resolve this finding and make every effort to improve communication on disbursement requests and program requirements in the future.

Name: Stephanie Osaze
Title: Finance Manager
Telephone: (415) 749-4771

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2019

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 02/26/2020

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 19, 2020

Re: Second Quarter Financial Report – Fiscal Year Ending (FYE) 2020

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Finance staff will present an update on the Air District's financial results for the second quarter of the Fiscal Year Ending (FYE) 2020. 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 FYE 2019	2nd QTR FYE 2020	FYE 2019 - % of BUDGETED REVENUE
County Receipts	\$13,085,133	\$17,270,729	48%
Permit Fee Receipts	\$33,278,024	\$32,073,083	82%
Title V Permit Fees	\$5,616,575	\$5,218,545	87%
Asbestos Fees	\$2,193,742	\$2,527,539	78%
Toxic Inventory Fees	\$298,624	\$439,386	676%
Penalties and Settlements	\$1,286,607	\$809,355	29%
Interest Income	\$692,082	\$701,564	72%
Misc. Revenue	\$86,885	\$278,707	279%
Total Revenue	\$56,537,671	\$59,318,907	67%

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

EXPENDITURE TYPE	2nd QTR FYE 2019	2nd QTR FYE 2020	FYE 2019 - % of BUDGETED EXPENDITURES
Personnel - Salaries*	\$20,603,385	\$22,486,955	48%
Personnel - Fringe	\$11,547,743	\$13,395,402	50%
Operational Services /	\$9,259,512	\$14,423,658	53%
Capital Outlay	\$2,160,460	\$3,781,477	40%
Total Expenditures	\$43,571,100	\$54,087,492	49%
* Consolidated (includes Special Funds)			

CASH INVESTMENTS IN COUNTY TREASURY – Account Balances as of 2nd Quarter

CASH/INVESTMENTS	2nd QTR FYE 2019	2nd QTR FYE 2020
General Fund	\$70,817,140	\$76,302,779
TFCA	\$102,212,849	\$108,280,696
MSIF	\$41,937,053	\$43,474,469
Carl Moyer	\$20,392,810	\$56,491,138
CA Goods Movement	\$13,937,851	\$8,874,074
AQ Projects	\$1,084,000	\$3,138,014
Vehicles Mitigation		\$3,773,168
Total	\$250,381,703	\$300,334,336

FUND BALANCES	6/30/2018	6/30/2019	6/30/2020
	Audited	Audited	Projected
DESIGNATED: *			
Building Improvement			4,000,000
Diversity Equity & Inclusion	100,000		
Economic Contingency	\$17,390,311	\$19,084,769	\$20,082,966
IT- Event Response	\$500,000		
Litigation	\$500,000		
Napa/Sonoma Fireplace Replacement Grant	\$1,000,000	\$1,000,000	\$1,000,000
Pension & Post Employment Liability	\$1,000,000	\$2,000,000	\$2,000,000
Tech- Meteorological Network Equipment	\$131,100		
Tech- Mobile Monitoring Instruments	\$80,000		
Technology Implementation Office	\$3,350,000		
GHG Abatement Technology Study	\$1,500,000		
Woodchip Program	\$150,000		
Woodsmoke Grant	\$1,000,000	\$1,000,000	\$1,000,000
Worker's Comp Self -Funding	\$1,000,000		
Total Designated Reserves	\$27,701,411	\$23,084,769	\$28,082,966
Undesignated Fund Balance	\$18,101,141	\$22,332,894	\$17,334,697
TOTAL DESIGNATED &	\$45,802,552	\$45,417,663	\$45,417,663
Building Proceeds	\$4,668,200	\$209,489	\$209,489
TOTAL FUND BALANCE	\$50,470,752	\$45,627,152	\$45,627,152
* Designated Fund Balances are subject to change at Board's discretion.			
OUTSTANDING LIABILITIES			
CalPERS Pension Retirement			\$86,309,901
Other Post- Employment Benefits			\$18,840,854
Certificate of Participation Notes			\$26,956,830
TOTAL OUTSTANDING LIABILITIES			\$132,107,585

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 FYE 2020, that exceeded \$100,000 and meet the reporting criteria noted above. All expenditures have been appropriately budgeted as a part of the overall Air District budget for FYE 2020.

	VENDOR NAME	AMOUNT PAID (July 2019 - Dec 2019)	Explanation
1	Alliant Insurance Services	\$573,567	Various Business Insurance Policies
2	Bay Area Headquarters Authority	\$1,245,106	Shared Services & Common Areas
3	Benefits Coordinators Corp.	\$537,133	Life Insurance Plan & LTD Insurance
4	CA Public Employee Retirement System	\$3,224,970	Health Insurance Plan
5	CA Public Employee Retirement System	\$7,926,374	Retirement Benefits & 457 Supplemental Plan
6	Cubic Transportation Systems	\$277,074	Clipper Transit Subsidy
7	Enterprise Fleet Services	\$316,169	Fleet Leasing and Maintenance services
8	EPLUS Technology	\$101,235	Cisco computer network equipment warranty
9	Hartford Life Ins Co.	\$380,993	457 Supplemental Insurance
10	Office Team	\$170,831	Temporary Staffing Services
11	Preferred Benefit Insurance AD	\$404,764	Dental Insurance Plan
12	Sloan Sakai Yeung & Wong LLP	\$114,523	Human Resources Consulting Services
13	Wang Brothers Investment LLC	\$243,760	Richmond Site Lease

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 Carole Groom and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 19, 2020

Re: Participation and Selection of a Section 115 Pension Trust Administrator for
Prefunding Air District's Pension Obligations

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

As part of the Fiscal Year Ending (FYE) 2019 Budget process, the Board directed staff to conduct an independent analysis of strategies and consider options for pre-funding pension liability. The Air District worked with an independent consulting firm, NHA Advisors, to identify investment options and identify strategies to pay down the long-term liabilities for the Other Post-Employment Benefits (OPEB) and Pension Plans.

DISCUSSION

On November 25, 2019, staff provided a presentation of Section 115 options and staff's recommendations, based on the results of the independent analysis. The Committee requested additional information be provided at the next Committee meeting. Staff will present the additional information at the February 26, 2020 meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

In the FYE 2018 and FYE 2019 Adopted Budgets, the Board set aside \$1 million annually for prefunding the pension obligation. The decision on investment vehicle was postponed, pending staff recommendations and Board approval. Upon Board approval, a total set aside of \$3 million will be invested in a Section 115 Trust program; \$2 million from the General Fund's Designated Fund Balance and \$1 million from the FYE 2020 Adopted Budget; respectively. All funds placed into the irrevocable trust fund can only be used to pay for retirement obligations.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Stephanie Osaze
Reviewed by: Jeff McKay

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

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 19, 2020

Re: Air District Financial Plan Overview

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Staff will present the Air District's 2020 Financial Plan. The Plan is a prelude to the upcoming Fiscal Year Ending 2021 budget, and provides an overview of historical financial trends and describes key assumptions and policies. These inputs are used to develop a five-year financial forecast for the Plan.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeffrey McKay

Attachment 7A: Draft Air District 2020 Financial Plan



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

2020 FINANCIAL PLAN

GENERAL FUND

FIVE YEAR FISCAL FORECAST: 2021-2025

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

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BUDGET AND FINANCE COMMITTEE
 MEETING OF 02/26/2020

INTRODUCTION AND PURPOSE

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

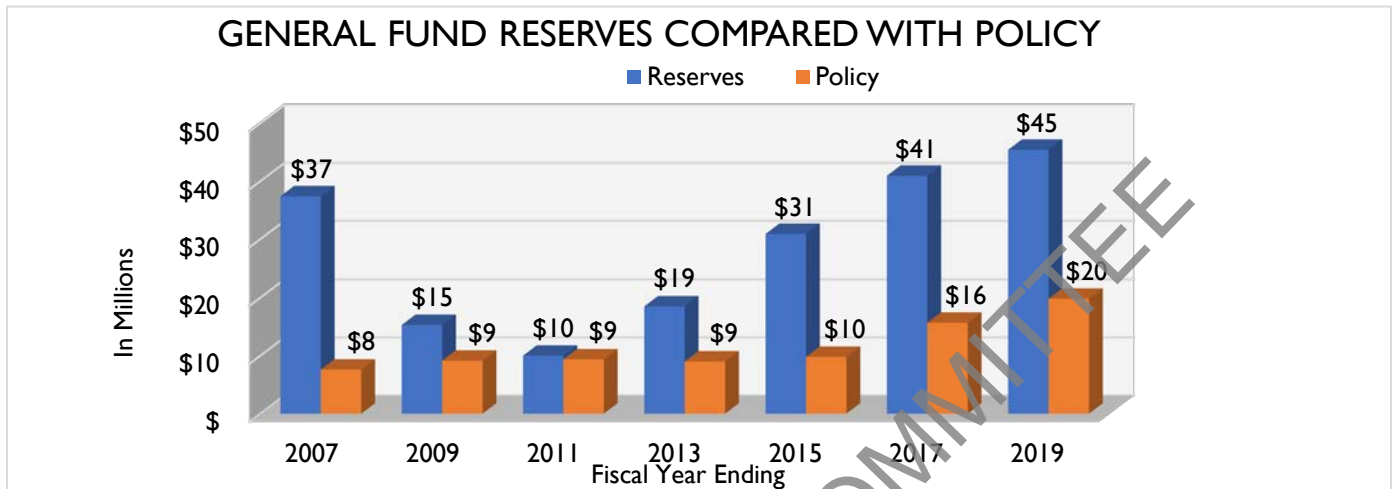
HISTORICAL FINANCIAL CONDITION/TRENDS

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

HISTORICAL RESERVES

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

Figure 1 General Fund Reserves Compared with Policy



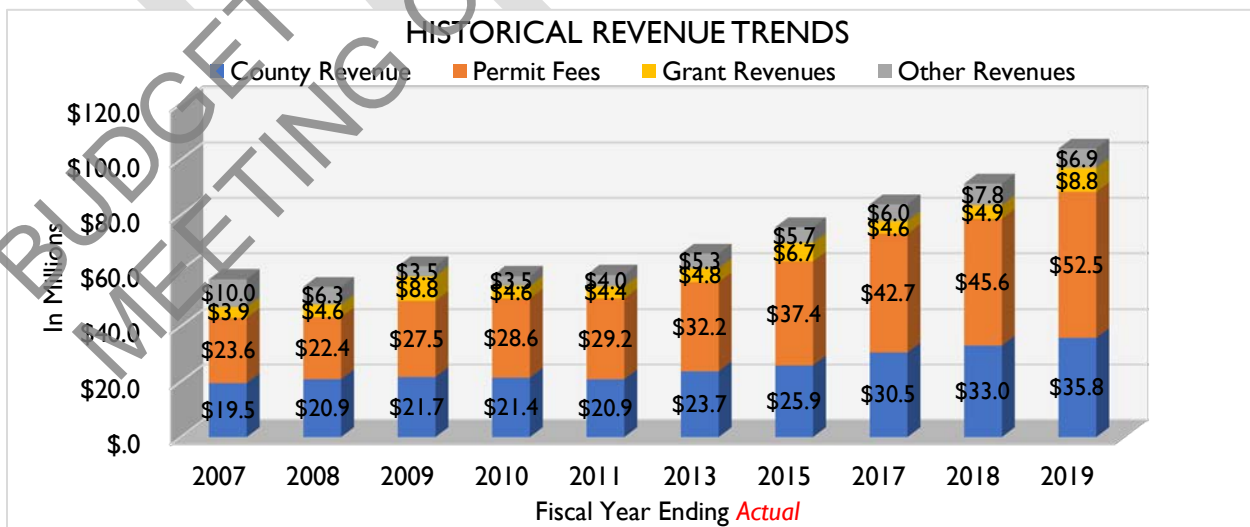
In addition to use of reserves, the following measures were utilized during the economic downturn:

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

HISTORICAL REVENUES

The General Fund’s two major revenue sources are Property Tax and Permit Fees. These two sources generally reflect the Bay Area’s changing economic conditions and largely dictate the Air District’s ability to control and manage growth. **Figure 2** provides a historical trend of General Fund revenues in the period between 2007-2019.

Figure 2 Historical Revenue Trends



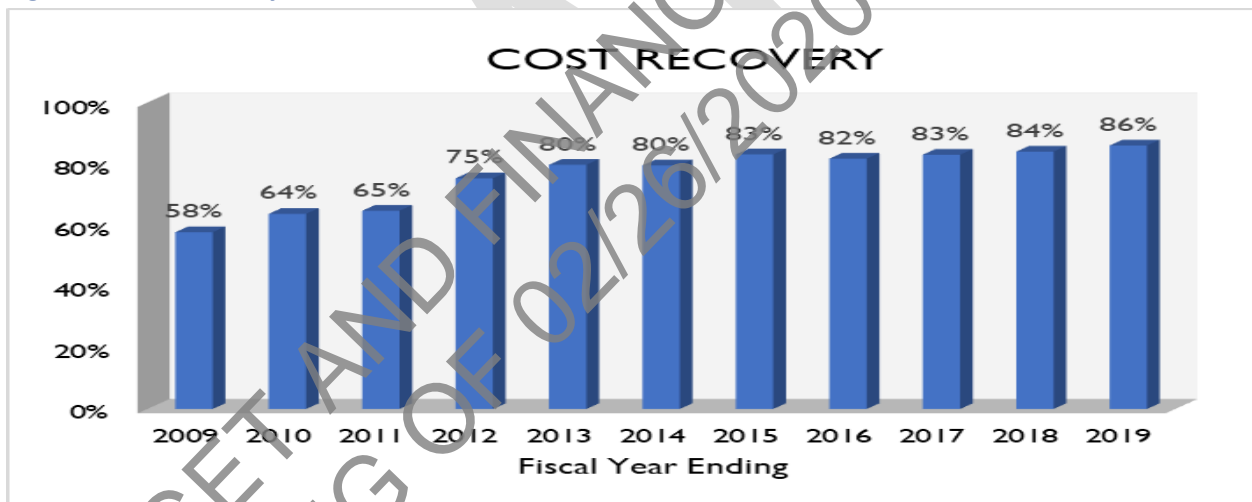
Property Tax is the second largest General Fund revenue source. This source is not controlled by the Air District but is rather administered by the nine Bay Area Counties. It is distributed annually to the Air District using a State law prescribed formula.

As Figure 2 illustrates, property tax revenue growth is relatively stable. Unlike permit fees, there is a lag in response to changing economic conditions in the real estate market. In 2009 and 2010 property tax was relatively still stable but decreased slightly in 2011 due to the 2008 recession; almost a three-year lag.

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

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

Figure 3 Cost Recovery



In 2009, the Air District was only recovering 58% of its costs. In 2019, the cost recovery level was 84%. This was accomplished using a prescribed formula to review and amend the fee schedule annually pursuant to the adoption of a Cost Recovery Policy. The policy established an 85% minimum cost recovery target. Due to better economic conditions and the implementation of the cost recovery policy, permit fee revenue has experienced significant growth since 2009 as shown in Figure 3.

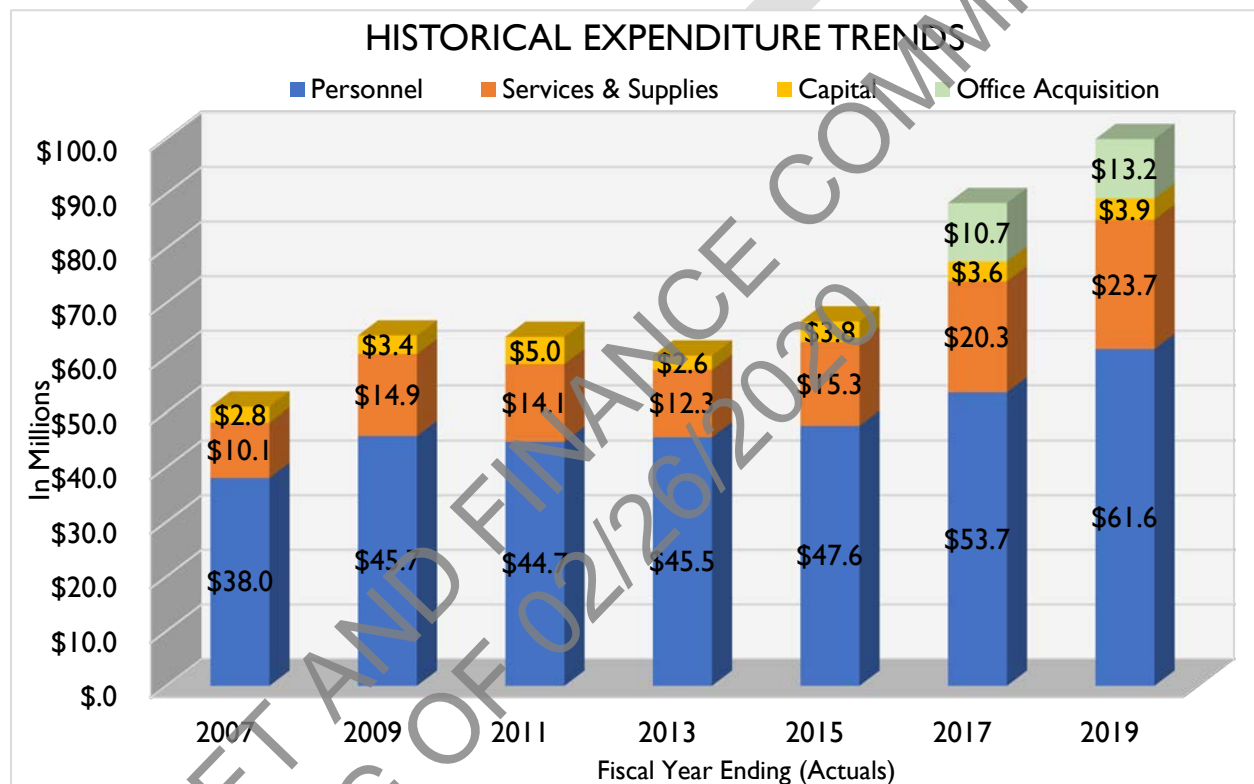
Grant Revenues represents various small federal and state grants used to support the air monitoring program and public outreach. This category fluctuates based on available grant funding.

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

HISTORICAL EXPENDITURES

The General Fund’s two major expenditures are Personnel (includes benefits) and Service & Supplies. Figure 4 provides a historical trend of actual General Fund expenditures from 2007 to 2019.

Figure 4 Historical Expenditure Trends



Personnel costs include salaries, taxes and benefits. Benefits includes health premiums, pension and other post-employment benefit contributions. This category dipped slightly in 2011 and remained relatively steady until 2017, when the Air District experienced increased staffing levels and a steep rise in pension contributions to CalPERS. Since 2017, the Air District has increased staffing levels to meet its demand for the implementation of Assembly Bill 617.

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

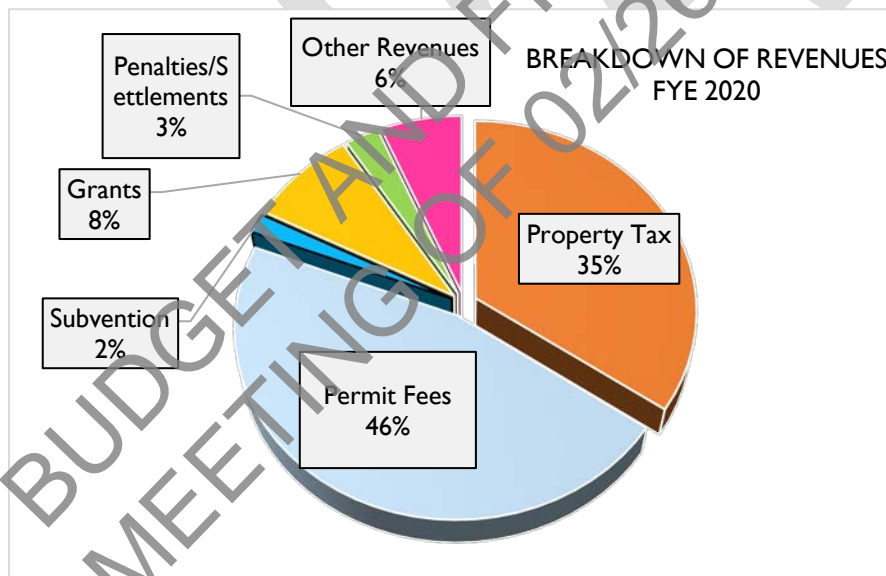
Capital costs fluctuate based on the timing of capital equipment purchase and replacement.

Property Acquisition accounts for purchase of real estate. In 2017, a down payment of \$10.7 million went towards the purchase of the Air District’s Beal Street headquarters. The Air District will continue to make annual payments to pay down its remaining obligation of \$19.3 million. In 2019, The Air District purchased \$4M in additional space at its Beale Street location and acquired a new office building located in Richmond, California for approximately \$9.0M.

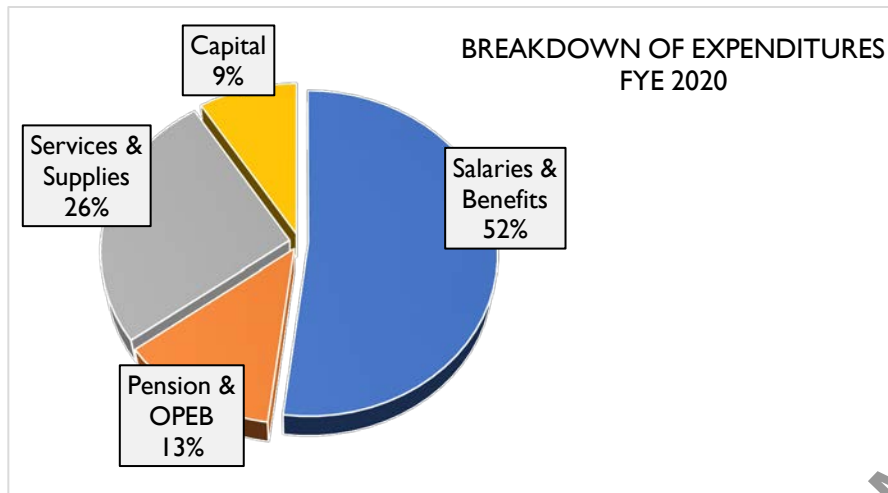
CURRENT FINANCIAL OUTLOOK

Currently, the Air District is in good financial health. The Air District has been able to adopt balanced annual budgets, while establishing and maintaining a healthy General Fund reserve by being fiscally prudent and establishing sound fiscal policies. Figure 5 provide a breakdown of the projected Revenues and Expenditures for the current fiscal year. The Fiscal Year 2020 General Fund Adopted Budget was \$104.6 million; which includes a one-time \$4 million transfer from reserves for improvements to recently acquired Richmond facility. As a service-driven agency, salaries and benefits (including Pension and Medical) are the largest components of expenditure, representing 65% of the total. The adopted budget maintained a staffing level of 405 FTEs, no increase in FTEs over the prior year. However, during the current fiscal year, ten additional staff were approved by the Board resulting from additional state funding for implementing Assembly Bill 617; increasing staffing level to 415 FTEs.

Figure 5 Breakdown of Revenues and Expenditures in FYE 2020



Permit Fees and Property Tax account for 81% of the FY 2020 General Fund Budget. *The budget is expected to be on target with projections.*



The two major General Fund expenditures are Salaries/Benefits and Services/Supplies, totaling 78% of the projected budget for the fiscal year ending 2020. *The budget is expected to be on target with projections.*

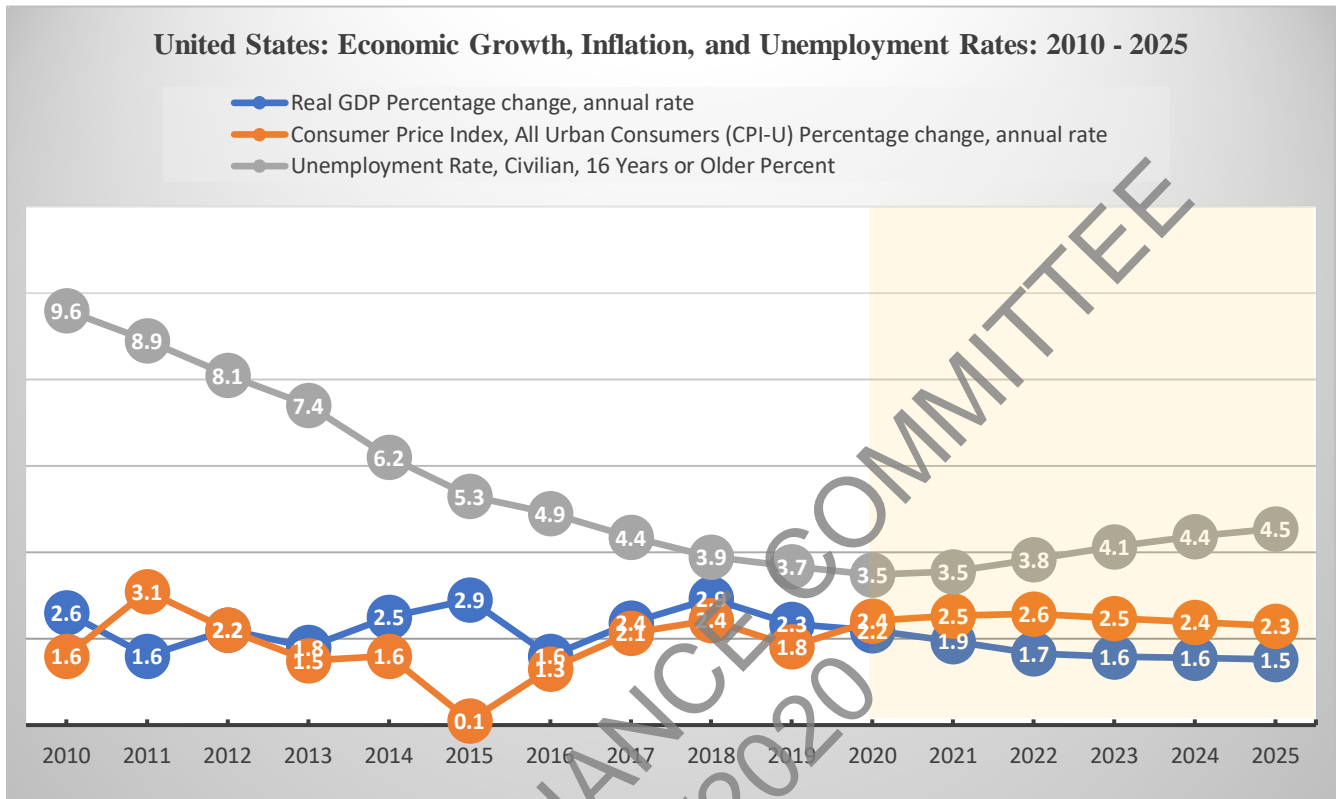
ECONOMIC OUTLOOK

EXTERNAL TRENDS – UNITED STATES

The U.S. economy headed into 2020 on solid footing, with growth settling back to the roughly 2% pace that has prevailed during the decade-old economic expansion. Gross domestic product—the value of all goods and services produced across the economy—rose at a seasonally and inflation-adjusted annual rate of 2.3% in 2019. The economy’s expansion last quarter reflected a higher trade contribution, lower consumer spending, a contraction in business investment, and a pickup in the housing market. Economists expect that if global growth picks up, trade tensions ease, and Boeing’s 737 Max returns to the air, and barring other unforeseen circumstances, 2020 should be better for the United States than 2019 was.

At the beginning of 2019, a recession was widely expected, given a considerable slowdown in real estate markets at the end of 2018/early 2019 because of the rising interest rates. However, the Federal Reserve Bank of the United States has decreased interest rates three times in order to prevent a recession. These interest rate cuts led to stabilizing economic growth and record-low unemployment rates in the country, but fears that inflation would spiral out of control have not become real. Figure 6 shows US economic performance over the last decade and a forecast out to 2025.

Figure 6 United States: Economic Growth, Inflation, Unemployment Rates 2010 - 2025



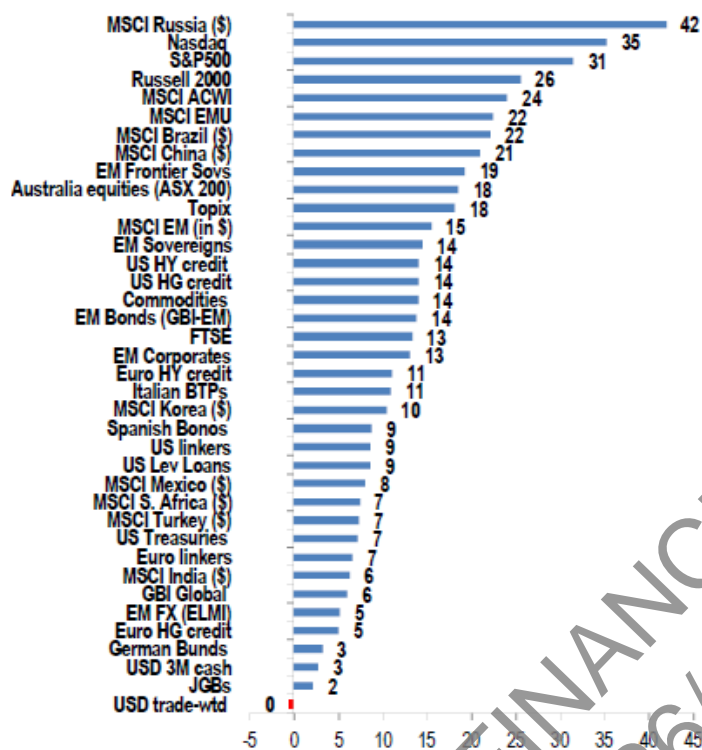
Source: Congressional Budget Office, International Monetary Fund

Interest rate cuts by the US Federal Reserve Bank, combined with expanding economy, led to historically spectacular stock market performance. US stock markets delivered some of the strongest returns in the world while in a low-risk environment: the tech-heavy Nasdaq posted a 35% annual return to investors, while the S&P 500 index grew by 31% over 2019. As Figure 7 (below) indicates, every sector of the economy grew, with the Bay Area's tech giants now driving over 20% of returns on the S&P 500 index, owing to their fast growth.

BUDGET AND FINANCIAL COMMITTEE MEETING 02/26/2020

Figure 7 Analysis of Stock Market Returns in 2019

Chart 1: 2019 returns – broadest, strongest Equity/FICC gains since 2010



Source: JP Morgan

Sector	Weight at start of 2019	2019 return	Basis points of S&P 500 return
Info Tech	20 %	50 %	1012 bp
Financials	13	32	428
Comm Services	10	33	331
Health Care	16	21	324
Cons. Discretionary	10	28	278
Industrials	9	29	270
Cons. Staples	7	28	205
Utilities	3	26	88
Real Estate	3	29	86
Materials	3	25	67
Energy	5	12	63
S&P 500	100 %	31 %	3149 bp

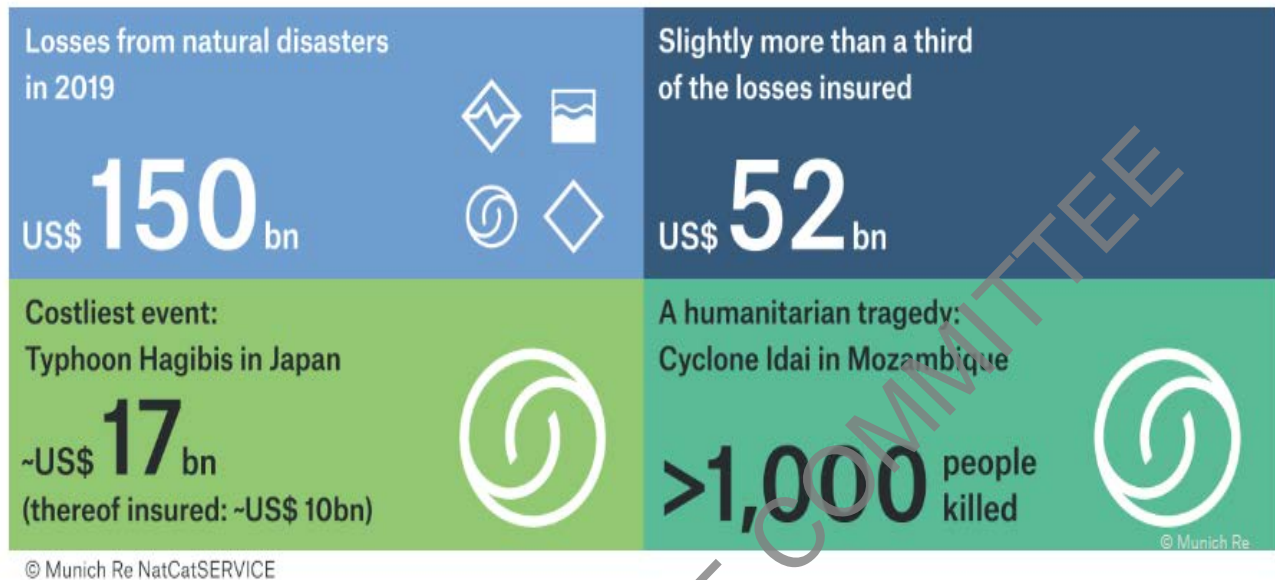
Source: Goldman Sachs

Worldwide Climate Change Impact on the Economy

Worldwide, natural catastrophe losses in 2019 amounted to around \$150 bn, in line with the inflation-adjusted average of the last 30 years, according to Munich Re, a German-based global re-insurance company.

As shown in Figure 8 (below), of the total 2019 worldwide losses, only \$52 bn (or 35% of the total losses) were insured. In terms of human lives lost, there were about 9,000 deaths due to 820 natural catastrophe events in 2019, compared to 15,000 deaths in 2018 and 52,000/year average over the past 30 years.

Figure 8 Analysis of Worldwide Climate Change Impacts



Source: Munich Re

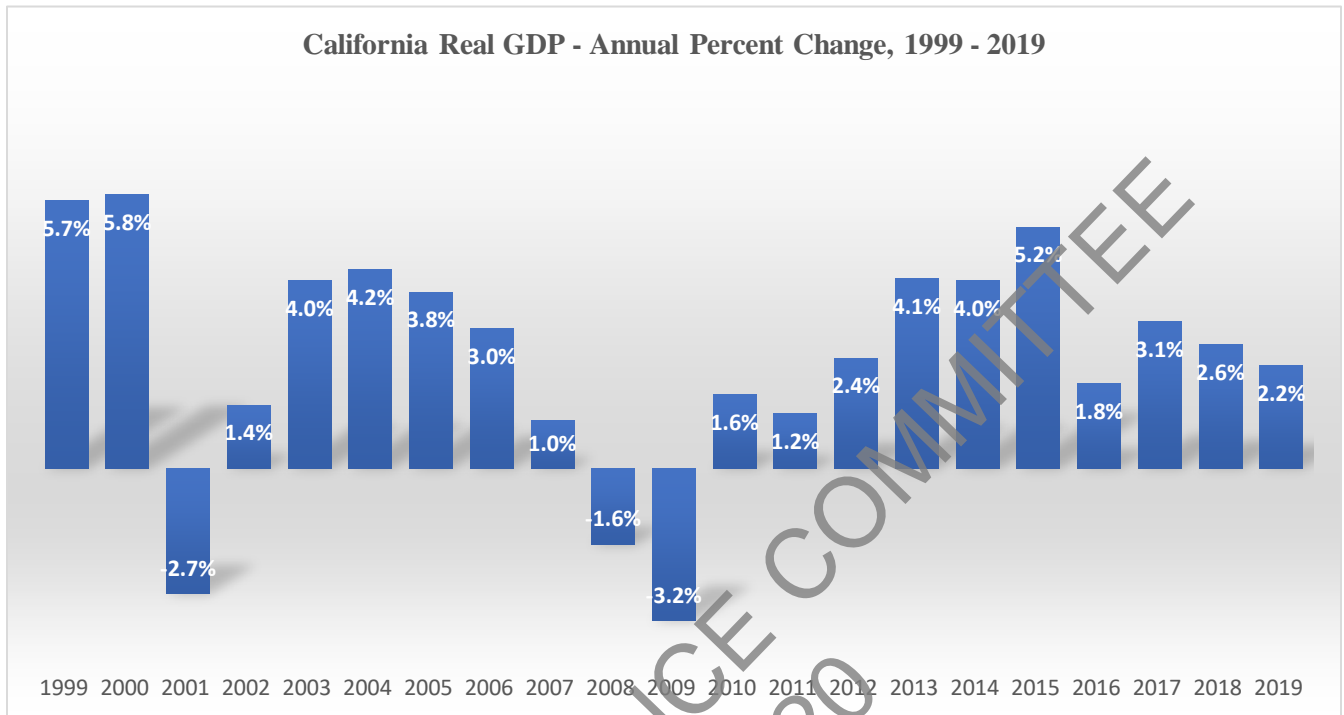
EXTERNAL TRENDS – CALIFORNIA

According to the California’s Legislative Analyst’s Office (LAO), the state’s economy is poised to continue growing, but at a slower pace than in recent years. The analysts expect that California’s housing markets may rebound somewhat, largely in response to low and falling mortgage interest rates, and especially if the lower rates trajectory becomes more entrenched – unlike a slump in housing observed through much of 2019. However, notable risks to the economic outlook in 2020-21 have increased compared to recent years.

Some aspects of impacts to the State economy, according to analysts are harder to predict – such as changes in stock market and real estate prices or trade shifts. While uncertain, LAO gauges the risk to this year’s economic performance is higher than in the previous years. They point to the buildup of risks and the weakening in economic activity in the state judging by the data on housing markets, trade activity, new car sales, and business startup funding. However, the data do not point to a recession in the near term.

According to the LAO, the state has sufficient reserves to cover operating deficits under a typical post-WWII recession, even assuming the downturn began midway through the budget year. However, the finding does not suggest that the state is fully prepared to weather any possible recession.

Figure 9 California's Economy – Real GDP Growth between 1999 - 2019



Source: Bureau of Economic Analysis, US Department of Commerce; State of California Department of Finance

REGIONAL ECONOMY OF THE BAY AREA

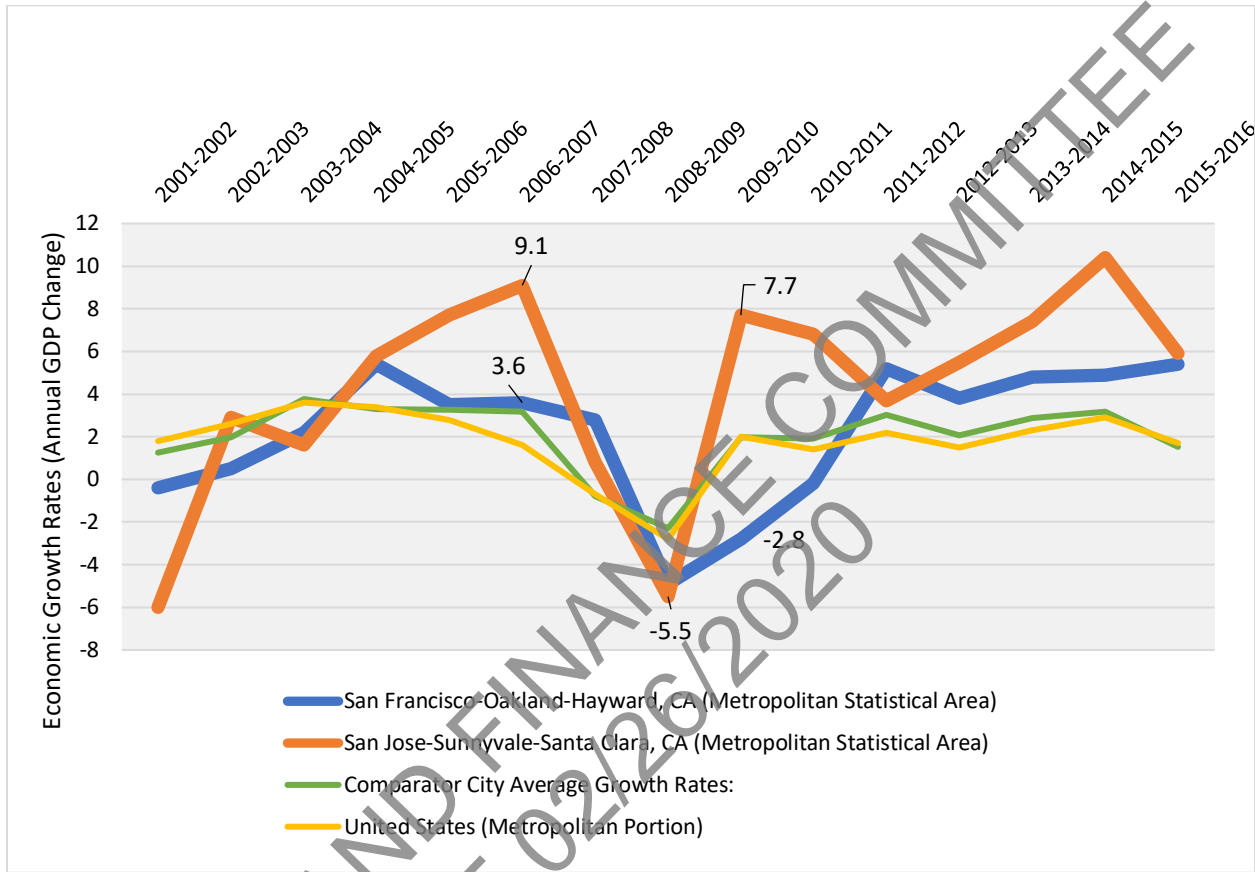
Regionally, the Bay Area economy has performed remarkably well, growing by about 4.3% annually between 2014 – 2017. The Bay Area economy has been a leader in the United States in growth of GDP per capita. The very high productivity of about \$80,000 per person owes much to the high concentration of technology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

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

2019 marked an important shift in the sentiment towards technology companies. Even as stock markets and valuations hit records, several of the Bay Area technology companies were characterized by the markets as failing in their initial public offering, or public listing on the stock exchange. Companies such as Uber, Lyft, had a poor start of their shares being publicly traded, in addition to failing to list on the stock exchange altogether by WeWork – reflecting both unrealistic expectations of companies' management as well as loss of trust by the investors. This shift in

investor sentiment should not affect the established technology leaders in the Bay Area, such as Google, Apple Facebook, Tesla, but it does show growing investor concerns with startups, which are unable to produce a profitable and sustainable path forward.

Figure 10 Top Fortune 500 Cities – Comparison of Economic Growth with the Bay Area



Source: Bureau of Economic Analysis, US Department of Commerce

FINANCIAL FORECAST

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

Table 1 Five-Year General Fund Financial Forecast

Five-Year General Fund Financial Forecast						
	FYE 2020 Adopted	FYE 2021 Projected	FYE 2022 Projected	FYE 2023 Projected	FYE 2024 Projected	FYE 2025 Projected
REVENUES						
Property Tax	\$36,186,420	\$38,068,720	\$39,830,290	\$41,355,602	\$42,569,740	\$43,810,016
Permits/Fees	\$48,456,606	\$50,811,014	\$52,808,986	\$54,393,808	\$55,589,099	\$56,738,482
Grant Revenues	\$4,051,341	\$4,081,855	\$4,112,675	\$4,143,802	\$4,175,240	\$4,206,992
AB 617 Funding	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000	\$4,800,000
Other Revenues	\$6,014,260	\$6,043,858	\$6,074,062	\$6,104,858	\$6,136,259	\$6,168,253
	\$99,508,627	\$103,805,448	\$107,626,013	\$110,798,070	\$113,270,339	\$115,723,743
Transfer from Special Funds	\$1,106,205	\$1,128,329	\$1,150,896	\$1,173,914	\$1,197,392	\$1,221,340
Transfer from / (to) Fund Balance	\$4,000,000	\$5,131,394	(\$1,389,126)	(\$1,082,051)	(\$402,651)	(\$216,351)
TOTAL REVENUES	\$104,614,832	\$110,065,171	\$107,387,783	\$110,889,933	\$114,065,080	\$116,728,732
EXPENDITURES						
Personnel & Benefits (net Pension/OPEB)	\$51,681,324	\$54,115,729	\$55,755,723	\$57,470,895	\$59,266,053	\$61,118,145
Retirement Pension	\$9,812,280	\$11,762,844	\$12,852,507	\$13,393,617	\$15,202,385	\$17,137,304
Other Post Employment Benefits (OPEB)	\$6,390,512	\$7,713,212	\$7,952,422	\$8,249,654	\$6,847,501	\$4,711,067
Services and Supplies	\$27,278,966	\$24,940,813	\$25,017,930	\$25,670,106	\$26,344,498	\$27,037,339
Capital Expenditures	\$9,404,116	\$11,532,572	\$5,809,200	\$6,099,660	\$6,404,643	\$6,724,876
	\$104,567,198	\$110,065,171	\$107,387,783	\$110,889,933	\$114,065,080	\$116,728,732
TOTAL EXPENDITURES	\$104,614,832	\$110,065,171	\$107,387,783	\$110,889,933	\$114,065,080	\$116,728,732

Table 1 shows the projected 2020 Adopted General Fund Budget, with the projected budgets for the next five years. Overall, projected expenditures slightly exceed projected revenues for FYE 2020 and 2021 to account for one-time capital costs for improvements to Headquarters West (Richmond Office). FYE 2022-2025 shows projected revenues slightly exceed projected expenditures; showing an operating surplus ranging from \$1.3M to \$216K during this period. All operating surplus are added to the General Fund Reserves projected balance. There are several key assumptions in developing the revenue and expenditure projections for the Five-Year Financial Forecast.

KEY REVENUE ASSUMPTIONS

- Property Tax** continues to grow as the Bay Area experiences robust construction and housing markets. The five-year forecast assumes continued growth of approximately 4% in revenues for year 2021 and 2022; thereafter, only a 2-3% inflationary growth in years 2023 through 2025.
- Permit Fee** revenues are expected to increase by approximately 4% in year 2021 and 2022 and by 2-3% thereafter during the five-year forecast as a result of the Air District’s Cost Recovery policy, which allows the Air District to increase its fee schedule to recover costs for permit

related activities. The average cost recovery level of 84% is expected to drop in the current year due in part to the new and enhanced program costs. Projections suggest attainment of the 84% cost recovery policy level before the end of the five-year forecast, as implementation of new and enhanced programs continues, and costs begins to level out.

3. **Grant Revenues** remain stable based on current funding with no expected new grants anticipated through 2025.
4. **Assembly Bill 617** funding of \$4.8 million from the State continues for the next 5 years.
5. **Other Revenues** mainly account for penalties, State subvention, and interest income. These revenues are expected to remain stable.

KEY EXPENDITURE ASSUMPTIONS

1. **Personnel** costs are projected to increase in FYE 2021 to account for the 10 additional FTEs approved in December 2019. A 3% annual cost of living adjustment is also projected for the five-year period to account for a slight increase in health premiums, and the filling of some open positions. No increase in staffing level (other than the filling of open positions) is anticipated for FYE 2022-2025. This projection assumes a 6% vacancy rate in 202, gradually decreasing to 3% by 2025.
2. **Retirement Pension** costs are rising due to recent discount rate reduction by CalPERS and escalating unfunded liability payments. The forecast assumes implementation of the Air District’s approved policy to make discretionary payments to CalPERS to reduce the unfunded actuarial liability (UAL).
3. **Other Post-Employment Benefits (OPEB)** for retiree medical benefits are projected to reach District’s 90% funded policy goal by FYE 2025. After that, the \$4.0 million in discretionary funding will shift towards the CalPERS Pension Plan to reduce the UAL.
4. **Services and Supplies** costs are projected to level off, assuming only an inflationary increase of approximately 2-3%.
5. **Capital Expenditures** are expected to remain level, with only an inflationary increase.
6. **General Fund Reserves** are used to fund one-time costs, and to cover temporary revenue shortfalls. The Air District purchased additional space at 375 Beale and an East Bay facility in 2018 using approximately \$13 million from the reserves. Reserves are expected to stay above the minimum policy level ensuring continuation of the Air District’s operations, should another economic downturn occur.

OUTSTANDING LIABILITIES

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

	Liability	Funded	Unfunded	% Funded
Pension	\$325 M	\$239 M	\$86 M	74%
OPEB	\$59 M	\$40 M	\$19 M	68%

PENSION RETIREMENT BENEFITS

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

1. Classic Employees. For its Classic employees, the Air District has a “2.5% at 55” plan; under which employees retiring at age 55 will receive 2.5% of their single highest year of “regular” pay for each year of service. Classic employees are those hired by a local agency before January 1, 2013 or were hired from another CalPERS agency with a break in service of six months or less. The plan receives both employer and employee normal cost contributions. As of date, the employee normal rate is 7% of the employee salary and the employer rate is 8.225% of employee salary.
2. PEPRA Employees. Effective January 1, 2013, the Public Employees’ Pension Reform Act (PEPRA) created a new retirement tier benefit formula to reduce costs and liabilities for state and local agency members in the CalPERS system. Employees hired after January 1, 2013 are considered PEPRA employees and have a “2.0% at 62” plan; under which employees retiring at age 62 will receive 2.0% of the average of their three highest years of regular pay for each year of service. As of date, the employee normal rate is 6.0% of the employee salary and the employer rate is 6.05% of employee salary.

Figure 11 CALPERS Funding History

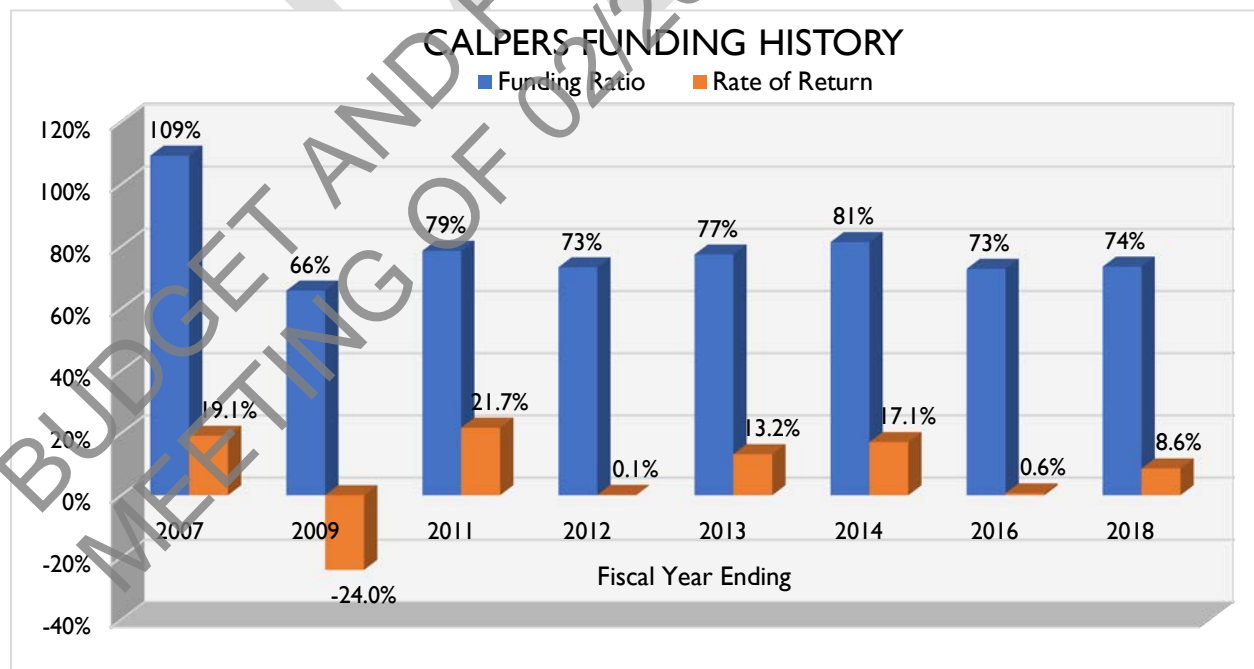
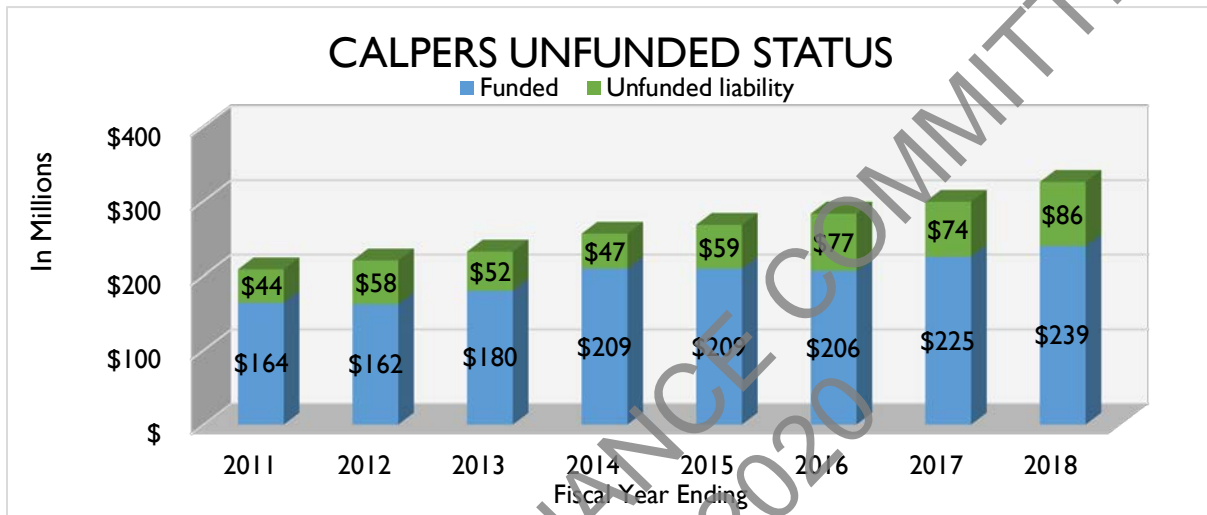


Figure 11 provides a historical rate of return and funding status of the Air District’s pension plan with CalPERS. In 2007, the plan was “super-funded” and required no employer or employee

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

Figure 7 CALPERS Unfunded Status

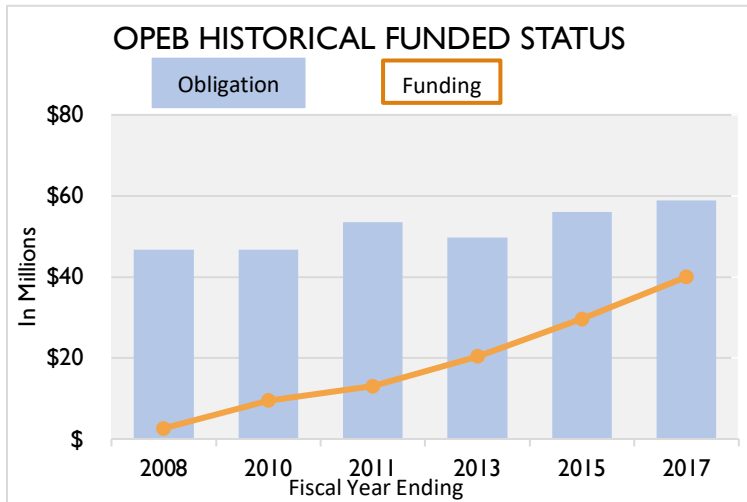


The 2018 actuarial valuation report shows a total funded obligation of \$239 million; leaving an unfunded liability of \$86 million shown in Figure 7. The total required employer contribution for fiscal year 2019 was \$7.2 million, which includes the \$4.9 million UAL payment. The Air District plans to address the unfunded liability pursuant to the Pension policy noted in the Financial Policies Section of this document.

OTHER POST-EMPLOYMENT BENEFITS (OPEB)

In addition to pension, the Air District provides continuation of medical, dental, vision, and life insurance coverage to its retired employees. These benefits vary based on retirees’ date of hire, years of PERs service, and coverage level selected. Figure 8 below shows the funding history for the Air District’s OPEB Plan based on the most recent actuarial valuation report dated June 30, 2017.

Figure 8 OPEB Historical Funded Status



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

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

ALTERNATIVE STRATEGY FOR PENSION LIABILITIES

The Air District’s current unfunded liabilities for both the OPEB and Pension plans total \$105 million. As a part of the FYE 2019 Budget, the Board adopted a 90% funding target for both plans.

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

In an effort, to address the unfunded liabilities for pension, staff has recommended several investment options which will be presented to the Board in early 2020.

CERTIFICATION OF PARTICIPATION NOTES (COPS)

In 2013, the Air District issued \$30M COPS to finance its new headquarters at 375 Beale Street in partnership with Metropolitan Transportation Commission (MTC) through a private purchase with Bay Area Headquarters Authority (BAHA). In May 2017, the Air District closed escrow and acquired approximately 75,000 square feet of office space. As a part of this acquisition, the Air District prepaid \$10.7M towards the purchase; leaving a remaining \$19.3M in COPS.

Under the terms of the financing lease/sublease agreement between BAHA and the Air District, total monthly payments have been predetermined. The total annual payments and interest rate caps to pay down the COPS are as follows:

Predetermined payments:

<u>Year</u>	<u>Annual Payments</u>
1-10	\$1.2 Million
11-30	\$1.37 Million

30-Year variable rate structure with preset interest rate caps:

<u>Year</u>	<u>Caps</u>
1-5	3.20%
6-10	4.20%
11-30	5.20%

FINANCIAL POLICIES

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

1. Reserve Policy

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

2. Cost Recovery Policy

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

3. Pension Policy

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

4. Other Post-Employment Benefit (OPEB) Policy

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

BUDGET AND FINANCE COMMITTEE
MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: Report of the Stationary Source Committee Meeting of February 26, 2020

RECOMMENDED ACTION

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

BACKGROUND

The Committee met on Wednesday, February 26, 2020, and received the following reports:

- A) Air District Legal Authorities 101;
- B) Major Facility Projects Update; and
- C) Discussion on Stationary Source Committee Schedule for 2020

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None at this time;
- B) None at this time; and
- C) None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Erica Trask
Reviewed by: Vanessa Johnson

Attachment 10A: 02/26/2020 – Stationary Source Committee Meeting Agenda #4
Attachment 10B: 02/26/2020 – Stationary Source Committee Meeting Agenda #5
Attachment 10C: 02/26/2020 – Stationary Source Committee Meeting Agenda #6

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Bauters and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 11, 2020

Re: Air District Legal Authorities 101

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Several Board members have requested information on aspects of the Air District's legal authority. This presentation will provide an overview of the topic.

DISCUSSION

Staff will discuss the legal framework in which the Air District operates, the legal authorities granted, and obligations imposed by that framework.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian C. Bungler

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Bauters and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 11, 2020

Re: Update on Major Facilities

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Air District is currently evaluating the emissions and regulatory impacts of multiple projects from major facilities as part of the permit applications process. Staff will provide an update on several such projects it expects to work on in 2020.

DISCUSSION

Staff will provide the Stationary Source Committee (Committee) a briefing on several Bay Area Major Facility projects from four (4) facilities. These are as follows:

1. Phillips 66 Company – San Francisco Refinery, Rodeo (BAAQMD Plant #21359)
2. Tesoro Refining and Marketing Company, Martinez (BAAQMD Plant #14628)
3. Lehigh Southwest Cement Company, Cupertino (BAAQMD Plant #17)
4. Schnitzer Steel Products Company, Oakland (BAAQMD Plant #208)

Phillips 66 San Francisco Refinery Energy Reliability Project:

Phillips 66 proposes to increase the allowable amount of crude and gas oil that may be brought by ship or barge to their marine terminal. The refinery processes crude oil from a variety of domestic and foreign sources delivered by ship or barge at the marine terminal, and from central California, received by pipeline. The project would allow the refinery to receive more waterborne-delivered crude and gas oil, and thereby to replace roughly equivalent volumes of pipeline-delivered crude oils with waterborne-delivered crude oils.

Marathon (formerly Tesoro) Refinery Fluidized Catalytic Cracking Unit Oxides of Nitrogen (NO_x) Abatement:

Marathon is proposing to abate NO_x emissions from their fluidized catalytic cracking unit by installing selective catalytic reduction abatement.

Lehigh Southwest Company:

In two separate projects, Lehigh is proposing to install a portable rock plant and a temporary portable conveyor. Lehigh has permits for aggregate processing equipment in their Rock Plant, but the sources have not operated since 2014, and require refurbishing to operate. Lehigh proposes to install new portable aggregate processing equipment until refurbishment of the permanent equipment is completed.

In addition, Lehigh operates a conveyor system that suffered structural failure. The system conveys material between two critical equipment, a clinker and kiln mill, that is required for the facility to operate. Lehigh proposes to install and operate a temporary conveyor system while the permanent system is repaired.

On December 3, 2019, Lehigh entered into a Consent Decree with U.S. Environmental Protection Agency. The Consent Decree covers 14 Lehigh facilities, including the Cupertino facility. The Consent Decree requires NO_x and Sulfur Dioxide (SO₂) abatement controls, and imposes emissions limits.

Schnitzer Steel:

Schnitzer Steel operates a scrap metal recycling and metal shredding operation in Oakland. Schnitzer Steel is requesting to increase the allowable number of ocean-going vessels transporting materials from Schnitzer Steel's scrap metal recycling facility from 26 ship calls per calendar year to 32 ship calls per calendar year. Recently, smaller ships and partially loaded ships have been used to transport Schnitzer Steel's scrap metal, resulting in the need to have more ship calls per year to transport the same amount of material. Schnitzer Steel is also proposing to install abatement equipment to abate emissions from their metal shredder.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Pamela Leong
Reviewed by: Damian Breen

STATIONARY SOURCE COMMITTEE
MEETING OF 02/26/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson John Bauters and Members
of the Stationary Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 19, 2020

Re: Discussion on Stationary Source Committee Schedule for 2020

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Stationary Source Committee (Committee) reviews and recommends stationary source policies, issues, and programs related to air quality management plans, air quality and economic modeling, permitting, compliance, small business assistance, toxics, source education, rule development, and grants. The Committee also advises the Board of Directors on the Air District's position on all regulations that affect stationary sources.

DISCUSSION

In order to facilitate the efficient operation of the Committee, staff will discuss a proposed schedule for meetings for 2020.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Wayne Kino

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: Report of the Mobile Source Committee Meeting of February 27, 2020

RECOMMENDED ACTION

The Mobile Source Committee (Committee) recommended Board of Directors approval of the following items:

- A) Projects and Contracts with Proposed Grant Awards Over \$100,000;
 - 1) Approve recommended projects with proposed grant awards over \$100,000 as shown in Attachment 1, including necessary policy waivers to allow Transportation Fund for Clean Air (TFCA) funds to be used as match to fund recommended school bus projects; and
 - 2) Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects.
- B) Participation in Year 22 of the Carl Moyer Program; and
 - 1) Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air District's receipt of Carl Moyer Program (CMP) funds for fiscal year 2019-2020 (Program Year 22);
 - 2) Allocate \$3 million in Mobile Source Incentive Funding to provide the required match funding and additional monies for projects eligible for funding under the CMP guidelines; and
 - 3) Authorize the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with Carl Moyer Program and Mobile Source Incentive Funds, with individual grant award amounts up to \$100,000.

- C) Clean Cars for All Program Funding
 - 1) Adopt a resolution authorizing the Executive Officer/APCO to accept, obligate, and expend up to \$5 million from the California Air Resources Board (CARB) for the Bay Area Clean Cars for All Program; and
 - 2) Authorize the Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding.
- D) Air District Grant Programs Overview
 - 1) None; receive and file.

BACKGROUND

The Committee met on Thursday, February 27, 2020, and received the following reports:

- A) Projects and Contracts with Proposed Grant Awards Over \$100,000;
- B) Participation in Year 22 of the Carl Moyer Program;
- C) Clean Cars for All Program Funding; and
- D) Air District Grant Programs Overview.

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

BUDGET CONSIDERATION/FINANCIAL IMPACT

- A) None at this time;
- B) None at this time;
- C) None at this time; and
- D) None at this time.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Erica Trask
Reviewed by: Vanessa Johnson

Attachment 11A: 02/27/2020 – Mobile Source Committee Meeting Agenda #4
Attachment 11B: 02/27/2020 – Mobile Source Committee Meeting Agenda #5
Attachment 11C: 02/27/2020 – Mobile Source Committee Meeting Agenda #6
Attachment 11D: 02/27/2020 – Mobile Source Committee Meeting Agenda #7

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Canepa and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 20, 2020

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

RECOMMENDED ACTIONS

Recommend Board of Directors:

1. Approve recommended projects with proposed grant awards over \$100,000 as shown in Attachment 1, including necessary policy waivers to allow Transportation Fund for Clean Air (TFCA) funds to be used as match to fund recommended school bus projects; and
2. Authorize the Executive Officer/APCO to enter into all necessary agreements with applicants for the recommended projects.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the Carl Moyer Program (CMP), in cooperation with the California Air Resources Board (CARB), since the program began in fiscal year 1998-1999. The CMP provides grants to public and private entities to reduce emissions of nitrogen oxides (NOx), reactive organic gases (ROG), and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Eligible heavy-duty diesel engine applications include on-road trucks and buses, off-road equipment, marine vessels, locomotives, and stationary agricultural pump engines.

Assembly Bill 923 (AB 923 - Firebaugh), enacted in 2004 (codified as Health and Safety Code (HSC) Section 44225), authorized local air districts to increase their motor vehicle registration surcharge up to an additional \$2 per vehicle. The revenues from the additional \$2 surcharge are deposited in the Air District's Mobile Source Incentive Fund (MSIF). AB 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible under the CMP. On February 6, 2019, the Board of Directors (Board) authorized Air District participation in Year 21 of the CMP, and authorized the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with CMP funds or MSIF revenues, with individual grant award amounts up to \$100,000.

In 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 \$50 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 within the Bay Area. Senate Bill (SB) 856 (2018) continued support for these project types and appropriated \$245 million from the GGRF statewide, of which \$40 million was awarded to the Air District for Bay Area emission reduction projects. On April 3, 2019, the Board authorized the Air District to accept, obligate, and expend SB 856 grant funding. These funds can be used to implement projects under the Community Health Protection grant program, CMP, and optionally on-road truck replacements under the Proposition 1B Goods Movement Emission Reduction Program.

In 1991, the California State Legislature authorized the Air District to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions within the Air District's jurisdiction. The statutory authority for TFCA and requirements of the program are set forth in the HSC Sections 44241 and 44242. Sixty percent of TFCA funds are awarded by the Air District to eligible projects and programs implemented directly by the Air District (e.g., Spare the Air, electric vehicle charging station program) and to a program referred to as the TFCA Regional Fund. Each year, the Board allocates funding and adopts policies and evaluation criteria that govern the expenditure of TFCA Regional Fund monies. The remaining forty percent of TFCA funds are pass-through funds that are awarded to the designated County Program Manager (CPM) in each of the nine counties within the Air District's jurisdiction.

On April 3, 2019, the Board authorized funding allocations for use of the 60% of the TFCA revenue in Fiscal Year Ending (FYE) 2020, cost-effectiveness limits for Air District-sponsored FYE 2020 programs, and the Executive Officer/APCO to execute grant agreements and amendments for TFCA-revenue funded projects with individual grant award amounts up to \$100,000. On June 5, 2019, the Board adopted policies and evaluation criteria for the FYE 2020 TFCA Regional Fund program.

The Bay Area Clean Air Foundation (Foundation) is a nonprofit support organization for the Air District. As part of its operation, the Foundation applies for and accepts grant funding from various sources to reduce emissions within the Air District's jurisdiction. Under the terms of an executed contract between the Air District and Foundation, Air District staff administer grant programs and revenues awarded to the Foundation. On December 5, 2017, the Foundation entered into a contract with the Reformulated Gas Settlement Fund (RFG) administrators to receive approximately \$1.3 million in funding for a program to accelerate the adoption of zero- and near-zero-emission equipment and vehicles operating in and around the West Oakland community.

Projects with grant award amounts over \$100,000 are brought to the Mobile Source Committee for consideration at least on a quarterly basis. Staff reviews and evaluates grant applications based upon the respective governing policies and guidelines established by CARB, the Board, and other funding agencies.

DISCUSSION

Carl Moyer Program and Community Health Protection Grant Program:

For the CMP Year 21 cycle, the Air District had more than \$11 million available for eligible CMP and school bus projects from a combination of MSIF and CMP funds. The Air District started accepting project applications for the CMP Year 21 funding cycle on June 17, 2019, and applications are accepted and evaluated on a first-come, first-served basis.

As of February 6, 2020, the Air District had received 140 project applications. Of the applications that have been evaluated between November 21, 2019 and February 6, 2020, nine (9) eligible projects have proposed grant awards over \$100,000. These projects will replace four (4) pieces of off-road agricultural equipment, two (2) trucks, eight (8) marine engines, and 20 school buses and will reduce over 43.5 tons of NOx, ROG and PM per year. Staff recommends the allocation of \$9,844,045 for these projects from a combination of CMP funds, TFCA and MSIF revenues. Attachment 1, Table 1, provides additional information on these projects.

Attachment 2 lists all of the eligible projects that have been received by the Air District as of February 6, 2020, including information about the equipment category, award amounts, estimated emissions reductions, and county location. Approximately 72% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities. Attachment 4, Figures 4 and 5 summarize the cumulative allocation of CMP, MSIF, and Community Health Protection Grant Program funding since 2009 (more than \$302 million awarded to 1,273 projects).

Transportation Fund for Clean Air Program:

In FYE 2020, the Air District had approximately \$32 million in TFCA monies for eligible projects and programs. The Air District opened the FYE 2020 Vehicle Trip Reduction Program and started accepting applications on August 9, 2019. As of February 6, 2020, the Air District had received 21 project applications to the Vehicle Trip Reduction Program. Additionally, staff have completed evaluation of project applications received previously through the FYE 2019 *Charge!* program.

Of the applications that were evaluated between November 21, 2019 and February 6, 2020, two (2) eligible projects have proposed grant awards of over \$100,000. These projects will provide first- and last-mile connection services through shuttle bus, carpool, and transportation network company and will reduce over 6.542 tons of NOx, ROG, and PM per year. Staff recommends the allocation of \$1,249,000 for these projects. Attachment 1, Table 2, provides additional information on these projects.

In addition, staff evaluated two (2) school bus projects, which are discussed in the CMP section above, that propose to replace a total of six (6) diesel/CNG school buses with electric school buses

(two (2) bus replacements in Project #21SBP98, four (4) in Project #21SBP114). Staff is recommending the allocation of \$681,052 in TFCA funding for these two (2) projects as they don't qualify for the maximum \$400,000 (per bus) of funding being requested by the school districts from the CMP program. Historically, the state's Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP) program funding, has been used by school districts as match for these types of projects, but that program is oversubscribed this year. Although TFCA funding is proposed for all six (6) buses to cover the shortfall, this action requires waiver of two (2) TFCA Regional Fund polices:

- TFCA Regional Fund Policy #2 Cost-Effectiveness: Project #21SBP98 is recommended for \$323,778 in CMP and MSIF funding, leaving a shortfall of \$513,500, which is recommended for co-funding with TFCA. The approval of this recommendation requires a waiver of the TFCA cost-effectiveness requirement.
- TFCA Regional Fund Policy #24 On-Road Heavy-Duty Zero- and Partial-Zero Emissions Truck and Buses: Project #21SBP114 is recommended for \$1,672,500 in CMP and MSIF funding, leaving a shortfall of \$167,552, which is recommended for co-funding with TFCA. The approval of this recommendation requires a waiver of the 10% match funding requirement since the buses would be funded up to 100% of the total project cost. The Air District has a longstanding policy to provide the full amount of funding for school bus projects.

Table 1 below provides additional information on the proposed awards for these two school bus projects.

Table 1: Proposed awards for school bus projects

	Project #21SBP98	Project #21SBP114
Number of School Buses	2 and charging infrastructure	4 and charging infrastructure
Total Project Cost	\$960,774	\$1,840,052
Proposed CMP and MSIF Award	\$323,778	\$1,672,500
Proposed TFCA Award	\$513,500	\$167,552
Total Proposed Award	\$837,278	\$1,840,052

If the Board approves this recommendation, the emissions reductions would be entirely allocated to the CMP program.

Staff also evaluated the on-road portion of two RFG projects, #19RFG20 and #19RFG21, that are discussed in the RFG section below. Staff recommends the allocation of \$305,980 as match to these projects. The emission reductions from these projects are included in Attachment 1, Table 3.

Attachment 3, Table 1, lists all eligible TFCA projects that have been evaluated and awarded between July 1, 2019 – February 6, 2020, including information about the project category, award amounts, estimated emissions reductions, and county location. Approximately 39% of the funds have been awarded to projects that reduce emissions in highly impacted Bay Area communities.

Reformulated Gas Settlement Fund Program:

Under contract with the Foundation, the Air District has been administering the West Oakland Zero-Emission Grant Program that had approximately \$1.17 million in RFG funding for eligible projects that reduce petroleum usage and air pollution in West Oakland and nearby communities surrounding the Port of Oakland.

Of the applications for RFG funds evaluated between November 21, 2019 and February 6, 2020, two (2) eligible projects have proposed grant awards of over \$100,000. These projects will dismantle two (2) diesel terminal tractors and replace them with two (2) battery electric terminal tractors, and will purchase and operate up to 15 battery electric school buses in West Oakland and the surrounding communities. These projects will reduce over 1.02 tons of NO_x, ROG, and PM per year. Staff recommends the allocation of \$582,170, which includes \$305,980 in TFCA and \$276,190 in RFG funds, for these projects.

Table 2 below provides additional information on the proposed awards for these two RFG projects.

Table 2: Proposed awards for RFG projects

	Project #19RFG20	Project #19RFG21
Number of Vehicles	2	15
Total Project Cost	\$651,710	\$4,637,765
Proposed RFG Award	\$102,390	\$173,800
Proposed TFCA Award	\$29,780	\$276,200
Total Proposed Award	\$132,170	\$450,000

In addition to evaluating emissions reductions, projects that receive RFG funding are also evaluated on the amount of petroleum reduced; the two (2) projects receiving RFG funding are expected to reduce diesel consumption by approximately 14,140 gallons per year.

Attachment 1, Table 3, provides additional information on the RFG projects proposed for award over \$100,000. Attachment 3, Table 2, lists all eligible RFG projects that were evaluated between July 1, 2018 and February 6, 2020, including information about the equipment category, award amounts, estimated emissions reductions, and county location.

BUDGET CONSIDERATION / FINANCIAL IMPACT

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

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

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Reviewed by: Karen Schkolnick and Chengfeng Wang

- Attachment 1: Projects with grant awards greater than \$100,000
- Attachment 2: CMP/MSIF, FARMER and Community Health Protection Grant Program approved projects
- Attachment 3: TFCA and RFG approved and eligible projects
- Attachment 4: Summary of funding awarded between 7/1/19 and 2/6/20

MOBILE SOURCE COMMITTEE
MEETING OF 02/27/2020

AGENDA 4 - ATTACHMENT 1

Table 1 - Carl Moyer Program/ Mobile Source Incentive Fund, FARMER, and Community Health Protection Grant Program projects with grant awards greater than \$100k (Evaluated between 11/21/19 and 2/6/20)

Project #	Applicant name	Project Category	Project Description	Proposed contract award	Total project cost	Emission Reductions (Tons per year)			County
						NO _x	ROG	PM	
21MOY57	Summit Steel Works Corporation	On-road	Replacement of 2 of diesel trucks with electric trucks and infrastructure	\$ 174,400	\$ 498,800	0.071	0.004	0.000	Santa Clara
21MOY79	Westar Marine Services	Marine	Replacement of 2 diesel marine engines on the crew & supply boat Falcon	\$ 112,000	\$ 140,400	0.259	0.001	0.014	San Francisco
21MOY100	Golden Gate Scenic Steamship Corp.	Marine	Replacement of 2 diesel marine engines on the excursion boat Royal Prince	\$ 354,000	\$ 442,796	0.898	0.000	0.048	San Francisco
21MOY107	Olive Tree Farm	Ag/ Off-road	Replacement of 2 pieces of diesel off-road agricultural equipment	\$ 111,195	\$ 181,746	0.179	0.020	0.016	Sonoma
21MOY115	F.A. Maggiore & Sons, LLC	Ag/ Off-road	Replacement of 2 pieces of diesel off-road agricultural equipment	\$ 279,120	\$ 637,512	0.707	0.086	0.053	Contra Costa
21MOY125	Baydelta Navigation LTD	Marine	Replacement of 4 diesel marine engines on the tug boat Vigilant	\$ 3,056,000	\$ 3,881,500	33.696	4.427	1.237	San Francisco
21SBP75	West County Transportation Agency	School Bus	Replacement of 14 CNG buses with Low-NOx CNG school buses	\$ 3,080,000	\$ 3,086,402	1.186	0.088	0.000	Sonoma
21SBP98*	Palo Alto Unified School District	School Bus	Replacement of 1 diesel and 1 CNG school bus with electric school buses and charging infrastructure	\$ 837,278	\$ 960,774	0.094	0.006	0.005	Santa Clara
21SBP114*	Santa Clara Unified School District	School Bus	Replacement of 4 diesel school buses with electric school buses and charging infrastructure	\$ 1,840,052	\$ 1,840,052	0.440	0.041	0.004	Santa Clara
9 Projects				\$ 9,844,045	\$ 11,669,982	37.530	4.674	1.377	

*The award amounts for these projects include a total of \$681,052 in TFCA funds.

Table 2 - Transportation Fund for Clean Air projects
with grant awards greater than \$100k (Evaluated between 11/21/19 and 2/6/20)

Project #	Applicant name	Project Category	Project Description	Proposed contract award	Total project cost	Emission Reductions (Tons per year)			County
						NO _x	ROG	PM	
20R20	City/County Association of Governments of San Mateo County	Trip Reduction	Rideshare to Transit in San Mateo County	\$ 300,000	\$ 603,360	0.126	0.123	0.313	San Mateo
20R25	Santa Clara Valley Transportation Authority	Trip Reduction	ACE Shuttle Bus Program	\$ 949,000	\$ 1,738,515	1.254	1.276	3.450	Santa Clara
2 Projects				\$ 1,249,000	\$ 2,341,875	1.380	1.399	3.763	

Table 3 - Other projects with grant awards
greater than \$100k (Evaluated between 11/21/19 and 2/6/20)

Project #	Applicant name	Project Category	Project Description	Proposed contract award	Total project cost	Emission Reductions (Tons per year)			County
						NO _x	ROG	PM	
19RFG20*	CASS, Inc.	On-road Trucks & Buses	Purchase and operate 2 electric terminal tractors	\$ 132,170	\$ 651,710	0.770	0.006	0.006	Alameda
19RFG21*	Zūm Services, Inc.	School Bus	Purchase and operate 15 battery-electric school buses	\$ 450,000	\$ 4,637,765	0.181	0.010	0.047	Alameda
2 Projects				\$ 582,170	\$ 5,289,475	0.951	0.016	0.053	

*The award amounts for these projects include a total of \$305,980 in TFCFA funds.

AGENDA 4 - ATTACHMENT 2

*CMP/MSIF, FARMER and Community Health Protection Grant Program approved projects
(between 7/3/19 and 2/6/20)*

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
20MOY230	Ag/ off-road	Equipment replacement	1	\$ 16,965.00	Cornerstone Certified Vineyard	0.024	0.019	0.006	APCO	Sonoma
20MOY235	Ag/ off-road	Equipment replacement	1	\$ 46,690.00	Goldridge Pinot LLC dba Emeritus Vineyards	0.170	0.026	0.019	APCO	Sonoma
20MOY241	Ag/ off-road	Equipment replacement	3	\$ 129,500.00	Linda Pierce Wedemeyer Exemption Trust	0.217	0.039	0.021	10/2/2019	Solano
21MOY9	On-road	Equipment replacement	1	\$ 60,000.00	Prime Tank Lines LLC	0.802	0.060	0.005	APCO	Contra Costa
20MOY248	On-road	Equipment replacement	1	\$ 40,000.00	Amritpal T Singh (Truck owner/operator)	0.604	0.052	0.000	APCO	Alameda
21MOY1	On-road	Equipment replacement	1	\$ 40,000.00	Freight 99 Express Inc. (Truck owner/operator)	0.280	0.024	0.000	APCO	Alameda
20MOY86	On-road	Equipment replacement	1	\$ 25,000.00	Sears Keith (Truck owner/ operator)	0.195	0.016	0.000	APCO	Sacramento
20MOY150	On-road	Equipment replacement	1	\$ 40,000.00	Sukhjeet Singh Cheema (Truck owner/ operator)	0.667	0.057	0.000	APCO	San Joaquin
21SBP2	School bus	Equipment replacement	1	\$ 178,500.00	Campbell Union School District	0.064	0.005	0.000	10/2/2019	Santa Clara
20MOY227	On-road	Equipment replacement	1	\$ 30,000.00	JSK Trucking (Truck owner/ operator)	0.193	0.016	0.000	APCO	San Joaquin
20MOY239a	On-road	Equipment replacement	1	\$ 30,000.00	DNA Trucking, Inc.	0.252	0.021	0.000	APCO	Solano
20MOY239b	On-road	Equipment replacement	1	\$ 20,000.00	DNA Trucking, Inc.	0.203	0.017	0.000	APCO	Solano
20MOY245a	On-road	Equipment replacement	1	\$ 60,000.00	Jorge Quintero DBA QDS Transportation	1.271	0.097	0.008	APCO	Alameda
20MOY245b	On-road	Equipment replacement	1	\$ 60,000.00	QDS Transportation	0.817	0.061	0.005	APCO	Alameda
20MOY245c	On-road	Equipment replacement	1	\$ 60,000.00	Ignacio Quintero (Truck owner/ operator)	0.900	0.068	0.005	APCO	Alameda
20MOY82	On-road	Equipment replacement	1	\$ 35,000.00	Surinder Atwal (Truck owner/ operator)	0.258	0.022	0.000	APCO	Sacramento

AGENDA 4 - ATTACHMENT 2

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
20MOY232	On-road	Equipment replacement	1	\$ 40,000.00	Mahmoud Rastegar DBA: Prosper Dedicates Lines	0.452	0.039	0.000	APCO	Placer
20MOY218	On-road	Infrastructure	1	\$ 13,717.00	Penske Truck Leasing Co., L.P.	0.000	0.000	0.000	APCO	Alameda/ San Francisco
21MOY28	Ag/ off-road	Equipment replacement	1	\$ 63,850.00	Bains Farms LLC.	0.082	0.014	0.010	APCO	Solano
21MOY17	Ag/ off-road	Equipment replacement	1	\$ 43,350.00	Sweet Lane Nursery and Vineyards, Inc.	0.041	0.009	0.008	APCO	Sonoma
21MOY23	Ag/ off-road	Equipment replacement	2	\$ 86,100.00	Trefethen Farming LLC.	0.178	0.043	0.034	APCO	Napa
20MOY250	Marine	Engine replacement	4	\$ 1,288,000.00	Amnav Maritime Corporation (Vessel: Patricia Ann)	8.609	0.270	0.476	10/2/2019	Alameda
21MOY31	Ag/ off-road	Equipment replacement	1	\$ 185,400.00	Gerald & Kristy Spalletta (Dairy)	0.565	0.074	0.052	10/2/2019	Sonoma
21MOY25	On-road	Equipment replacement	1	\$ 49,500.00	J and A Trucking Inc.	1.350	0.202	0.010	APCO	Alameda
21MOY21	Ag/ off-road	Equipment replacement	4	\$ 249,600.00	Renteria Vineyard Management LLC.	0.790	0.121	0.089	10/2/2019	Napa
21MOY41	Ag/ off-road	Equipment replacement	2	\$ 81,750.00	Geoffrey Allen (Nursery)	0.105	0.030	0.012	APCO	San Mateo
21MOY30	Ag/ off-road	Equipment replacement	2	\$ 67,100.00	Jaswant S. Bains (Farmer)	0.289	0.044	0.025	APCO	Solano
21MOY33	Off-road	Equipment replacement	2	\$ 355,500.00	S.E.G Trucking	1.044	0.074	0.052	10/2/2019	Contra Costa
21MO12	On-road	Equipment replacement	1	\$ 30,000.00	Oscar Transport/ Oscar Rivera (Truck owner/ operator)	0.401	0.034	0.000	APCO	Alameda
21MOY34	Ag/ off-road	Equipment replacement	2	\$ 456,200.00	Custom Tractor Service	2.260	0.211	0.115	10/2/2019	Sonoma
21MOY14	Ag/ off-road	Equipment replacement	5	\$ 198,850.00	Bayview Vineyards Corp.	0.826	0.164	0.090	10/2/2019	Napa
21MOY47	Ag/ off-road	Equipment replacement	1	\$ 151,000.00	DeBernardi Dairy, Inc.	0.438	0.040	0.022	10/2/2019	Sonoma
21MOY51	Marine	Engine replacement	4	\$ 2,916,000.00	Crowley Marine Services	43.259	4.409	1.420	10/2/2019	Alameda

AGENDA 4 - ATTACHMENT 2

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
21MOY36	Off-road	Equipment replacement	1	\$ 78,500.00	John Benward Co.	0.564	0.028	0.021	APCO	Sonoma
20MOY217	Off-road	Portable equipment replacement	1	\$ 863,500.00	Oakland Pallet Co., Inc.	2.577	0.215	0.076	10/2/2019	Alameda
20SBP246	School bus	Equipment replacement	2	\$ 179,020.00	Newark Unified School District	0.037	0.002	0.000	10/2/2019	Alameda
21MOY46	Off-road	Equipment replacement	6	\$ 772,500.00	Bigge Crane and Rigging Company	4.210	0.435	0.254	10/2/2019	Alameda
21MOY37	On-road	Equipment replacement	1	\$ 30,000.00	Joginder Singh (Truck owner/ operator)	0.392	0.033	0.000	APCO	Alameda
21MOY19	Ag/ off-road	Equipment replacement	3	\$ 127,400.00	Nissen Vineyard Services, Inc.	0.487	0.088	0.066	11/20/2019	Napa
21MOY56	Ag/ off-road	Equipment replacement	1	\$ 21,550.00	Groth Vineyards and Winery, LLC	0.047	0.038	0.010	APCO	Napa
21MOY54	Ag/ off-road	Equipment replacement	1	\$ 31,100.00	Siebert Vineyards	0.079	0.012	0.007	APCO	Sonoma
21MOY53	Ag/ off-road	Equipment replacement	1	\$ 63,150.00	St. Super, Inc.	0.159	0.025	0.019	APCO	Napa
21MOY59	Off-road	Equipment replacement	1	\$ 167,500.00	Concrush Inc.	0.696	0.065	0.037	11/20/2019	Solano
21MOY64	Ag/ off-road	Equipment replacement	1	\$ 170,200.00	Achadinha Cheese, Inc.	1.546	0.171	0.097	11/20/2019	Sonoma
21MOY50	On-road	Equipment replacement	1	\$ 25,000.00	Bal transport, Inc.	0.464	0.033	0.000	APCO	Alameda
21MOY73	Ag/ off-road	Equipment replacement	2	\$ 153,695.00	Robert Giacomini Dairy, Inc	0.276	0.040	0.023	11/20/2019	Marin
21MOY60	Marine	Engine replacement	2	\$ 276,000.00	Bass Tub Fishing	0.489	0.000	0.026	11/20/2019	Contra Costa
21MOY71	Marine	Engine replacement	2	\$ 3,814,000.00	Foss Maritime	15.352	1.518	0.504	11/20/2019	Contra Costa
21SBP77	School bus	Equipment replacement	16	\$ 3,478,697.00	Mt. Diablo Unified School District	1.040	0.075	0.005	11/20/2019	Contra Costa
20MOY103	Marine	Engine replacement	2	\$ 130,000.00	Westar Marine Services	0.221	-0.007	0.014	11/20/2019	San Francisco

AGENDA 4 - ATTACHMENT 2

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
21MOY61	Off-road	Equipment replacement	6	\$ 811,875.00	Amazon Recycling and Disposal, Inc.	3.679	0.584	0.369	11/20/2019	Alameda
20SBP23	School bus	Equipment replacement	2	\$ 373,861.00	Sonoma Valley Unified School District - Increase of ~\$12k from 3/6/19 approval.	0.131	0.009	0.001	11/20/2019	Sonoma
21MOY65	Ag/ off-road	Equipment replacement	2	\$ 140,440.00	Simoni & Massoni Farms, LLC	0.695	0.103	0.064	11/20/2019	Contra Costa
21MOY43	On-road	Equipment replacement	1	\$ 30,000.00	Narwal Trucking, Inc.	0.210	0.016	0.000	APCO	Sacramento
21MOY66	On-road	Equipment replacement	1	\$ 15,000.00	Kapil Kumar (Truck owner/ operator)	0.136	0.011	0.000	APCO	Sacramento
21MOY69	Ag/ off-road	Equipment replacement	1	\$ 51,580.00	Anselmo Farms, LLC	0.121	0.024	0.014	APCO	Solano
21MOY67	On-road	Equipment replacement	1	\$ 40,000.00	Gurcharan Johal (Truck owner/ operator)	0.294	0.025	0.000	APCO	Sacramento
21MOY85	On-road	Equipment replacement	1	\$ 10,000.00	W&D Wholesale Foods, INC	0.271	0.032	0.014	APCO	San Francisco
21MOY48a	On-road	Equipment replacement	1	\$ 40,000.00	Gonzalez Pallets Inc.	0.827	0.072	0.006	APCO	Santa Clara
21MOY48b	On-road	Equipment replacement	1	\$ 40,000.00	Gonzalez Pallets Inc.	0.874	0.076	0.006	APCO	Santa Clara
21MOY48c	On-road	Equipment replacement	1	\$ 40,000.00	Gonzalez Pallets Inc.	0.666	0.057	0.005	APCO	Santa Clara
21MOY48d	On-road	Equipment replacement	1	\$ 40,000.00	Gonzalez Pallets Inc.	0.763	0.066	0.005	APCO	Santa Clara
21MOY83	On-road	Equipment replacement	1	\$ 45,000.00	DJ Trucking Enterprise, Inc.	0.366	0.048	0.002	APCO	Monterey
21MOY82	Ag/ off-road	Equipment replacement	1	\$ 58,600.00	Andrews Vineyards	0.118	0.025	0.018	APCO	Solano
21SBP32	School bus	CNG Tank replacement	2	\$ 40,000.00	Newark Unified School District	0.000	0.000	0.000	APCO	Alameda
21MOY87	On-road	Equipment replacement	1	\$ 40,000.00	Gurjit S. Mann (Truck owner/ operator)	0.654	0.057	0.000	APCO	Alameda
21MOY8	Ag/ off-road	Equipment replacement	1	\$ 57,300.00	Garry Mahrt (Dairy and sheep farm)	0.093	0.009	0.005	APCO	Sonoma
21MOY27	Ag/ off-road	Equipment replacement	1	\$ 60,350.00	Four Seasons Vineyard Management	0.130	0.007	0.007	APCO	Sonoma

AGENDA 4 - ATTACHMENT 2

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
21MOY72	Ag/ off-road	Equipment replacement	2	\$ 93,380.00	Napa Second Generation Inc. (Vineyard management)	0.423	0.053	0.042	APCO	Sonoma
21MOY88	Ag/ off-road	Equipment replacement	1	\$ 118,940.00	Ghiggeri and Stonebarger LLC	0.708	0.086	0.056	1/29/2020	Contra Costa
20MOY238	Off-road	Equipment replacement	3	\$ 59,280.00	CLY Incorporated dba Point Pacific Drilling	1.263	0.177	0.113	APCO	Sonoma
21MOY94	On-road	Equipment replacement	1	\$ 30,000.00	Jaskaran Dhillon (Truck owner/ operator)	0.232	0.019	0.000	APCO	Sutter
21MOY93	On-road	Equipment replacement	1	\$ 40,000.00	Simon Andemichael (Truck owner/ operator)	0.303	0.026	0.000	APCO	Alameda
21MOY105	On-road	Equipment replacement	1	\$ 20,000.00	Brar Bros Trucking (Gural Singh)	0.935	0.123	0.040	APCO	Alameda
21MOY74	On-road	Equipment replacement	1	\$ 20,000.00	AT Produce (Abraham Torres)	0.424	0.061	0.025	APCO	Stockton
21MOY84	On-road	Equipment replacement	1	\$ 30,000.00	Lenaco Corporation	0.406	0.047	0.021	APCO	San Mateo
21MOY96	On-road	Equipment replacement	1	\$ 20,000.00	Ng's Group Transportation, Inc.	0.420	0.061	0.024	APCO	San Mateo
21MOY57	On-road	Equipment replacement	2	\$ 174,400.00	Summit Steel Works Corporation	0.071	0.004	0.000	TBD	Santa Clara
21MOY108	On-road	Equipment replacement	1	\$ 26,750.00	Ontrack Moving, LLC	0.393	0.026	0.003	APCO	Alameda
21MOY107	Ag/ off-road	Equipment replacement	2	\$ 111,195.00	Olive Tree Farm	0.179	0.020	0.016	TBD	Sonoma
21MOY115	Ag/ off-road	Equipment replacement	2	\$ 279,120.00	F.A. Maggiore & Sons, LLC	0.707	0.086	0.053	TBD	Contra Costa
21MOY122	Ag/ off-road	Equipment replacement	1	\$ 38,625.00	TMR Wine Company, LLC	0.047	0.005	0.006	APCO	Napa
21MOY111	Ag/ off-road	Equipment replacement	1	\$ 52,624.00	Haire Management Co. LLC	0.164	0.111	0.018	APCO	Napa
21MOY112	Ag/ off-road	Equipment replacement	2	\$ 83,700.00	Walnut Grove Partnership	0.257	0.052	0.025	APCO	Solano
21MOY128	Ag/ off-road	Equipment replacement	1	\$ 56,510.00	Bob Balestra (Vineyard)	0.173	0.022	0.015	APCO	Solano
21MOY100	Marine	Engine replacement	2	\$ 354,000.00	Golden Gate Scenic Steamship Corp.	0.898	0.000	0.048	TBD	San Francisco

AGENDA 4 - ATTACHMENT 2

Project #	Equipment category	Project type	# of engines	Proposed contract award	Applicant name	Emission Reductions (Tons per year)			Board approval date	County
						NOx	ROG	PM		
21MOY110	On-road	Equipment replacement	1	\$ 40,000.00	Ahsan Trucking	0.662	0.056	0.000	APCO	Alameda
21MOY124	Ag/ off-road	Equipment replacement	1	\$ 60,545.00	Perry Kozlowski Ranch	0.047	0.012	0.009	APCO	Sonoma
21MOY126	Ag/ off-road	Equipment replacement	2	\$ 77,250.00	T and M Agricultural Services, LLC	0.160	0.029	0.025	APCO	Napa
21MOY125	Marine	Engine replacement	4	\$ 3,056,000.00	Baydelta Navigation LTD	33.696	1.427	1.237	TBD	San Francisco
21SBP98	School bus	Equipment replacement	2	\$ 323,778.00	Palo Alto Unified School District	0.094	0.006	0.005	TBD	Santa Clara
21SBP114	School bus	Equipment replacement	4	\$ 1,672,500.00	Santa Clara Unified School District	0.440	0.041	0.004	TBD	Santa Clara
21MOY79	Marine	Engine replacement	2	\$ 112,000.00	Wesar Marine Services	0.255	0.001	0.014	TBD	San Francisco
21SBP75	School bus	Equipment replacement	14	\$ 3,080,000.00	West County Transportation Agency	1.186	0.088	0.000	TBD	Sonoma
94 Projects			179	\$ 29,494,037.00		150.817	16.011	5.958		

MOBILE SOURCE COMMITTEE
MEETING OF 02/27/2020

AGENDA 4 - ATTACHMENT 3

Table 1 - Summary of all TFCA approved and eligible projects (evaluated between 7/1/19 and 2/6/20)

Project #	Project Category	Project Description	Award Amount	Applicant Name	Emission Reductions (Tons per year)			Board/ APCO Approval Date	CARE Area	County
					NO _x	ROG	PM			
19EV006	LD Infrastructure	Install and operate 20 DC fast charging stations at 7 transportation corridor facilities in San Francisco, Novato, Emeryville, and Santa Clara	\$500,000	EVgo Services LLC	0.268	0.103	0.021	7/3/19	Yes	Multi-County
19EV015	LD Infrastructure	Install and operate 5 dual-port level 2 (low) and 3 single-port level 2 (high) charging stations at 3 public transit parking facilities in Albany and Oakland	\$21,500	Metropolitan Transportation Commission	0.010	0.015	0.000	12/20/19	Yes	Alameda
19EV016	LD Infrastructure	Install and operate 7 dual-port level 2 (low) charging stations at a workplace facility in Napa	\$17,500	County of Napa	0.008	0.012	0.000	10/2/19	No	Napa
19EV017	LD Infrastructure	Install and operate 2 single-port level 2 (high) charging stations with a 17.28 kW solar array at a destination facility in Richmond	\$12,000	AHAH LLC	0.003	0.004	0.000	7/2/19	Yes	Contra Costa
19EV019	LD Infrastructure	Install and operate 18 single-port and 54 dual-port level 2 (high) charging stations at 8 workplace facilities in San Rafael	\$270,000	San Rafael City Schools	0.124	0.185	0.004	1/29/20	Yes	Marin
19EV020	LD Infrastructure	Install and operate 16 single-port level 2 (high) charging stations at a multi-dwelling unit facility in San Francisco	\$37,648	One Rincon Hill Association	0.015	0.022	0.000	10/30/19	Yes	San Francisco
19EV021	LD Infrastructure	Install and operate 14 single-port level 2 (high) and 1 single-port level 2 (low) charging stations at 4 workplace, 2 multi-dwelling unit, and 1 transit parking facilities in Richmond	\$55,500	City of Richmond	0.020	0.030	0.001	11/15/19	Yes	Contra Costa
19EV022	LD Infrastructure	Install and operate 2 single-port level 2 (high) charging stations at 1 multi-dwelling unit facility in Palo Alto	\$14,000	W-K Arastradero, LLC	0.005	0.004	0.000	8/28/19	No	Santa Clara
19EV023	LD Infrastructure	Install and operate 3 dual-port level 2 (high) charging stations at a multi-dwelling unit facility in San Mateo	\$24,000	Mode Residences, LLC	0.006	0.008	0.000	7/31/19	No	San Mateo
19EV025	LD Infrastructure	Install and operate 2 dual-port level 2 (high) charging stations at a multi-dwelling unit facility in Campbell	\$16,000	Revere Residences, LLC	0.004	0.006	0.000	9/3/19	Yes	Santa Clara
19EV033	LD Infrastructure	Install and operate 5 dual-port level 2 (high) charging stations at a workplace facility in Napa	\$20,000	City of Napa	0.009	0.014	0.003	8/14/19	No	Napa
19EV034	LD Infrastructure	Install and operate 2 single-port level 2 (high) and 24 dual-port level 2 (high) charging stations at 1 workplace facility in Milpitas	\$78,000	View, Inc.	0.031	0.053	0.001	8/20/19	No	Santa Clara
19EV035	LD Infrastructure	Install and operate 3 single-port level 2 (high) charging stations at 1 multi-dwelling unit facility in Hayward	\$10,312	Edward D. Keller dba Windsor Arms	0.006	0.009	0.000	10/30/19	Yes	Alameda
19EV038	LD Infrastructure	Install and operate 4 dual port and 3 single-port level 2 (high) charging stations at 1 destination facility in Santa Clara	\$25,000	City of Santa Clara	0.012	0.017	0.000	10/9/19	Yes	Santa Clara
19EV042	LD Infrastructure	Install and operate 12 dual-port level 2 (high) charging stations at 6 workplace and 1 multi-dwelling unit facilities in Corte Madera, Sunnyvale, Fairfield, Pleasanton, and San Ramon	\$57,000	Cool Earth Solar Development	0.022	0.033	0.001	10/22/19	Yes	Multi-County
19EV046	LD Infrastructure	Install and operate 18 single-port level 2 (high) charging stations at 2 destination facilities in San Francisco	\$36,594	Impark (U.S.), LLC dba Impark	0.019	0.028	0.001	10/29/19	Yes	San Francisco
19EV048	LD Infrastructure	Install and operate 7 dual-port level 2 (high) and 2 DC fast charging stations at a workplace facility in Santa Clara	\$64,000	Roche Molecular Systems, Inc	0.030	0.044	0.001	9/30/19	Yes	Santa Clara
19EV050	LD Infrastructure	Install and operate 5 dual-port level 2 (high) charging stations at 4 multi-dwelling unit facilities in Rohnert Park and Santa Rosa	\$40,000	Warm Springs Realty Holdings, LLC	0.009	0.014	0.003	9/6/19	No	Sonoma
19EV052	LD Infrastructure	Install and operate 2 dual-port level 2 (low) and 1 single-port level 2 (high) charging stations at 1 multi-dwelling unit facility in San Ramon	\$17,200	Bollinger Crest Apartment Investors, LP	0.004	0.006	0.000	11/19/19	No	Contra Costa
19EV056	LD Infrastructure	Install and operate 10 single-port level 2 (high) charging stations at 1 multi-dwelling unit facility in Oakland	\$10,000	Uptown Place Homeowner's Association	0.002	0.003	0.000	9/24/19	Yes	Alameda
19EV057	LD Infrastructure	Install and operate 8 single-port and 24 dual-port level 2 (high) charging stations at 3 workplace facilities in Atherton and Redwood City	\$99,000	Redwood City School District	0.046	0.068	0.001	9/3/19	No	San Mateo
19EV062	LD Infrastructure	Install and operate 8 single-port level 2 (high) charging stations at 1 multi-dwelling unit facility in Cupertino	\$23,752	19608 Pruneridge Ave (Cupertino), LLC	0.014	0.021	0.000	12/5/19	No	Santa Clara
19EV063	LD Infrastructure	Install and operate 8 dual-port level 2 (high) charging stations at 2 workplace facilities in Milpitas	\$32,000	City of Milpitas	0.015	0.022	0.004	9/10/19	No	Santa Clara
19EV064	LD Infrastructure	Install and operate 10 single-port level 2 (high) charging stations at 5 workplace facilities in Pleasanton, Walnut Creek, San Jose, and Fremont	\$30,000	JKL Corporation	0.014	0.020	0.000	10/18/19	Yes	Multi-County
19EV065	LD Infrastructure	Install and operate 606 single-port level 2 (high) and 6 DC fast charging stations at 18 multi-dwelling unit and workplace facilities in San Francisco, San Jose, Walnut Creek, Palo Alto, Sunnyvale, Belmont, Oakland and Livermore	\$2,500,000	PowerFlex Systems, LLC	0.881	1.309	0.026	10/2/19	Yes	Multi-County
19EV068	LD Infrastructure	Install and operate 3 dual-port level 2 (high) charging stations at 1 workplace facility in Burlingame	\$12,000	Aperia Technologies Inc.	0.006	0.008	0.000	10/29/19	No	San Mateo
19EV070	LD Infrastructure	Install and operate 4 single-port level 2 (high) charging stations at a destination facility in San Francisco	\$12,000	Hornblower Cruises and Events	0.006	0.008	0.000	11/3/19	Yes	San Francisco
19EV072	LD Infrastructure	Install and operate 4 single-port level 2 (high) charging stations with a 16.7 kW solar array at a workplace facility in Sonoma	\$16,000	Sweazey Property Investments, LLC	0.006	0.008	0.000	10/18/19	No	Sonoma
19EV076	LD Infrastructure	Install and operate 15 single-port level 2 (high) and 1 DC fast charging stations at 1 multi-dwelling unit facility in Milpitas	\$123,000	Milpitas - District 1 Associates, LLC	0.029	0.043	0.001	11/19/19	No	Santa Clara
19EV077	LD Infrastructure	Install and operate 40 DC fast charging stations at 8 transportation corridor facilities in San Ramon, San Mateo, Newark, San Francisco, Millbrae, Cupertino, Castro Valley, and Emeryville	\$1,000,000	EVgo Services, LLC	0.336	0.499	0.010	10/2/19	Yes	Multi-County

AGENDA 4 - ATTACHMENT 3

Table 1 - Summary of all TFCA approved and eligible projects (evaluated between 7/1/19 and 2/6/20)

Project #	Project Category	Project Description	Award Amount	Applicant Name	Emission Reductions (Tons per year)			Board/ APCO Approval Date	CARE Area	County
					NO _x	ROG	PM			
19EV079	LD Infrastructure	Install and operate 3 single-port level 2 (high) charging stations at a multi-dwelling unit facility in Campbell	\$21,000	Brentwood Campbell, LLC dba Brentwood Apartments	0.005	0.007	0.000	11/19/19	Yes	Santa Clara
19EV080	LD Infrastructure	Install and operate 3 single-port level 2 (high) charging stations at a multi-dwelling unit facility in Campbell	\$21,000	Lyon NC Portfolio Investors, LLC dba Lyon Pebble Creek Apartments, LLC	0.005	0.007	0.000	12/5/19	No	Santa Clara
19EV081	LD Infrastructure	Install and operate 3 single-port level 2 (high) charging stations at a multi-dwelling unit facility in Campbell	\$21,000	Pruneyard West, LLC dba Pruneyard West Apartments	0.005	0.007	0.000	11/19/19	Yes	Santa Clara
19EV082	LD Infrastructure	Install and operate 3 single port level 2 (high) charging stations at a multi-dwelling unit facility in Campbell	\$21,000	Lyon NC Portfolio Investors, LLC dba Lyon Shadow Creek Apartments, LLC	0.005	0.007	0.000	12/5/19	Yes	Santa Clara
19EV083	LD Infrastructure	Install and operate 3 single-port level 2 (high) charging stations at a multi-dwelling unit facility in Mountain View	\$21,000	Lyon NC Portfolio Investors, LLC dba Lyon Maplewood Apartments, LLC	0.005	0.007	0.000	12/5/19	No	Santa Clara
19RFG20*	On-road Trucks & Buses	Purchase and operate two electric terminal tractors	\$29,780	CASS, Inc.	0.174	0.001	0.001	Pending	Yes	Alameda
19RFG21†	School Bus	Purchase and operate 15 battery-electric school buses	\$276,200	Züm Services, Inc.	0.111	0.006	0.029	Pending	Yes	Alameda
20R01	Trip Reduction	Enhanced Mobile Source & Commuter Benefits Enforcement	\$80,230	BAAQMD	N/A	N/A	N/A	NA	No	Regional
20R02	LD Vehicles	Vehicle Buy Back Program	\$150,000	BAAQMD	N/A	N/A	N/A	NA	No	Regional
20R03	Trip Reduction	Spare The Air/Intermittent Control Programs	\$2,185,138	BAAQMD	N/A	N/A	N/A	NA	No	Regional
20R06	Trip Reduction	PresidioGo Downtown Shuttle	\$120,000	Presidio Trust	0.129	0.206	0.429	11/20/19	Yes	San Francisco
20R08	Trip Reduction	Pleasanton Connector Shuttles	\$80,000	San Joaquin Regional Rail Commission	0.202	0.285	0.772	11/20/19	Yes	Alameda
20R09	Bicycle Facilities	Install 0.2 miles of Class I bikeway in San Ramon	\$390,000	City of San Ramon	0.012	0.018	0.041	11/20/19	Yes	Contra Costa
20R10	Trip Reduction	Caltrain Shuttle Program	\$485,000	Peninsula Corridor Joint Powers Board	1.193	2.280	5.292	11/20/19	No	Multi-County
20R11	Bicycle Facilities	Install 1.58 miles of Class IV bikeway in Los Gatos	\$293,000	Town of Los Gatos	0.010	0.015	0.029	1/29/20	No	Santa Clara
20R12	Bicycle Facilities	Install and maintain 20 electronic bicycle lockers at San Francisco General Hospital	\$34,000	San Francisco Department of Public Health	0.004	0.005	0.009	11/21/19	Yes	San Francisco
20R13	Trip Reduction	Cupertino On-Demand Shuttle Pilot Program	\$423,000	Santa Clara Valley Transportation Authority (VTA)	0.122	0.134	0.308	11/20/19	No	Santa Clara
20R15	Bicycle Facilities	Install 0.26 miles of Class IV bikeway in San Leandro	\$220,000	City of San Leandro	0.008	0.009	0.024	1/29/20	Yes	Alameda
20R17	Bicycle Facilities	Install and maintain 80 electronic bicycle lockers in Belmont, Redwood City, Mountain View, Sunnyvale, and San Jose	\$200,000	Peninsula Corridor Joint Powers Board	0.043	0.048	0.130	11/20/19	Yes	Multi-County
20R18	Trip Reduction	SJSU Ridesharing & Trip Reduction	\$111,000	Associated Students, San Jose State University	0.154	0.162	0.372	1/29/20	Yes	Multi-County
20R19	Bicycle Facilities	Install and maintain a bike station with 270 new secure bike parking spaces in Oakland	\$675,000	San Francisco Bay Area Rapid Transit District	0.072	0.095	0.237	11/20/19	Yes	Alameda
20R20	Trip Reduction	Rideshare to Transit in San Mateo County	\$300,000	City/County Association of Governments of San Mateo County	0.126	0.123	0.313	Pending	No	San Mateo
20R21	Bicycle Facilities	Install 518 bike rack parking spaces in 6 schools in Palo Alto	\$38,800	Palo Alto Unified School District	0.028	0.061	0.041	11/21/19	No	Santa Clara
20R22	Bicycle Facilities	Install and maintain 20 electronic bicycle lockers at the Berkeley Marina Mall	\$50,000	City of Berkeley	0.006	0.008	0.018	11/20/19	Yes	Alameda
20R23	Bicycle Facilities	Install and maintain 44 electronic bicycle lockers at the El Cerrito and San Leandro BART Stations	\$110,000	San Francisco Bay Area Rapid Transit District	0.015	0.018	0.044	1/29/20	Yes	Multi-County
20R25	Trip Reduction	ACE Shuttle Bus Program	\$949,000	Santa Clara Valley Transportation Authority	1.254	1.276	3.450	Pending	Yes	Santa Clara
20R26	On-road Trucks & Buses	Purchase and operate one battery-electric shuttle	\$13,500	California State University - Maritime Academy	0.005	0.003	0.001	10/2/19	Yes	Solano
20RSB01‡	School Bus	Match funding for Project #21SBP98 and #21SBP114 for the replacement of 6 diesel/CNG school buses with battery electric school buses	\$681,052	BAAQMD	N/A	N/A	N/A	Pending	No	Santa Clara
Total	58 Projects		\$13,174,607		6.348	7.401	11.621			

* The award amount is in addition to \$102,390 in RFG funds.

† The award amount is in addition to \$173,800 in RFG funds.

‡ In addition to \$1,996,278 in state funds, this TFCA award amount includes \$513,500 to Project #21SBP98 and \$167,552 to Project #21SBP114.

Table 2 - Summary of all RFG approved and eligible projects (evaluated between 7/1/18 and 2/6/20)

Project #	Project Category	Project Description	Award Amount	Applicant Name	Emission Reductions (Tons per year)			Board/ APCO Approval Date	CARE Area	County
					NO _x	ROG	PM			
19RFG04 [*]	Off-road (non-ag)	Purchase and operate 3 electric forklifts and one electric terminal truck	\$40,200	Wyse Logistics	0.097	0.013	0.006	10/17/18	Yes	Alameda
19RFG06 [†]	LD Infrastructure	Install and operate 43 dual-port level 2 EV charging stations	\$94,000	Hayward Unified School District	0.054	0.071	0.001	10/17/18	Yes	Alameda
19RFG13	LD Infrastructure	Install and operate 10 50kW DC fast charging stations	\$389,400	EVgo Service, LLC	0.040	0.060	0.001	6/5/19	Yes	Alameda
19RFG14	Off-road (non-ag)	Purchase and operate one electric terminal tractor	\$39,400	Oakland Maritime Support Services, Inc.	0.066	0.011	0.007	5/23/19	Yes	Alameda
19RFG16	Off-road (non-ag)	Purchase and operate one electric terminal tractor	\$80,000	GSC Logistics, Inc.	0.051	0.002	0.003	8/29/19	Yes	Alameda
19RFG18	Off-road (non-ag)	Purchase and operate 5 electric vehicles	\$21,300	Another Corporate ISP LLP DBA Monkeybrains	0.001	0.001	0.002	10/30/19	Yes	Alameda
19RFG19	Off-road (non-ag)	Purchase and operate one electric terminal tractor	\$80,000	Oakland Pallet Co.	0.097	0.001	0.003	10/30/19	Yes	Alameda
19RFG20 [‡]	On-road Trucks & Buses	Purchase and operate 2 electric terminal tractors	\$102,390	CASS, Inc.	0.597	0.005	0.005	Pending	Yes	Alameda
19RFG21 [§]	School Bus	Purchase and operate 15 battery-electric school buses	\$173,800	Züm Services, Inc.	0.074	0.004	0.018	Pending	Yes	Alameda
Total	9 Projects		\$1,020,490		1.073	0.167	0.047			

* The award amount is in addition to \$80,000 in TFCA funds.

† The award amount is in addition to \$172,000 in TFCA funds.

‡ The award amount is in addition to \$29,780 in TFCA funds.

§ The award amount is in addition to \$276,200 in TFCA funds.

MOBILE SOURCE COMMITTEE
MEETING OF 02/27/2020

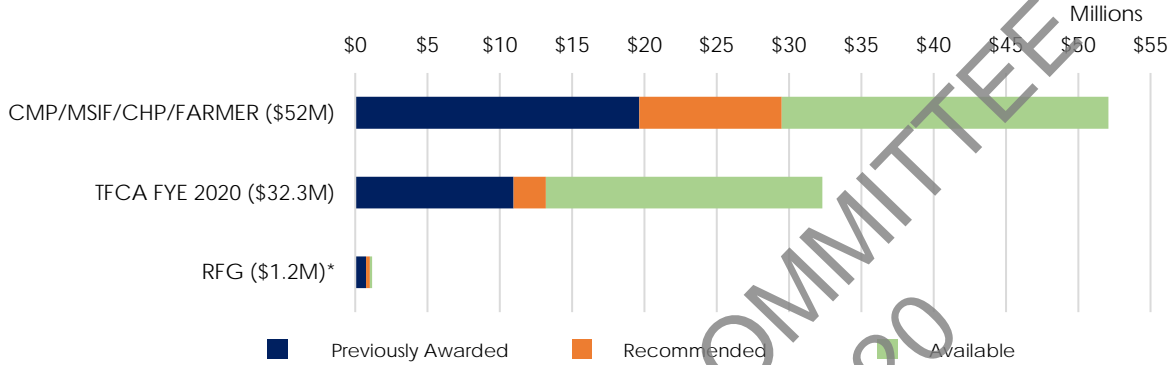
AGENDA 4 - ATTACHMENT 4

Figures 1-3 summarize funding awarded from the following revenue sources:

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

Figure 1. Status of FYE 2020 funding by source

includes funds awarded, recommended for award, and available



* Includes funding awarded in FYE 2019 for RFG projects

Figure 2. Funding awarded in FYE 2020 by county:

includes funds awarded & recommended for award

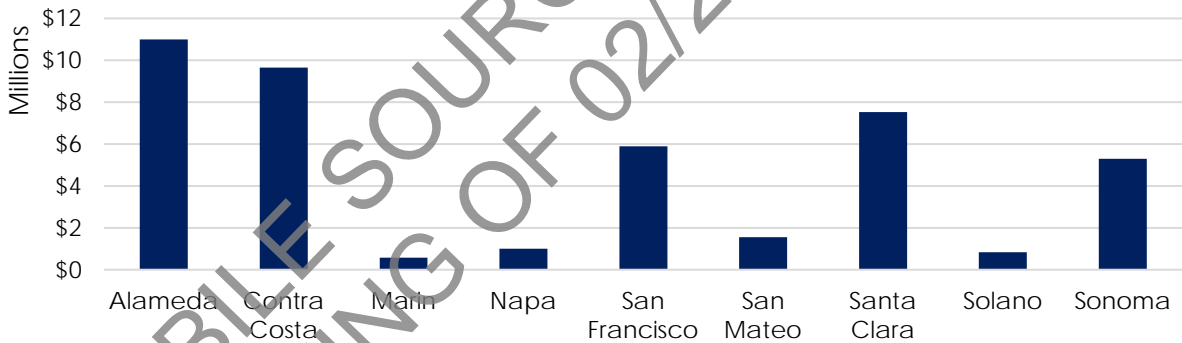
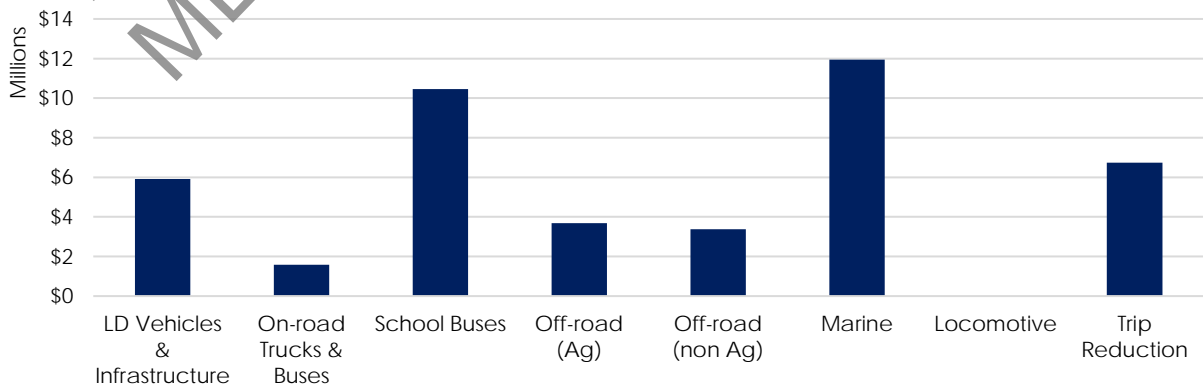


Figure 3. Funding awarded in FYE 2020 by project category

includes funds awarded & recommended for award



AGENDA 4 - ATTACHMENT 4

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

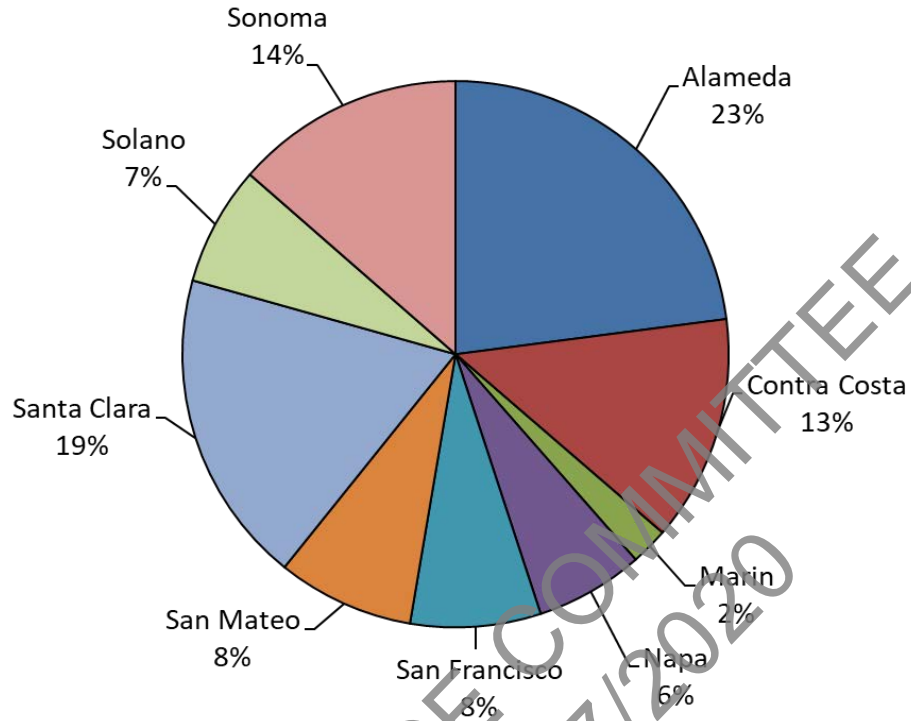
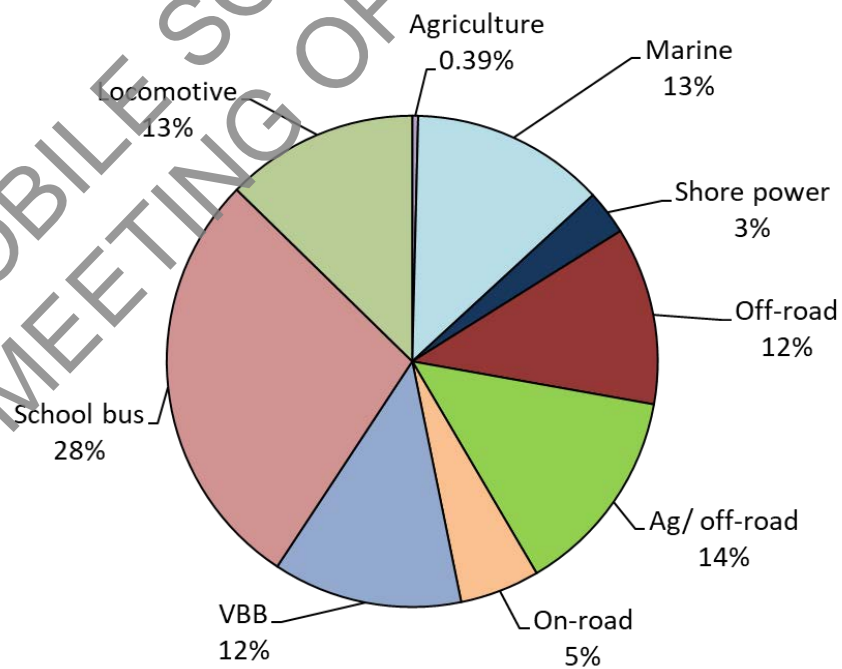


Figure 5. CMP/MSIF/CHP/FARMER funding awarded since 2009 by category



BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Canepa and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 20, 2020

Re: Participation in Year 22 of the Carl Moyer Program

RECOMMENDED ACTIONS

Recommend the Board of Directors:

1. Adopt a resolution authorizing the Executive Officer/APCO to execute all necessary agreements with the California Air Resources Board (CARB) relating to the Air District's receipt of Carl Moyer Program (CMP) funds for fiscal year 2019-2020 (Program Year 22);
2. Allocate \$3 million in Mobile Source Incentive Funding to provide the required match funding and additional monies for projects eligible for funding under the CMP guidelines; and
3. Authorize the Executive Officer/APCO to execute Grant Agreements and amendments for projects funded with Carl Moyer Program and Mobile Source Incentive Funds, with individual grant award amounts up to \$100,000.

BACKGROUND

The Bay Area Air Quality Management District (Air District) has participated in the CMP since the program began in Fiscal Year (FY) 1998-1999. Through the CMP, the Air District provides grants to public and private entities to reduce emissions of oxides of nitrogen (NOx), reactive organic gases (ROG) and particulate matter (PM) from existing heavy-duty engines by either replacing or retrofitting them. Eligible heavy-duty diesel engine applications include trucks and buses, mobile off road equipment, marine vessels, locomotives, stationary agricultural pump engines, and forklifts.

Assembly Bill (AB) 923 (Firebaugh), enacted in 2004 (codified as Health and Safety Code Section 44225), authorized local air districts to increase their motor vehicle registration surcharge up to an additional \$2 per vehicle. The revenues from the additional surcharge are deposited in the Air District's Mobile Source Incentive Fund (MSIF). AB 923 stipulates that air districts may use the revenues generated by the additional \$2 surcharge for projects eligible under the CMP.

DISCUSSION

In December 2019, the Air District submitted an application to CARB requesting \$13 million for the implementation of the CMP Year 22 CMP funding cycle (FY 2019-2020). Up to 6.25% of the total funds awarded to the Air District will be used to pay for administrative expenses related to the implementation of the CMP. As part of the application, the Air District has proposed a commitment of up to \$2 million in matching funds for Year 22. Staff is therefore requesting the Board meet this required match and expand the program for additional eligible emissions reductions projects by allocating \$3 million in MSIF funds for the CMP Year 22 funding cycle.

Staff plans to begin accepting CMP Year 22 applications in mid-2020, and to evaluate applications on a first-come, first-served basis, until all funds have been allocated. Staff is requesting a continuation of the Board's direction to grant the Executive Officer/APCO authorization to execute contracts and amendments for projects with individual grant awards up to \$100,000. Awards for projects seeking grant award amounts over \$100,000 will continue to be brought to the Mobile Source Committee on at least a quarterly basis.

The Air District will use the 2017 CARB CMP Guidelines, and subsequent updates for the Year 22 CMP cycle. Year 22 funding will be obligated to eligible projects by June 30, 2021 and expended by June 30, 2022. In accordance with AB 1390, 50% of all CMP funding allocated by the Air District must be awarded to projects in impacted communities. The process that will be used for identifying and prioritizing CMP Year 22 projects with the most significant exposure will be similar to the process used for the previous CMP funding cycles, with priority given to projects that reduce emissions in communities based on data from the Air District's Community Air Risk Evaluation (CARE) program.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. Through the CMP and MSIF grant programs the Air District distributes "pass-through" funds to public agencies and private entities on a reimbursement basis. Administrative costs for all programs are provided by each funding source.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Anthony Fournier
Reviewed by: Karen Schkolnick

Attachment 5A: Draft Resolution to participate in Year 22 of the Carl Moyer Program

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION No. 2020 -

**A Resolution Accepting Carl Moyer Program Funds
From the California Air Resources Board**

WHEREAS, California Health and Safety Code Division 26, Part 5, Chapter 9, empowers the California Air Resources Board (ARB) to allocate Carl Moyer Program funds to local air quality districts to provide financial incentives to both the public and private sectors to implement eligible projects to reduce emissions from on-road, marine, locomotive, agricultural, and off-road engines;

WHEREAS, California Health and Safety Code section 44287, authorizes ARB to provide an air district with funds if that district provides matching funds in an amount established by ARB;

WHEREAS, the Bay Area Air Quality Management District (District) submitted an application to ARB requesting \$13,000,000 in Carl Moyer Program funds to implement the Carl Moyer Program within the District for the fiscal year (FY) 2019-2020 (Year 22) cycle;

WHEREAS, the District proposed to commit up to \$2,000,000 in matching funds as part of the Year 22 Carl Moyer Program cycle, in accordance with the requirements of California Health and Safety Code section 44287;

WHEREAS, ARB will authorize a grant to the District to implement the Carl Moyer Program Year 22, upon approval by the Board of Directors to accept such grant of funds;

WHEREAS, ARB will award a grant in the amount of as much as \$13,000,000, with the District-required match of up to \$2,000,000;

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

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors hereby approves the District's continued participation in the Carl Moyer Program, including the State Reserve portion thereof, and acceptance of the FY 2019-2020 Carl Moyer Program funds, to be awarded to eligible District projects in accordance with the ARB Carl Moyer Program guidelines.

BE IT FURTHER RESOLVED, the District will provide the required matching funds for District projects by allocating local motor vehicle surcharge revenues to eligible emission reduction projects that qualify for Carl Moyer Program matching purposes.

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

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2020, by the following vote of the Board:

AYES:

NOES:

ABSENT:

Rod Sinks
Chair of the Board of Directors

ATTEST:

Karen Mitchoff
Secretary of the Board of Directors

MOBILE SOURCE COMMITTEE
MEETING OF 02/27/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Canepa and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 20, 2020

Re: New Clean Cars for All Program Funding

RECOMMENDED ACTIONS

Recommend the Board of Directors:

1. Adopt a resolution authorizing the Executive Officer/APCO to accept, obligate, and expend up to \$5 million from the California Air Resources Board (CARB) for the Bay Area Clean Cars for All Program; and
2. Authorize the Executive Officer/APCO to enter into all agreements necessary to accept, obligate, and expend this funding.

BACKGROUND

The Clean Cars for All Program (Program) provides incentives for low-income households (up to 400% of the Federal Poverty Level) to retire older, high-polluting vehicles and replace them with a newer, cleaner vehicle or with alternative transportation options (e.g. Clipper card). Vehicles eligible for purchase or lease include hybrid electric, plug-in hybrid, or electric vehicles. The Program reduces criteria pollutants and greenhouse gas emissions throughout the Bay Area and supports the goal of equitable access to electric vehicles.

The Program was launched in March 2019, through an initial \$5 million grant from CARB, through CARB's California Climate Investments (CCI) initiative that puts Cap-and-Trade dollars to work reducing greenhouse gas emissions. CARB requirements limited program eligibility to 76 zip codes in disadvantaged communities in the Bay Area, based on CalEnviroScreen 3.0.

On February 6, 2019, the Board of Directors authorized the Air District to accept additional funding for the Program from CARB through the Volkswagen settlement fund. This agreement between the Air District and CARB was finalized in June 2019, and provided an additional \$5 million over two years. The additional funding allowed the Air District to expand the Program to residents in all Bay Area zip codes, significantly increasing the number of people who are eligible to apply.

DISCUSSION

In December 2019, CARB notified the Air District that up to \$5 million was available in CCI funds for the Air District’s Clean Cars for All Program. CARB requires the Air District Board of Directors adopt a resolution to accept these funds before it will enter into a contract with the Air District for the additional Program funds.

This funding will allow the Air District to continue providing incentives to low-income residents in 76 Bay Area zip codes identified as disadvantaged communities. Up to 15% of the funds may be used by the Air District to administer the Program, with 10% available to support Air District staff costs to manage applications and cases. The remaining 5% may be used to subcontract with third party entities to help increase participation from low-income consumers in disadvantaged communities. Additional updates about the Clean Cars for All Program will be shared as part of the staff presentation.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None. These funds from CARB are considered “pass-through” funds, which are offered to grantees directly or to reduce the purchase or lease costs for vehicles. Funds from CARB also cover Air District staff and other program costs.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Deanna Yee
Reviewed by: Anthony Fournier

Attachment 6A. Draft Resolution accepting Clean Cars for All Program funds from the CARB.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2020-_____

**A Resolution Accepting Clean Cars for All Program funds
From the California Air Resources Board**

WHEREAS, the purpose of this Resolution is to authorize the Bay Area Air Quality Management District (Air District) to accept, obligate, and expend up to \$5 million in additional funding from the California Air Resources Board (ARB) to administer the Bay Area Clean Cars For All Program and to authorize the Executive Officer/Air Pollution Control Officer to execute all necessary agreements, required documents, and amendments required to expend this funding;

WHEREAS, the California Legislature added item 3900-101-3228 to Section 2.00 of the Budget Act of 2016 which directed at least \$60 million of the Low Carbon Transportation appropriation be allocated for the Clean Cars For All Program (previously named the EFMP and EFMP Plus-up Program), a vehicle retirement and replacement program;

WHEREAS, on March 28, 2018, ARB awarded \$5 million in FY 2016-2017 Low Carbon Transportation Funds to the Air District to start the Bay Area Clean Cars For All Program;

WHEREAS, remaining funds from the 2016 Clean Cars For All Program allocation were reallocated to ARB for the Clean Cars For All Program in FY 2018-2019;

WHEREAS, in December 2019, ARB staff notified the Air District that they will award a portion of the reallocated funds to the Air District to continue funding the Clean Cars For All Program;

WHEREAS, ARB will authorize a grant of up to \$5 million to the Air District to continue to implement the Clean Cars For All program, upon approval by the Board of Directors to accept such grant of funds,

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves the Air District's acceptance of ARB funds and commits the Air District to comply with the ARB Clean Cars For All regulatory requirements.

BE IT FURTHER RESOLVED, the Executive Officer/Air Pollution Control Officer to accept, obligate, and execute all agreements, required documents, and any amendments thereto to implement and carry out the purposes of this resolution.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2020 by the following vote of the Board:

AYES:

NOES:

ABSTAIN:

ABSENT:

Rod Sinks
Chair of the Board of Directors

ATTEST:

Karen Mitchoff
Secretary of the Board of Directors

MOBILE SOURCE COMMITTEE
MEETING 04/27/2020

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson David Canepa and Members
of the Mobile Source Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 20, 2020

Re: Air District Grant Programs Overview

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

The Bay Area Air Quality Management District (Air District) aims to create a healthy breathing environment for every Bay Area resident while protecting and improving public health, air quality, and the global climate. Since its formation in 1955, as the first regional air quality agency in the nation, it has led the effort to reduce air pollution and GHG emissions and to protect public health in the Bay Area. While the Air District is tasked with regulating stationary sources of air pollution in the nine counties that surround San Francisco Bay, it does not have the authority to regulate emissions from mobile sources.

In the Bay Area, mobile sources account for more than half of reactive organic gases (ROG), nitrogen oxides (NO_x), and particulate matter (PM) emissions, and over 40% of the greenhouse gases (GHG) generated¹. For this reason, reducing emissions from mobile sources is essential to helping the Bay Area attain state and federal ambient air quality standards and meet the Air District's GHG reduction goals.

The Air District has been achieving emissions reductions from mobile sources beyond what is required by state and federal emissions standards, primarily through its grant programs by providing financial incentives to accelerate the deployment of clean air vehicles and equipment, to encourage commuters to shift modes to public transit and active transportation, and to demonstrate advanced clean air technologies.

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

Air District's grant programs are primarily funded through the Transportation Fund for Clean Air (TFCA) Program, Mobile Source Incentive Fund (MSIF) Program, Community Health Protection Grant Program, Carl Moyer Program, and the California Goods Movement Bond Program. These programs accumulate annually via fees, bond sales, and Cap-and-Trade auction proceeds that are distributed to the Air District. Staff also worked to secure new sources of funding (e.g., settlements and competitive solicitations sponsored by the Air Resources Board, the U.S. Environmental Protection Agency) to further fund the reduction of emissions in the region.

In addition to grants programs that target the reduction of emissions from mobile sources, the Air District also administers programs that offer financial incentives to help Bay Area homeowners permanently remove or replace their wood-burning heating devices with cleaner options, that provide grants to public agencies to reduce GHGs from existing Bay Area buildings and to foster innovative strategies for long-term GHG reduction, and that provide capacity building and outreach grant funds to Bay Area community groups, neighborhood associations, community-based local nonprofits, and public K-12 schools for activities in their communities to address air pollution and reduce global climate impacts.

DISCUSSION

In calendar year 2019, the Air District awarded more than \$78 million in funding to eligible projects. Of the funding awarded, approximately \$77.4 million came from state, federal, and other local sources with the remaining derived from the Air District's general fund; over 50% of the funding was awarded to projects in Communities At Risk Evaluation (CARE) areas. The presentation to the Committee will include a discussion of the total incentive funds awarded in calendar year 2019, by funding source, project/equipment category, and county; a summary of the total estimated emissions reduced; and historical information showing the amount of funds awarded by the Air District over the past five years. Staff will also discuss with the Committee the projected funding for each of the Air District's primary grant programs and program priorities for calendar year 2020.

BUDGET CONSIDERATION / FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Linda Hui, Chengfeng Wang, and Anthony Fournier
Reviewed by: Karen Schkolnick

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: Board of Directors Committee Meeting Schedule

RECOMMENDED ACTION

The Board of Directors will recommend an approved schedule for Board of Directors committee meetings.

DISCUSSION

The Board of Directors will discuss back-to-back committee meetings, taking Board member committee assignments into consideration, to create a more efficient and productive schedule for committee meetings and Board member attendance.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Erica Trask
Reviewed by: Vanessa Johnson

Attachment 13A: Current Committee Meeting Schedule
Attachment 13B: Proposed Committee Meeting Schedule

CURRENT COMMITTEE MEETING SCHEDULE

1st Wednesday of Month

Board of Directors

1st Thursday Every Other Month

Community & Public Health

3rd Wednesday of Month

Board of Directors

Executive or Personnel

3rd Thursday Every Other Month

Climate Protection Committee

4th Wednesday of Month

Budget and Finance

Legislative

Stationary Source (Every other Month)

4th Thursday of Month

Mobile Source

At the Call of the Chair

Ad Hoc Building Oversight

Technology Information Office Steering Committee

PROPOSED COMMITTEE MEETING SCHEDULE

1st Wednesday of Month

Board of Directors

3rd Wednesday of Month (Even Months)?

Community & Public Health

Climate Protection

Mobile Source

3rd Wednesday of Month (Odd Months)?

Executive

Personnel

4th Wednesday of Month

Budget and Finance

Legislative

Ad Hoc Committee on Equity & Environmental Justice

Stationary Source (Every other Month)

At the Call of the Chair

Ad Hoc Building Oversight

Technology Information Office Steering Committee

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: The Legal Framework for the Air District

RECOMMENDED ACTION

None; receive and file.

BACKGROUND

Several Board members have requested information on aspects of the Air District's legal authority. This presentation will provide an overview of the topic.

DISCUSSION

Staff will discuss the legal framework in which the Air District operates, the legal authorities granted, and obligations imposed by that framework.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian C. Bunger

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Rod Sinks and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: February 27, 2020

Re: Air Quality and Air District Overview

RECOMMENDED ACTION

None; receive and file.

DISCUSSION

Updates to the Board of Directors (Board) and Committees focus in on one project or one topic at a time. This presentation will highlight how the different functions of the Air District are linked together and provide background information for the key discussions and decisions for the Board in 2020. Staff will present a comprehensive overview of air quality and the Air District's work, including:

- Air District Mission
- Basics of Air Quality and Climate Change
- Measuring and Modeling Air Quality
- Focus on Communities
- Plans that Guide Air District Activities (Clean Air Plan, Assembly Bill 617 Plans)
- Tools to Reduce Emissions (Policy Support, Regulation, Incentives, and Outreach)

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ranyee Chiang and Henry Hilken
Reviewed by: Wayne Kino and Greg Nudd