



BOARD OF DIRECTORS
POLICY, GRANTS, AND TECHNOLOGY COMMITTEE
December 18, 2024

BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

COMMITTEE MEMBERS

VICKI VEENKER – CHAIR
MARGARET ABE-KOGA
NOELIA CORZO
JUAN GONZÁLEZ III
KATIE RICE

SERGIO LOPEZ – VICE-CHAIR
KEN CARLSON
JOELLE GALLAGHER
ERIN HANNIGAN

**MEETING LOCATION(S) FOR IN-PERSON ATTENDANCE BY
COMMITTEE MEMBERS AND MEMBERS OF THE PUBLIC**

**Bay Area Metro Center
1st Floor Board Room
375 Beale Street
San Francisco, CA 94105**

**Mountain View City Hall
City Clerk's Office Conference Room
500 Castro Street
Mountain View, CA 94041**

**Napa County Administration Building
Crystal Conference Room
1195 Third Street, Suite 310
Napa, CA 94559**

**Office of Contra Costa County
Supervisor Ken Carlson
2255 Contra Costa Blvd., Suite 202
Pleasant Hill, CA 94523**

**San Mateo County
Board of Supervisors Offices
500 County Center, 5th Floor
Redwood City, CA 94063**

**San Leandro City Hall
835 E. 14th Street, 2nd Floor
San Leandro, CA 94577**

THE FOLLOWING STREAMING OPTIONS WILL ALSO BE PROVIDED

These streaming options are provided for convenience only. In the event that streaming connections malfunction for any reason, the Policy, Grants, and Technology Committee reserves the right to conduct the meeting without remote webcast and/or Zoom access.

The public may observe this meeting through the webcast by clicking the link available on the air district's agenda webpage at www.baaqmd.gov/bodagendas.

Members of the public may participate remotely via Zoom at <https://bayareametro.zoom.us/j/82398371014>, or may join Zoom by phone by dialing (669) 900-6833 or (408) 638-0968. The Webinar ID for this meeting is: 823 9837 1014

Public Comment on Agenda Items: The public may comment on each item on the agenda as the item is taken up. Members of the public who wish to speak on a matter on the agenda will have two minutes each to address the Committee on that agenda item, unless a different time limit is established by the Chair. No speaker who has already spoken on an item will be entitled to speak to that item again.

The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The District is committed to maintaining a workplace free of unlawful harassment and is mindful that District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is *per se* disruptive to a meeting and will not be tolerated.

POLICY, GRANTS, AND TECHNOLOGY COMMITTEE MEETING AGENDA

WEDNESDAY, DECEMBER 18, 2024

1:00 PM

1. Call to Order - Roll Call

The Committee Chair shall call the meeting to order and the Clerk of the Boards shall take roll of the Committee members.

2. Pledge of Allegiance

CONSENT CALENDAR (Item 3)

The Consent Calendar consists of routine items that may be approved together as a group by one action of the Committee. Any Committee member or member of the public may request that an item be removed and considered separately.

3. Approval of the Draft Minutes of the Policy, Grants, and Technology Committee Meeting of October 16, 2024

The Committee will consider approving the Draft Minutes of the Policy, Grants, and Technology Committee Meeting of October 16, 2024.

ACTION ITEM(S)

4. Proposed 2025 Legislative Platform

The Committee will consider recommending to the Board of Directors that the Board adopt the proposed 2025 Legislative Platform. This item will be presented by Alan Abbs, Legislative Officer.

5. Proposed Legislative Activities for 2025

The Committee will consider recommending to the Board of Directors that the Board approve the proposed legislative activities for the 2025 Legislative Session. This item will be presented by Alan Abbs, Legislative Officer.

INFORMATIONAL ITEM(S)

6. Transportation Fund for Clean Air Program Audit #25 Results

The Committee will discuss the Transportation Fund for Clean Air Program Audit #25 results. This item will be presented by the audit partner, Joseph Moussa, from Simpson & Simpson LLP.

OTHER BUSINESS

7. Public Comment on Non-Agenda Matters

Pursuant to Government Code Section 54954.3, members of the public who wish to speak on matters not on the agenda will be given an opportunity to address the Committee. Members of the public will have two minutes each to address the Committee, unless a different time limit is established by the Chair. The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the District, or of the acts or omissions of the Committee. Speakers shall not use threatening, profane, or abusive language which disrupts, disturbs, or otherwise impedes the orderly conduct of a Committee meeting. The District is committed to maintaining a workplace free of unlawful harassment and is mindful that District staff regularly attend Committee meetings. Discriminatory statements or conduct that would potentially violate the Fair Employment and Housing Act – i.e., statements or conduct that is hostile, intimidating, oppressive, or abusive – is per se disruptive to a meeting and will not be tolerated.

8. Committee Member Comments

Any member of the Committee, 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)

9. Time and Place of Next Meeting

Wednesday, February 26, 2025, at 10:00 a.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Policy, Grants, and Technology Committee members and members of the public will be able to either join in-person or via webcast.

10. Adjournment

The Committee meeting shall be adjourned by the 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

- 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 Air 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, Suma Peesapati, at (415) 749-4967 or by email at spesapati@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

DECEMBER 2024

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Finance and Administration Committee	Wednesday	18	10:00 a.m.	1st Floor Board Room
Board of Directors Policy, Grants and Technology Committee	Wednesday	18	1:00 p.m.	1st Floor Board Room

JANUARY 2025

<u>TYPE OF MEETING</u>	<u>DAY</u>	<u>DATE</u>	<u>TIME</u>	<u>ROOM</u>
Board of Directors Community Advisory Council Meeting - CANCELLED	Thursday	16	6:00 p.m.	1st Floor, Yerba Buena Room
Board of Directors Retreat	Wednesday	29	10:00 a.m.	California State University Maritime Academy Compass Rose Room 200 Maritime Academy Drive Vallejo, CA 94590

HL 12/11/2024 – 12:00 p.m.

G/Board/Executive Office/Moncal

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Vicki Veenker and Members
of the Policy, Grants, and Technology Committee

From: Philip M. Fine
Executive Officer/APCO

Date: December 18, 2024

Re: Approval of the Draft Minutes of the Policy, Grants, and Technology Committee
Meeting of October 16, 2024

RECOMMENDED ACTION

Approve the Draft Minutes of the Policy, Grants, and Technology Meeting Minutes of October 16, 2024.

BACKGROUND

None.

DISCUSSION

Attached for your review and approval are the draft minutes of the Policy, Grants, and Technology Meeting Minutes of October 16, 2024.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Marcy Hiratzka
Reviewed by: Vanessa Johnson

ATTACHMENTS:

1. Draft Minutes of the Policy, Grants, and Technology Committee Meeting of October 16, 2024

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

Policy, Grants, and Technology Committee Meeting
Wednesday, October 16, 2024

DRAFT MINUTES

This meeting was webcast, and a video recording is available on the website of the Bay Area Air Quality Management District at www.baaqmd.gov/bodagendas

CALL TO ORDER

1. **Opening Comments:** Policy, Grants, and Technology Committee (Committee) Vice Chairperson, Sergio Lopez, called the meeting to order at 1:01 p.m.

Roll Call:

Present, In-Person (Bay Area Metro Center (375 Beale Street, 1st Floor Board Room, San Francisco, California, 94105): Committee Vice Chairperson Sergio Lopez; and Directors Noelia Corzo, Juan González III, and Katie Rice.

Present, In-Person Satellite Location (Napa County Administration Building, Crystal Conference Room, 1195 Third Street, Suite 310, Napa, CA 94559): Director Joelle Gallagher.

Present, In-Person Satellite Location (Office of Contra Costa County Supervisor Ken Carlson, 2255 Contra Costa Blvd., Suite 202, Pleasant Hill, CA 94523): Director Ken Carlson.

Absent: Committee Chairperson Vicki Veenker; and Directors Margaret Abe-Koga and Erin Hannigan.

2. **PLEDGE OF ALLEGIANCE**

CONSENT CALENDAR (ITEM 3)

3. **APPROVAL OF THE DRAFT MINUTES OF THE POLICY, GRANTS, AND TECHNOLOGY COMMITTEE SPECIAL MEETING OF SEPTEMBER 18, 2024**

Public Comments

No requests received.

Committee Comments

None.

Committee Action

Director Rice made a motion, seconded by Director González, to **approve** the Draft Minutes of the Policy, Grants, and Technology Committee Meeting of September 18, 2024; and the motion **carried** by the following vote of the Committee:

AYES: Carlson, Gallagher, González, Lopez, Rice.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Corzo, Hannigan, Veenker.

ACTION ITEM

4. TRANSPORTATION FUND FOR CLEAN AIR 40% FUND POLICIES COMMENCING FISCAL YEAR ENDING 2026

Linda Hui, Supervising Staff Specialist, gave the staff presentation *Proposed Updates to the Transportation Fund for Clean Air (TFCA) 40% Fund Policies*, including: action item; outline; background; timeline for policy updates; summary of proposed updates; community process; next steps for future cycles; and recommendation.

NOTED PRESENT: Director Corzo was noted present at 1:14 p.m.

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the Air District’s plan to remove Community Air Risk Evaluation (CARE) areas from the definition of “priority” areas; the proposal to increase the maximum cost-effectiveness for alternative fuel vehicles to \$522,000/ton (Policy #2) (how cost-effectiveness is calculated); the differences in policy between the TFCA 40% Fund and the TFCA Regional Fund; whether county transit agencies are engaged in changing these policies (provide input); and the reason for reverting the amount of time in which a grantee is required to commence a project from 24 to 12 months (Policy #6).

Committee Action

Director González made a motion, seconded by Director Rice, to recommend the Board of Directors **approve** proposed updates to the Transportation Fund for Clean Air 40% Fund Policies Commencing Fiscal Year Ending 2026; and the motion **carried** by the following vote of the Committee:

AYES: Carlson, Corzo, Gallagher, González, Lopez, Rice.
NOES: None.
ABSTAIN: None.
ABSENT: Abe-Koga, Hannigan, Veenker.

INFORMATIONAL ITEMS

5. STATE LEGISLATIVE UPDATE (SPECIAL SESSION)

Alan Abbs, Legislative Officer, gave the staff presentation *State Legislative Update (Special Session)*, including: action requested; presentation summary; Special Session summary (to date); and Special Session bill updates (ABX2-1 (Hart and Aguiar-Curry) – Energy: transportation fuels: inventories: turnaround and maintenance and ABX2-9 (Petrie-Norris) – Transportation fuels: specifications: production enhancement strategies).

Public Comments

No requests received.

Committee Comments

The Committee and staff discussed the anticipated timeline for California’s next Legislative Session, and the process for streamlining the Board’s input on new bills or dead bills that may be revived, considering the fact that the Committee will not meet in November 2024.

Committee Action

No action taken.

6. HYDROGEN POLICY CONSIDERATIONS

Dr. Idania Zamora, Assistant Manager of the Planning and Climate Protection Division, gave the staff presentation *Hydrogen Policy Considerations*, including: outline; hydrogen as an energy solution; hydrogen process and air emissions; hydrogen production (fossil fuel pathway, biogas pathway, renewable pathway); global hydrogen production; California hydrogen production; clean hydrogen end-uses; hydrogen end-uses; potential benefits; potential challenges to address; environmental challenges to address; environmental justice (EJ) considerations; California policies and programs relevant to hydrogen; California policies and programs (Low Carbon Fuel Standard (LCFS), Renewable Portfolio Standard (RPS), California’s Cap and Trade program, Zero-Emissions Vehicle (ZEV) requirements and infrastructure incentives, Senate Bill (SB) 1075 (2022)); summary; and next steps.

Public Comments

Public comments were given by Jan Warren, Interfaith Climate Action Network of Contra Costa County.

Committee Comments

The Committee and staff discussed whether the Air District’s (Technical) Advisory Council would be able to make recommendations around a potential hydrogen policy for the Air District; whether Air District staff considers adopting a hydrogen policy an urgent action for the Board to consider; Board members’ desire for technical expertise of others while developing a hydrogen policy; the anticipated level of carbon intensity of biomass as a hydrogen feedstock; how to reconcile that hydrogen is considered a good option for energy storage, due to its high energy density and potential for long-term storage, but has low energy content; whether energy is lost in fuel cell application; indirect greenhouse gas being twelve times more powerful than carbon dioxide); the intended purpose of a Board policy on hydrogen; example hydrogen Carl Moyer

Program projects; hydrogen usage goals for California; why Bill Gates considers hydrogen “the Swiss Army Knife of decarbonization”; the importance of finding the balance between supporting innovation without causing risk in exploration; the suggestion of replacing the different colors for combinations of the three aspects of the hydrogen production processes with content (“energy input”, “production methods”, and “carbon capture”); and conflict between climate and air quality goals in a potential hydrogen policy.

Committee Action

No action taken.

OTHER BUSINESS

7. PUBLIC COMMENT ON NON-AGENDA MATTERS

No requests received.

8. COMMITTEE MEMBER COMMENTS

None.

9. TIME AND PLACE OF NEXT MEETING

Originally, the next meeting of the Policy, Grants, and Technology Committee was going to be at the Call of the Chair. At the end of the meeting, Vice Chair Lopez announced that due to a scheduling conflict with the California State Association of Counties’ Annual Meeting, the Committee’s meeting that would have been on November 20, 2024, is cancelled. The Committee’s next meeting is scheduled for Wednesday, December 18, 2024, at 1:00 p.m. at 375 Beale Street, San Francisco, CA 94105. The meeting will be in-person for the Policy, Grants, and Technology Committee members and members of the public will be able to either join in-person or via webcast.

10. ADJOURNMENT

The meeting was adjourned at 2:40 p.m.

Marcy Hiratzka
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Vicki Veenker and Members
of the Policy, Grants, and Technology Committee

From: Philip M. Fine
Executive Officer/APCO

Date: December 18, 2024

Re: Proposed 2025 Legislative Platform

RECOMMENDED ACTION

Recommend to the Board of Directors that the Board adopt the proposed 2025 Legislative Platform.

BACKGROUND

The Legislative Platform is an attempt to provide overall advocacy principles to the Committee and Board, as well as provide guidance to Air District staff for the upcoming year.

DISCUSSION

The Legislative Platform is divided into three sections – state budget, state legislation, and federal legislation and regulatory activity. The platform does not commit the Air District to positions on every legislative proposal in the listed categories, but it does provide a metric for use in bringing proposals to the Committee for discussion.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Alan Abbs
Reviewed by: Viet Tran

ATTACHMENTS:

1. Proposed 2025 Legislative Platform
2. Proposed 2025 Legislative Platform Presentation



Legislative Platform (2025)

State Budget

1. **State Funding for Clean Air Projects:** Advocate for new and continued funding for investment in projects that reduce air pollution and exposure in the Bay Area. The Air District will pursue funding to support programs in the Bay Area Region from all available sources, including Carl Moyer, the Greenhouse Gas Revenue Fund, and the Air Pollution Control Fund.
2. **Greenhouse Gas Reduction Fund (GGRF):** Advocate for GGRF funding of cost-effective programs that reduce greenhouse gases, short-lived climate pollutants, and related air pollution and exposure both at the state level and in the Bay Area, including funding to support transitioning low-income families to zero-NOx water and space heaters.
3. **Assembly Bill (AB) 617 Community Air Protection Program Implementation and Incentive Funding:** Advocate for adequate and continuous funding to support the Air District's AB 617 Community Air Protection Program. The state should provide necessary resources to fund the emissions inventory, regulatory, administrative, air monitoring, and community outreach activities necessary to effectively implement AB 617 requirements. The approved 2024-25 budget included statewide funding in the amount of \$50 million (M) for implementation, \$195M for incentives, and \$5M for community grants, and similar levels of funding assumed annually through the 2029/30 budget.
4. **Wildfire Mitigation and Public Health Response:** Support for funding for air districts to support prescribed fire and other forest health activities by land managers, expanded monitoring activities during wildfire events, and public health response activities such as resilience centers and filtration programs.
5. **Clean Tech Financing:** Support proposals to provide financing assistance to clean technology projects, and if possible, funding for the Air District's Climate Tech Finance Program.
6. **Low-Carbon Transportation Incentives:** Support proposals for mobile source incentive programs that accelerate the turnover of older and more polluting diesel engines with cleaner alternatives, including zero-emission alternatives, that reduce emissions of greenhouse gases, criteria pollutants and precursors, and toxic air contaminants. Advocate for allocations that fairly provide funding for the Bay Area region and affected communities.



Legislative Platform (2025)

State Legislation

1. **Cap and Trade Reauthorization:** Support legislative proposals to reauthorize California's Cap and Trade Program.
2. **Address Legal Barriers to Environmental Justice:** This is a key environmental justice strategy approved by the Board as part of the Strategic Plan (Strategy 2.9). There is a specific commitment to "Work with the state legislature on ideas and advocacy for changes to laws that can benefit overburdened communities."
3. **AB 617 Community Air Protection Program:** Support legislative proposals, either standalone or as part of Cap and Trade Reauthorization above, that seek to reduce emissions and exposure in overburdened communities consistent with the framework of the Federal Clean Air Act and California Clean Air Act.
4. **Vehicle Emissions and Reducing Vehicle Miles Traveled:** Support legislative proposals that encourage active transportation, reduce vehicle miles traveled, and reduce emissions in the transportation sector. Oppose legislative proposals that roll back existing smog check and vehicle maintenance requirements.
5. **Climate Change:** Support legislative proposals that align with the Air District's 2017 Bay Area Clean Air Plan, including limiting fossil fuel combustion, stopping methane leaks, advancing zero-emission vehicle usage, advancing clean fuel adoption, supporting Community Choice Aggregation programs.
6. **Green and Healthy Buildings:** Support legislative proposals that accelerate low carbon buildings, support implementation of Air District Rule 9-4 and Rule 9-6, promote electrification and electrification readiness in both new and existing buildings and protect renters in the transition to green appliances.
7. **Wildfire Smoke Public Health Response:** Support legislative proposals that would improve indoor air quality in public and non-public spaces through improved filtration or weatherization, especially in vulnerable and disadvantaged communities.
8. **Emergency Backup Generation:** Support legislative proposals that seek to reduce diesel particulate emissions in backup generation through use of cleaner generation. Oppose legislative proposals that restrict air district regulatory authority of diesel backup generators.
9. **Toxic Air Emissions:** Support legislative proposals to reduce emissions and exposure of air toxics. Oppose legislation that would potentially result in increases of exposure to air toxic emissions in the Bay Area Region.
10. **Wildfire Smoke Mitigation/Prescribed Fire:** Support legislative proposals to proactively reduce smoke from catastrophic wildfires through responsible fuel management policies, including the use of prescribed fire.
11. **Stationary Source Greenhouse Gas Authority:** Support legislative proposals to provide local air districts expanded authority to establish stationary source greenhouse gas limits.
12. **Land Use:** Monitor legislative proposals that have the potential to directly affect local and regional air quality goals.



Legislative Platform (2025)

Federal Legislation and Regulatory Activity

1. **Federal Funding for Air District Clean Air Programs:** Advocate for continuous and increased funding for Air District programs that reduce emissions and exposure, or that support monitoring and planning efforts in the Bay Area Region, including federal 103 and 105 grants, Diesel Emission Reduction Act grants, and Targeted Airshed Grants. Advocate as necessary against efforts to rescind previously awarded funding or to reduce total appropriations in existing law, including the Bipartisan Infrastructure Law and the Inflation Reduction Act.
2. **Wildfire Smoke Public Health Response:** Support federal level efforts, including legislative efforts, to improve wildfire smoke public health response and indoor air quality in the Bay Area Region.
3. **Clean Transportation Programs:** Support efforts to secure any eligible remaining funding for clean transportation infrastructure in the Bay Area in federal transportation bills, the Bipartisan Infrastructure Law, and the Inflation Reduction Act.
4. **Clean Energy Programs:** Support efforts to promote clean energy technology through incentive funding or tax credits, especially in disadvantaged communities in the Bay Area. Support proposals to provide financing assistance to clean technology projects, and if possible, funding for the Air District's Climate Tech Finance Program.
5. **Particulate Matter Standards:** Support the United States Environmental Protection Agency's implementation of a more health-protective particulate matter standard consistent with the scientific evidence.
6. **Vehicle Emission Standards:** Support efforts to retain stringent vehicle emission standards that align with current California standards for light-, medium-, and heavy-duty vehicles. Support efforts to retain California vehicle emission standard authority.
7. **Climate Change:** Support federal level efforts, including legislative efforts, that align with the Air District's 2017 Bay Area Clean Air Plan, including limiting fossil fuel combustion, stopping methane leaks, advancing zero-emission vehicle usage, advancing clean fuel adoption, supporting Community Choice Aggregation programs.
8. **Green and Healthy Buildings:** Support federal level efforts, including legislative efforts and budget appropriations, that accelerate low carbon buildings, support implementation of Air District Rule 9-4 and 9-6 and promote electrification and electrification readiness in both new and existing buildings.
9. **Leaded Aviation Gas:** Continue to support efforts to adopt additional regulatory and incentive programs to promote use of lower lead and no-lead alternatives at general aviation airports.



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 4

Proposed 2025 Legislative Platform

**Policy, Grants, and Technology Committee Meeting
December 18, 2024**

Alan Abbs
Legislative Officer
aabbs@baaqmd.gov



Action Requested

Recommend to the Board of Directors that the Board adopt the proposed 2025 Legislative Platform.

Presentation Outline

- **Overview of Air District Legislative Platform**
- **Consideration of the Draft 2025 Legislative Platform:**
 - State Budget
 - State Legislation
 - Federal Legislation and Regulatory Activity

Abbreviations: Assembly Bill (AB) | Board of Directors (Board)

Overview of Air District Legislative Platform

- The Legislative Platform is an attempt to provide overall advocacy principles to the Committee and the Board, as well as provide guidance to Air District staff for the upcoming year
- The Legislative Platform is divided into three sections – state budget, state legislation, and federal legislation and regulatory activity. The platform does not commit the Air District to positions on every legislative proposal in the listed categories, but it does provide a metric for use in bringing proposals to the Committee for discussion

State Budget

- 1. State Funding for Clean Air Projects**
- 2. Greenhouse Gas Reduction Fund**
- 3. AB 617 Community Air Protection Program Implementation and Incentive Funding**
- 4. Wildfire Mitigation and Public Health Response**
- 5. Clean Tech Financing**
- 6. Low-Carbon Transportation Incentives**

State Legislation

- 1. Cap and Trade Reauthorization**
- 2. Address Legal Barriers to Environmental Justice**
- 3. AB 617 Community Air Protection Program**
- 4. Vehicle Emissions and Reducing Vehicle Miles Traveled**
- 5. Climate Change**
- 6. Green and Healthy Buildings**
- 7. Wildfire Smoke Public Health Response**
- 8. Emergency Backup Generation**
- 9. Toxic Air Emissions**
- 10. Wildfire Smoke Mitigation/Prescribed Fire**
- 11. Stationary Source Greenhouse Gas Authority**
- 12. Land Use**

Federal Legislation and Regulatory Activity

- 1. Federal Funding for Air District Clean Air Programs**
- 2. Wildfire Smoke Public Health Response**
- 3. Clean Transportation Programs**
- 4. Clean Energy Programs**
- 5. Particulate Matter Standards**
- 6. Vehicle Emission Standards**
- 7. Climate Change**
- 8. Green and Healthy Buildings**
- 9. Leaded Aviation Gas**

Recap: Action Requested

Recommend to the Board of Directors that the Board adopt the proposed 2025 Legislative Platform.

Questions / Discussion

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Memorandum

To: Chairperson Vicki Veenker and Members
 of the Policy, Grants, and Technology Committee

From: Philip M. Fine
 Executive Officer/APCO

Date: December 18, 2024

Re: Proposed Legislative Activities for 2025

RECOMMENDED ACTION

Recommend to the Board of Directors that the Board approve the proposed Legislative Activities for 2025.

BACKGROUND

The first year of the 2025-26 Legislative Session began on December 2, 2024, and minor legislative activity is likely to occur until January 2025. In addition, Governor Newsom has called a special session in December to discuss, “bolstering California legal resources to protect civil rights, reproductive freedom, climate action, and immigrant families,” per the press release of November 7, 2024, on the Governor’s website. The Senate and Assembly could choose to respond in a very minimal fashion and defer major decisions until January, when the legislature reconvenes. Aside from that, key dates and deadlines for Members are listed below and the 2025 Tentative Legislative Calendar is attached.

January 6, 2025	Legislature reconvenes
January 24, 2025	Last day to submit bill requests to the Office of Legislative Counsel
February 21, 2025	Last day for bills to be introduced
June 6, 2025	Last day for each house to pass bills introduced in that house
September 12, 2025	Last day for each house to pass bills
October 12, 2025	Last day for the Governor to sign or veto bills passed by the Legislature before September 12 and in the Governor's possession on or after September 12
January 1, 2026	Statutes take effect

DISCUSSION

1. Vessel Speed Reduction (VSR) – Ocean-Going Vessels

Expansion of the existing *Protecting Blue Whales and Blue Skies* vessel speed reduction program (Program) to include ocean territories that are not covered by any VSR program – the San Diego region and the North Coast. The expansion of the Program to other areas of the California coast yields additional public health and ecosystem benefits. Several coastal air districts have administered the Program and have documented significant cost-effective reductions in nitrogen oxides (NOx) and particulate matter (PM), and the Program anecdotally lowers the risk of “whale strikes” during migration periods.

This will be the third attempt to expand this Program. Both previous attempts, Assembly Bill (AB) 953 (Connolly and Hart) in 2023 and AB 2298 (Hart and Connolly) in 2024, made it through the full Assembly and the policy committees in the Senate but were ultimately held under submission in the Senate Appropriations Committee. The Bay Area Air Quality Management District (Air District) was a co-sponsor for both previous attempts.

Staff Recommendation: Propose Co-Sponsor

2. Homeowners Association (HOA) Limitations

The proposal would limit the ability of HOAs to deny a homeowner the ability to replace an older appliance with a new appliance if the new appliance may result in an alteration to the exterior of the property. While many heat pump appliance replacements can be installed within the footprint of the existing appliance, some may require an outdoor condenser that could run afoul of some HOA restrictions, including a lengthy architectural review process. As noted, because some appliance replacements are performed as emergencies, navigating any restrictions including architectural review may limit the replacement choices of homeowners. Past statutes regarding HOA limitations have addressed water efficient landscaping and electric vehicle (EV) infrastructure installation, and a limitation regarding heat pumps could be appropriate.

Staff Recommendation: Continue discussions with legislative offices and propose sponsor, co-sponsor, and/or support any legislative efforts to address these concerns.

3. California Air Resources Board (CARB) Air District Board Member Compensation

The proposal would provide that CARB board members representing air districts receive the same level of compensation as other Governor-appointed voting CARB board members. Per current statute, Health and Safety Code Section 39512.5, air district CARB Board members only receive \$100 per meeting plus actual and necessary expenses.

This bill is sponsored by the South Coast Air Quality Management District (South Coast AQMD) and is a reintroduction of AB 2958 (Calderon), also sponsored by South Coast AQMD, and supported by the Air District, which made it through the full Assembly and the policy committees in the Senate but was ultimately held under submission in the Senate Appropriations Committee.

Staff Recommendation: Propose Support or Co-Sponsor

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Alan Abbs
Reviewed by: Viet Tran

ATTACHMENTS:

1. 2025 Tentative Legislative Calendar
2. Proposed Legislative Activities for 2025 Presentation

2025 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised October 16, 2024

DEADLINES

JANUARY						
S	M	T	W	TH	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

FEBRUARY						
S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

MARCH						
S	M	T	W	TH	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

APRIL						
S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

MAY						
S	M	T	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

- Jan. 1** Statutes take effect (Art. IV, Sec. 8(c)).
- Jan. 6** Legislature Reconvenes (J.R. 51(a)(1)).
- Jan. 10** Budget must be submitted by Governor (Art. IV, Sec. 12(a)).
- Jan. 20** Martin Luther King, Jr. Day.
- Jan. 24** Last day to submit **bill requests** to the Office of Legislative Counsel.

- Feb. 17** Presidents' Day.
- Feb. 21** Last day for bills to be **introduced** (J.R. 61(a)(1), (J.R. 54(a)).

- Mar. 31** Cesar Chavez Day

- Apr. 10** **Spring Recess** begins upon adjournment of this day's session (J.R. 51(a)(2)).
- Apr. 21** Legislature reconvenes from **Spring Recess** (J.R. 51(a)(2)).

- May 2** Last day for **policy committees** to hear and report to **fiscal committees** fiscal bills introduced in their house (J.R. 61(a)(2)).
- May 9** Last day for **policy committees** to hear and report to the Floor **nonfiscal** bills introduced in their house (J.R. 61(a)(3)).
- May 16** Last day for **policy committees** to meet prior to June 9 (J.R. 61(a)(4)).
- May 23** Last day for **fiscal committees** to hear and report to the Floor bills introduced in their house (J.R. 61(a)(5)). Last day for **fiscal committees** to meet prior to June 9 (J.R. 61 (a)(6)).
- May 26** Memorial Day.

*Holiday schedule subject to Senate Rules committee approval.

2025 TENTATIVE LEGISLATIVE CALENDAR

COMPILED BY THE OFFICE OF THE SECRETARY OF THE SENATE AND THE OFFICE OF THE ASSEMBLY CHIEF CLERK
Revised October 16, 2024

JUNE						
S	M	T	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

June 2 - 6 Floor Session Only. No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(a)(7)).

June 6 Last day for each house to pass bills introduced in that house (J.R. 61(a)(8)).

June 9 Committee meetings may resume (J.R. 61(a)(9)).

June 15 Budget Bill must be **passed by midnight** (Art. IV, Sec. 12(c)(3)).

JULY						
S	M	T	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

July 4 Independence Day.

July 18 Last day for **policy committees** to meet and report bills (J.R. 61(a)(10)). **Summer Recess** begins upon adjournment of session provided Budget Bill has been passed (J.R. 51(a)(3)).

AUGUST						
S	M	T	W	TH	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Aug. 18 Legislature reconvenes from **Summer Recess** (J.R. 51(a)(3)).

Aug. 29 Last day for **fiscal committees** to meet and report bills to the Floor. (J.R. 61(a)(11)).

SEPTEMBER						
S	M	T	W	TH	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

Sept. 1 Labor Day.

Sept. 2-12 Floor Session Only. No committees, other than conference or Rules committees, may meet for any purpose (J.R. 61(a)(12)).

Sept. 5 Last day to **amend** on the Floor (J.R. 61(a)(13)).

Sept. 12 Last day for **each house to pass bills** (J.R. 61(a)(14)). **Interim Study Recess** begins at end of this day's session (J.R. 51(a)(4)).

*Holiday schedule subject to Senate Rules committee approval.

IMPORTANT DATES OCCURRING DURING INTERIM STUDY RECESS

2025

Oct. 12 Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 12 and in the Governor's possession after Sept. 12 (Art. IV, Sec.10(b)(1)).

2026

Jan. 1 Statutes take effect (Art. IV, Sec. 8(c)).
Jan. 5 Legislature reconvenes (J.R. 51(a)(4)).



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

AGENDA: 5

Proposed Legislative Activities for 2025

**Policy, Grants, and Technology Committee Meeting
December 18, 2024**

**Alan Abbs
Legislative Officer
aabbs@baaqmd.gov**



Action Requested

Recommend to the Board of Directors that the Board approve the proposed Legislative Activities for 2025.

Presentation Summary

- **Upcoming Key Dates and Deadlines for the Legislature**
- **Discussion of Proposed Legislative Activities for 2025**
- **Questions/Discussion**

Abbreviations: Air Quality Management District (AQMD) |
Assembly Bill (AB) | California Air Resources Board (CARB) |
Electric Vehicle (EV) | Homeowners Association (HOA) |
Oxides of Nitrogen (NOx) | Particulate Matter (PM) |
Vessel Speed Reduction (VSR)

Key Dates and Deadlines

The start of the two-year 2025-26 Legislative Session began on December 2, 2024.

Date/Deadline	Description
January 6, 2025	Legislature reconvenes
January 24, 2025	Last day to submit bill requests to the Office of Legislative Counsel
February 21, 2025	Last day for bills to be introduced
June 6, 2025	Last day for each house to pass bills introduced in that house
September 12, 2025	Last day for each house to pass bills
October 12, 2025	Last day for the Governor to sign or veto bills passed by the Legislature before September 12 and in the Governor's possession on or after September 12
January 1, 2026	Statutes take effect

Proposed Legislative Activities

VSR – Ocean-Going Vessels

Expansion of the existing *Protecting Blue Whales and Blue Skies* VSR program to include ocean territories that are not covered by any VSR program – the San Diego region and the North Coast. The expansion of the *Protecting Blue Whales and Blue Skies* program to other areas of the California coast yields additional public health and ecosystem benefits.

Staff Recommendation: Propose Co-Sponsor

Proposed Legislative Activities (cont.)

HOA Limitations

The proposal would limit the ability of HOAs to deny a homeowner the ability to replace an older appliance with a new appliance if the new appliance may result in an alteration to the exterior of the property.

Staff Recommendation: Continue discussions with legislative offices and propose sponsor, co-sponsor, and/or support any legislative efforts to address these concerns.

Proposed Legislative Activities (cont.)

CARB Air District Board Member Compensation

The proposal would provide that CARB board members representing air districts receive the same level of compensation as other Governor-appointed voting CARB board members.

- Per current statute, Health and Safety Code Section 39512.5, air district CARB Board members only receive \$100 per meeting plus actual and necessary expenses

Staff Recommendation: Propose Support or Co-Sponsor

Recap: Action Requested

Recommend to the Board of Directors that the Board approve the proposed Legislative Activities for 2025.

Questions / Discussion

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Vicki Veenker and Members
of the Policy, Grants, and Technology Committee

From: Philip M. Fine
Executive Officer/APCO

Date: December 18, 2024

Re: Transportation Fund for Clean Air Program Audit #25 Results

RECOMMENDED ACTION

The Committee will discuss, but no action is requested at this time.

BACKGROUND

In 1991, the California State Legislature authorized the Bay Area Air Quality Management District (Air District) to impose a \$4 surcharge on motor vehicles registered within the nine-county Bay Area to fund projects that reduce on-road motor vehicle emissions. Since 1992, the Air District has allocated these funds to its Transportation Fund for Clean Air (TFCA) Program to fund eligible projects and programs. The statutory authority for the TFCA and requirements of the program are set forth in California Health and Safety Code (HSC) Sections 44241 through 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) and through a grant program referred to as the TFCA Regional Fund. The remaining 40% of TFCA funds are forwarded to the designated administering transportation agency within each Bay Area County through a program referred to as the TFCA 40% Fund (also known as the TFCA *County Program Manager Fund*).

HSC Section 44242 requires an audit of projects and programs funded with TFCA monies, at least once every two years. On July 6, 2022, the Air District's Board of Directors (Board) approved the award of a contract to Simpson & Simpson, LLP for up to a five-year term for audit services, including a financial and compliance review of TFCA-funded projects and programs.

DISCUSSION

The Audit Summary Reports, included as Attachment 1 and 2, summarize the results of Audit #25 conducted by Simpson & Simpson covering TFCA Regional Fund, 40% Fund, and Air District-sponsored projects that were completed prior to June 30, 2023, and Air District administrative expense of TFCA funds incurred between July 1, 2022, and June 30, 2023. For TFCA audits, projects are considered "completed" after the Air District has approved a project

sponsor's final invoice, which documents the project sponsor's expenditure of all eligible project funds and the completion of transportation services or all initial project milestones. A list of the projects and programs that were reviewed for Audit #25 is available in Appendix B in each of the attached reports.

Audit field work was conducted by Simpson & Simpson, LLP during the months of January 2024 through October 2024. Following the completion of field work, Simpson & Simpson, LLP issued a draft audit report to each of the project sponsors and offered an opportunity to those with any preliminary findings to provide a management response.

At the meeting the Committee will receive a presentation from the auditors summarizing the results of their review of projects and programs funded by the TFCA 60 and 40% Funds and Air District administrative expenses. The Audit Summary Report for the TFCA Regional Fund and Air District-Sponsored Programs is included as Attachment 1. Appendix B of this report contains a list of the projects and programs that were audited. There was one observation with an internal control at the project sponsor level.

The Audit Summary Report for the 40% Fund is included as Attachment 2. Appendix B of this report contains a list of the projects and programs that were audited. **There were no findings reported.**

The reports reflect an overall improvement in the Air District's adherence to program requirements and are the result of actions taken by Air District staff over the years to improve and strengthen its own administrative processes.

Agreed-Upon Procedures

In addition to the financial and compliance audits, Simpson & Simpson, LLP also performed a review of Agreed-Upon Procedures (AUP) to verify project sponsors' compliance with other aspects of the TFCA Funding Agreement, including that:

1. Expenditures are properly supported;
2. Administrative expenses are appropriately documented;
3. Use of an indirect cost rate is consistent with the Air District Guidelines;
4. Appropriate resolutions authorizing the grant application are adopted or, where applicable, an authorizing letter of commitment is included;
5. Required reports are submitted on time and contained all information required;
6. The Air District is acknowledged as a project funder; and
7. Matching Funds requirements are met or exceeded.

The AUP results are currently being reviewed internally and will be used by staff to further improve the administration of the TFCA program.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None. Administrative costs for the TFCA audit and staff are provided by the funding source.

Respectfully submitted,

Philip M. Fine
Executive Officer/APCO

Prepared by: Minda Berbeco
Reviewed by: Karen Schkolnick

ATTACHMENTS:

1. TFCA Regional Fund and Air District-sponsored programs Audit #25 Summary Report
2. TFCA 40% Fund Audit #25 Summary Report
3. TFCA Audit #25 Presentation

**12/18/2024 POLICY, GRANTS, AND TECHNOLOGY
COMMITTEE MEETING**

ATTACHMENT 1

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**TRANSPORTATION FUND
FOR CLEAN AIR PROGRAM**

**REGIONAL FUND AND
AIR DISTRICT-SPONSORED PROGRAMS**

AUDIT NO. 25 SUMMARY REPORT



**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS**

Table of Contents

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**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 25 Summary Report**

1 – INTRODUCTION

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

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

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

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

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

2 – PROGRAM DESCRIPTION

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

- The implementation of ridesharing programs.
- The purchase or lease of clean fuel buses for school districts and transit operators.
- The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
- Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and “smart streets.”

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 25 Summary Report**

2 – PROGRAM DESCRIPTION (continued)

- Implementation of rail-bus integration and regional transit information systems.
- Implementation of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit.
- Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations.
- Implementation of a smoking vehicles program.
- Implementation of an automobile buy-back scrappage program operated by a governmental agency.
- Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
- The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plans.

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

The Air District retained the firm of Simpson and Simpson LLP to conduct TFCA financial and compliance Audit No. 25, which included Regional Fund projects and Air District-sponsored programs completed prior to June 30, 2023. These audits were conducted during the months of January 2024 through October 2024.

A total of 20 individual project sponsors and 24 projects were audited, with \$6,352,095.03 total funds expended for projects included in Audit No. 25. A listing of the projects audited is provided in Appendix B. Unmodified opinions were issued on all 20 financial audit reports.

3 – AUDIT PROCESS

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

Audit of the Schedules of Expenditures

The financial audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 25 Summary Report**

3 – AUDIT PROCESS (continued)

Procedures performed included, but were not limited to:

- Gaining an understanding of the project sponsors' internal controls over the financial reporting of the TFCA program through observation, inquiry, and supporting documentation.
- Tracing expenditures related to the TFCA program to the project sponsor's accounting records.
- Validating TFCA expenditures related to vendor disbursements, payroll, and administrative charges to supporting documentation.
- Conducting interviews with project sponsors to inquire about known, alleged, or suspected fraud related to the program.

Compliance Auditing Procedures

The audits were performed in accordance with the requirements outlined in the Health and Safety Code, individual funding agreements, and Government Auditing Standards. The principal focus of the compliance auditing procedures was to ensure TFCA expenditures were paid in accordance with the program's objectives (Health and Safety Code Section (HSC) 44241). Compliance audits were planned and performed to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to in the HSC could have a direct and material effect on projects reported in the Schedules occurred.

The audit includes examining, on a test basis, evidence about the project sponsor's compliance with those requirements and performing such other procedures as considered necessary in the circumstances.

Auditing procedures performed included, but were not limited to:

- Testing expenditures for allowable costs in accordance with Section 44241 of the Health and Safety Code.
- Verifying that the project sponsor used the TFCA funds for the reduction of emissions from motor vehicles.

4 – PROJECT SPONSOR FINDINGS

Audit of the Schedules of Expenditures

No project sponsor findings were identified for the projects audited as part of Audit No. 25.

Compliance Auditing Procedures

No project sponsor findings were identified for the projects audited as part of Audit No. 25.

Internal Control over Compliance

There was one observation with an internal control at the project sponsor level (One Rincon Hill Association).

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Audit No. 25 Summary Report**

5 – OTHER PROGRAM COMPLIANCE REVIEW

An Agreed Upon Procedures (AUP) engagement was performed to test the project sponsor's compliance with other aspects of the TFCA Funding Agreement. These procedures were determined and prepared by the Air District for the auditors to perform.

The auditors issued a separate AUP Report on the results of the procedures performed.

APPENDIX A

HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Appendix A - Health and Safety Code Sections 44241 and 44242
For Audit No. 25**

44241

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

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Appendix A - Health and Safety Code Sections 44241 and 44242
For Audit No. 25**

44241 (continued)

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

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS
Appendix A - Health and Safety Code Sections 44241 and 44242
For Audit No. 25**

44242

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

APPENDIX B
LISTING OF AUDITED PROJECTS

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM
REGIONAL FUND AND AIR DISTRICT-SPONSORED PROGRAMS**

**Appendix B – Listing of Audited Projects
For Audit No. 25**

TFCA Project Number	Project Sponsor	Project Title	Final Project Expenditures through 6/30/2023
16EV027	VF/UTC Service, Inc.	Install 21 dual-port level 2 charging stations (with solar) in San Jose	\$ 223,776.00
17EV031	Fremont Union High School District	Fremont Union High School District's Electric Vehicle Charging Project	96,000.00
18EV037	Fremont Union High School District	Fremont Union High School District's Electric Vehicle Charging Station Project	199,500.00
18EV045	City of Dublin	City of Dublin's Electric Vehicle Charging Station Project	11,000.00
18EV055	Intertie Incorporated	Intertie Incorporated's Electric Vehicle Charging Station Project	46,000.00
19EV020	One Rincon Hill Association	One Rincon Hill Association's Electric Vehicle Charging Station Project	29,958.00
19EV021	City of Richmond	City of Richmond's Electric Vehicle Charging Station Project	49,500.00
19EV035	Edward D. Kellar dba Hayward Windsor Arms Apartments, LLC	Edward D. Kellar dba Hayward Windsor Arms Apartments, LLC's Electric Vehicle Charging Station Project.	10,313.00
19EV046	Imperial Parking (U.S.), LLC dba Impark	Imperial Parking (U.S.), LLC dba Impark's Electric Vehicle Charging Station Project	36,594.00
2103-17625	Silvergate Brentwood, LLC	Silvergate Brentwood, LLC's Electric Vehicle Charging Station Project	44,000.00
17R24	City of Cupertino	Cupertino Bikeway Project	87,565.76
18R18	Town of Los Gatos	Town of Los Gatos Bikeway Project	216,666.42
19R22	City of Union City	Union City Microtransit Pilot	510,782.85
19RFG13	EVgo Services LLC	Install three 350 kW EV Chargers and two 100 kW EV Chargers	389,400.00
21R08	Peninsula Corridor Joint Powers Board	Bayside-Burlingame and Marsh Road Shuttles	160,000.00
21R12	San Joaquin Regional Rail Commission	Pleasanton Connector Shuttles	80,000.00
22SBP14	Milpitas Unified School District	School Bus Replacement	204,598.00
22SBP192	Bolinas-Stinson Union School District	School Bus Replacement	229,440.00
22SBP337	Hayward Unified School District	School Bus Replacement	227,000.00
22SBP84	Rincon Valley Union School District	School Bus Replacement	892,045.00
23R00	Bay Area Air Quality Management District	Administration	934,471.00
23R01	Bay Area Air Quality Management District	Enhanced Mobile Source Inspections/ Commuter Benefits Program	11,306.00
23R02	Bay Area Air Quality Management District	Vehicle Buy Back Program	254,000.00
23R03	Bay Area Air Quality Management District	Spare the Air/Intermittent Control Programs	1,408,179.00
Final Project Expenses			\$ 6,352,095.03
Total Projects			24
Total Project Sponsors			20

**12/18/2024 POLICY, GRANTS, AND TECHNOLOGY
COMMITTEE MEETING**

ATTACHMENT 2

**BAY AREA AIR QUALITY
MANAGEMENT DISTRICT**

**TRANSPORTATION FUND FOR CLEAN AIR
PROGRAM MANAGER FUND**

AUDIT NO. 25 SUMMARY REPORT



**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND**

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**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Audit No. 25 Summary Report**

1 – INTRODUCTION

The Bay Area Air Quality Management District (Air District), created by the California legislature in 1955, is the state's first regional agency dealing with air pollution. The Air District regulates stationary sources of air pollution within the nine San Francisco Bay Area counties in California. The Air District's jurisdiction includes Alameda County, Contra Costa County, Marin County, Napa County, City/County of San Francisco, San Mateo County, Santa Clara County, southern Sonoma County, and south-western Solano County. The primary mission of the Air District is to achieve ambient air quality standards designed to protect the public's health and the environment. The Air District is governed by a twenty-four-member Board of Directors who has the authority to develop and enforce regulations for the control of air pollution within its jurisdiction

2 – PROGRAM DESCRIPTION

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

- The implementation of ridesharing programs.
- The purchase or lease of clean fuel buses for school districts and transit operators.
- The provision of local feeder bus or shuttle service to rail and ferry stations and to airports.
- Implementation and maintenance of local arterial traffic management, including, but not limited to, signal timing, transit signal preemption, bus stop relocation and "smart streets."
- Implementation of rail-bus integration and regional transit information systems.
- Implementation of demonstration projects in telecommuting and in congestion pricing of highways, bridges, and public transit.
- Implementation of vehicle-based projects to reduce mobile source emissions, including, but not limited to, engine repowers, engine retrofits, fleet modernization, alternative fuels, and advanced technology demonstrations.
- Implementation of a smoking vehicles program.
- Implementation of an automobile buy-back scrapperage program operated by a governmental agency.
- Implementation of bicycle facility improvement projects that are included in an adopted countywide bicycle plan or congestion management program.
- The design and construction by local public agencies of physical improvements that support development projects that achieve motor vehicle emission reductions. The projects and the physical improvements shall be identified in an approved area-specific plan, redevelopment plan, general plan, or other similar plan.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Audit No. 25 Summary Report**

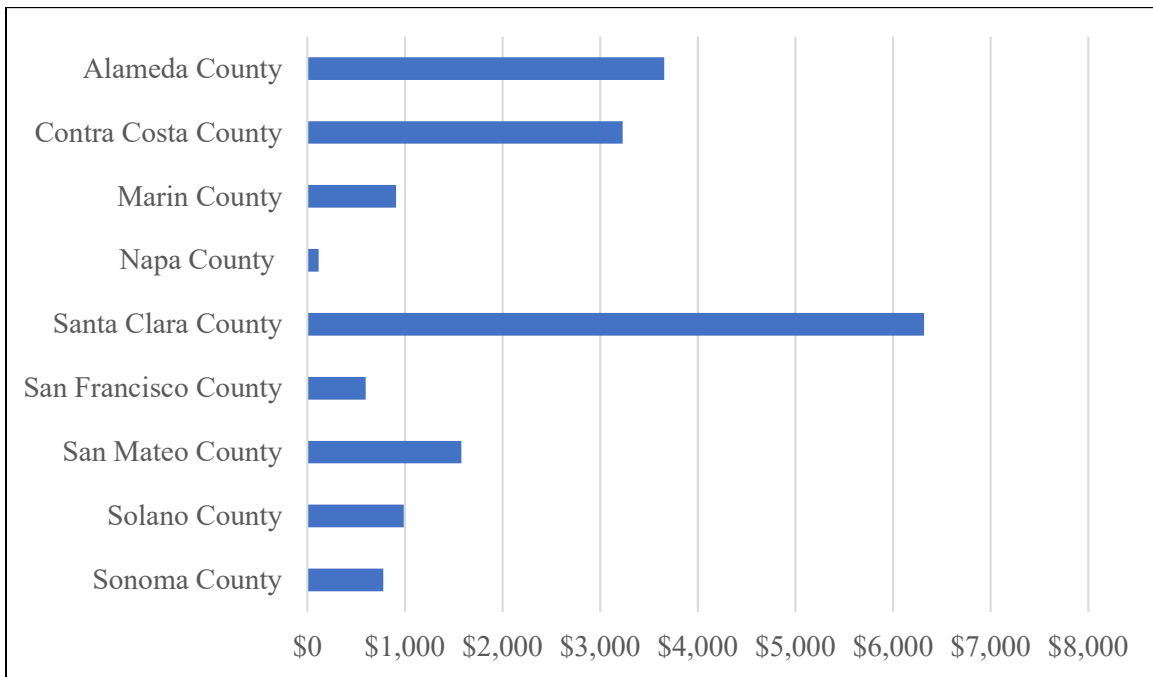
2 – PROGRAM DESCRIPTION (continued)

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

The Air District retained the firm of Simpson and Simpson LLP to conduct TFCA financial and compliance Audit No. 25, which included completed projects funded through the Program Manager Fund for the project period ended June 30, 2023. These audits were conducted during the months of January 2024 through October 2024.

The graph below reports the amount of TFCA Funds allocated to each of the individual Program Managers for projects that closed during the period from July 1, 2022, through June 30, 2023. These audits were conducted during the months of January 2024 through October 2024. A list of audited projects is provided in Appendix B.

**Total Funds Expended by Program Manager for Projects Completed
During the Period of July 1, 2022, through June 30, 2023 (in thousands)**



**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Audit No. 25 Summary Report**

3 – AUDIT PROCESS

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

Audit of the Schedules of Expenditures

The financial audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Procedures performed included, but were not limited to:

- Gaining an understanding of the Program Managers' internal controls over financial reporting of the TFCA program through observation, inquiry, and supporting documentation.
- Tracing expenditures related to the TFCA program to the Program Manager's accounting records.
- Validating TFCA expenditures related to vendor disbursements, payroll, and administrative charges to supporting documentation.
- Conducting interviews with Program Managers to inquire about known, alleged or suspected fraud related to the program.

Compliance Auditing Procedures

The audits were performed in accordance with the requirements outlined in the Health and Safety Code, individual funding agreements and Government Auditing Standards. The principal focus of the compliance auditing procedures was to ensure TFCA expenditures were paid in accordance with the program's objectives (Health and Safety Code Section (HSC) 44241). Compliance audits were planned and performed to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to in the HSC could have a direct and material effect on projects reported in the Schedules occurred.

Auditing procedures performed included, but were not limited to:

- Testing expenditures for allowable costs in accordance with Section 44241 of the Health and Safety Code.
- Verifying that the project sponsor used the TFCA funds for the reduction of emissions from motor vehicles.

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Audit No. 25 Summary Report**

4 – PROGRAM MANAGER’S FINDINGS

Audit of the Schedules of Expenditures

No project findings were identified for the projects audited as part of Audit No. 25.

Compliance Auditing Procedures

No project findings were identified for the projects audited as part of Audit No. 25.

Internal Control over Compliance

No project findings were identified for the projects audited as part of Audit No. 25.

5 – OTHER PROGRAM COMPLIANCE REVIEW

An Agreed Upon Procedures (AUP) engagement was performed to test the project sponsor’s compliance with other aspects of the TFCA Funding Agreement. These procedures were determined and prepared by the Air District for the auditors to perform.

The auditors issued a separate AUP Report on the results of the procedures performed.

APPENDIX A

HEALTH AND SAFETY CODE SECTIONS 44241 AND 44242

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix A - Health and Safety Code Sections 44241 and 44242
Audit No. 25 Summary Report**

44241

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

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix A - Health and Safety Code Sections 44241 and 44242
Audit No. 25 Summary Report**

44241 (continued)

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

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix A - Health and Safety Code Sections 44241 and 44242
Audit No. 25 Summary Report**

44242

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

APPENDIX B
LISTING OF AUDITED PROJECTS

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix B – Listing of Audited Projects
Audit No. 25 Summary Report**

Alameda County Transportation Commission:

TFCA Project Number	Project Sponsor	Project Name	Final Project Expenditures through 6/30/2023
15ALA09	AC Transit	East Bay Bus Rapid Transit	924,999.90
20ALA02	Alameda County Transportation Commission	East 14th Street Bike Lanes	245,000.00
21ALA00	Alameda County Transportation Commission	Administration	123,773.66
22ALA00	Alameda County Transportation Commission	Administration	107,570.00
21ALA02	Alameda County Transportation Commission	Alameda County TDM Program	361,656.54
23ALA00	Alameda County Transportation Commission	Administration	110,319.39
11ALA01	City of Alameda	Park Street Corridor Operations Improvement	230,900.00
20ALA04	City of Dublin	Tassajara Road Arterial Management	79,771.19
19ALA01	City of Emeryville	South Bayfront Bike/Pedestrian Bridge O/C	105,000.00
18ALA03	City of Fremont	Fremont Signal Timing on Paseo Padre Pkwy	212,699.24
15ALA08	City of Oakland	Bay Area Bike Share Expansion to Oakland	441,276.75
20ALA07	City of Pleasanton	Pleasanton Trip Reduction Program, FYs 19-20 & 20-21	53,275.18
21ALA07	City of San Leandro	San Leandro LINKS Shuttle, FYs 2020-21 & 2021-22	128,000.00
21ALA08	Livermore-Amador Valley Transit Authority	LAVTA Rte 30 BRT Operations, FYs 2021-22 & 2022-23	316,750.00
15ALA15	Metropolitan Transportation Commission	Bay Area Bike Share Expansion to Oakland	215,226.50
Final Project Expenses			\$ 3,656,218.35
Total Projects			15
Total Project Sponsors			11

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix B – Listing of Audited Projects
Audit No. 25 Summary Report**

Contra Costa Transportation Authority:

TFCA Project Number	Project Sponsor	Project Name	Final Project Expenditures through 6/30/2023
20CC03	City of San Ramon	Southwest Emissions/Trip Reduction Program	263,403.00
22CC03	City of San Ramon	Southwest Emissions	315,335.00
21CC02	Contra Costa Transportation Authority	Central/East SOV Trip	785,100.00
22CC00	Contra Costa Transportation Authority	Contra Costa TFCA Program Administration	52,410.68
22CC02	Contra Costa Transportation Authority	Central/East SOV Trip Reduction	891,357.97
23CC00	Contra Costa Transportation Authority	Contra Costa TFCA Program Administration	77,087.67
20CC01	West Contra Costa Transportation Advisory Committee	West Contra Costa County Emissions/Trip Reductio Program	364,954.00
21CC01	West Contra Costa Transportation Advisory Committee	West County Emissions	127,115.00
22CC01	West Contra Costa Transportation Advisory Committee	West County Emissions/Trip Reduction Program	354,362.00
Final Project Expenses			\$ 3,231,125.32
Total Projects			9
Total Project Sponsors			3

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix B – Listing of Audited Projects
Audit No. 25 Summary Report**

Transportation Authority of Marin:

TFCA Project Number	Project Sponsor	Project Name	Final Project Expenditures through 6/30/2023
22MAR02	City of Larkspur	Doherty Drive Safe Pathway	218,254.00
17MAR01	City of Sausalito	Gate 6/Bridgeway Intersection Improvements	344,658.83
19MAR01	City of Sausalito	Gate 6 Brideway Improvements - 2nd Allocation	300,914.00
22MAR00	Transportation Authority of Marin	Program Administration	22,088.48
23MAR00	Transportation Authority of Marin	Program Administration	21,895.67
Final Project Expenses			\$ 907,810.98
Total Projects			5
Total Project Sponsors			3

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix B – Listing of Audited Projects
Audit No. 25 Summary Report**

Napa County Transportation and Planning Agency:

TFCA Project Number	Project Sponsor	Project Name	Final Project Expenditures through 6/30/2023
18NAP02	City of Calistoga	Riverside Class I Path	101,500.00
22NAP00	Napa Valley Transportation Authority	Napa TFCA Program Administration	13,462.85
Final Project Expenses			\$ 114,962.85
Total Projects			2
Total Project Sponsors			2

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix B – Listing of Audited Projects
Audit No. 25 Summary Report**

Santa Clara Valley Transportation Authority:

TFCA Project Number	Project Sponsor	Project Name	Final Project Expenditures through 6/30/2023
20SC14	City of Mountain View	Mountain View Bike Rack Purchase and Installation	70,710.00
19SC03	City of San Jose	San Jose Signal Timing	657,493.50
20SC06	City of San Jose	San Jose Signal Retiming	679,800.00
21SC02	City of San Jose	Monterey Road Signal Timing	192,000.00
21SC03	City of San Jose	San José Transit Signal Priority	535,736.56
21SC04	City of San Jose	Hillsdale Avenue Bike Lanes	224,399.82
22SC04	City of San Jose	San José Arterial Management – TFCA 2021/22	316,068.61
19SC05	City of Santa Clara	Scott Boulevard Signal Timing	200,000.00
20SC15	City of Santa Clara	Scott Boulevard Signal Timing Phase 2	137,000.00
19SC07	City of Sunnyvale	Mathilda/Saratoga-Sunnyvale Signal Timing	165,426.43
19SC08	City of Sunnyvale	Tasman Drive/Java Drive Signal Timing	65,397.01
19SC09	City of Sunnyvale	Maude Avenue Signal Timing	22,977.01
20SC09	City of Sunnyvale	Kifer Road Signal Retiming	33,698.64
20SC10	City of Sunnyvale	Wolfe Road Signal Retiming	100,499.61
20SC11	City of Sunnyvale	Homestead Road Signal Retiming	52,659.16
20SC12	City of Sunnyvale	Bernardo Road Signal Retiming	34,649.42
20SC13	City of Sunnyvale	Duane Road Signal Retiming	39,557.10
21SC09	County of Santa Clara Roads and Airports Department	Expressway Signal Timing	245,000.00
22SC00	Santa Clara Valley Transportation Authority	Santa Clara TFCA Program Administration	140,066.00
22SC01	Santa Clara Valley Transportation Authority	Rapid 500 Shuttle	1,030,400.00
22SC02	Santa Clara Valley Transportation Authority	SCVMC Shuttle	331,000.00
23SC00	Santa Clara Valley Transportation Authority	Administration	121,908.07
23SC02	Santa Clara Valley Transportation Authority	Rapid 500 Plus	609,965.00
23SC03	Santa Clara Valley Transportation Authority	SCVMC Shuttle	312,000.00
Final Project Expenses			\$ 6,318,411.94
Total Projects			24
Total Project Sponsors			6

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix B – Listing of Audited Projects
Audit No. 25 Summary Report**

San Francisco County Transportation Authority:

TFCA Project Number	Project Sponsor	Project Name	Final Project Expenditures through 6/30/2023
19SF07	EVgo	Mixed Use Building Fast Charging in San Francisco	202,700.00
19SF08	Regeneration Project dba CA Interfaith Power & Light	EV Chargers at Faith Institutions	40,069.00
22SF00	San Francisco County Transportation Authority	San Francisco TFCA Program Administration	150,000.00
23SF00	San Francisco County Transportation Authority	San Francisco TFCA Program Administration	34,628.63
21SF03	San Francisco Department of the Environment	Emergency Ride Home	93,255.57
18SF02	San Francisco Municipal Transportation Agency	Alternative Fuel Taxicab Incentive Program	36,157.99
19SF01	San Francisco State University	Bike Cage at SF State Thornton Hall	38,995.69
Final Project Expenses			\$ 595,806.88
Total Projects			7
Total Project Sponsors			6

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix B – Listing of Audited Projects
Audit No. 25 Summary Report**

City/County Association of Governments of San Mateo County:

TFCA Project Number	Project Sponsor	Project Name	Final Project Expenditures through 6/30/2023
21SM08	City of Belmont	Ralston Ave. Adaptive Signalization System	192,388.15
21SM09	City of Millbrae	Millbrae Ave and Helen Drive Traffic Calming Pilot	89,350.00
21SM05	City of South San Francisco	East of 101 Bicycle Safety Improvement Project	150,000.00
22SM00	City/County Association of Governments of San Mateo County (C/CAG)	Administration	61,596.69
23SM00	City/County Association of Governments of San Mateo County (C/CAG)	Administration	26,108.12
21SM03	Peninsula Traffic Congestion Relief Alliance	San Mateo County Carpool Incentives Program	10,250.00
22SM01	Peninsula Traffic Congestion Relief Alliance	Countywide Voluntary Trip Reduction Program	419,982.31
23SM01	Peninsula Traffic Congestion Relief Alliance	Countywide Voluntary Trip Reduction Program	420,451.36
23SM02	Peninsula Traffic Congestion Relief Alliance	BART Shuttle Program	75,000.00
22SM02	San Mateo County Transit District	SamTrans Shuttles	131,250.00
Final Project Expenses			\$ 1,576,376.63
Total Projects			10
Total Project Sponsors			6

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix B – Listing of Audited Projects
Audit No. 25 Summary Report**

Solano Transportation Authority:

TFCA Project Number	Project Sponsor	Project Name	Final Project Expenditures through 6/30/2023
21SOL02	City of Benicia	Panorama Drive School Safety Pedestrian Crossing Improvements	26,691.25
20SOL02	City of Suisun City	Suisun City's Crystal Middle School Traffic Calming Project	99,500.00
22SOL05	Six Flags Discovery Kingdom	Six Flags Discovery Kingdom Employee Lot EV Chargers	17,511.00
22SOL06	Solano County	Solano County Mobi Charger	50,000.00
22SOL04	Solano County Transit	SolTrans Inductive Chargers	50,000.00
20SOL01	Solano Transportation Authority	Solano Commute Alternatives Outreach and Incentives Program	173,799.59
21SOL00	Solano Transportation Authority	Solano TFCA Program Administration	22,575.86
21SOL01	Solano Transportation Authority	Solano Commute Alternatives Outreach and Incentives Program	168,789.52
22SOL00	Solano Transportation Authority	Solano TFCA Program Administration	21,028.29
22SOL01	Solano Transportation Authority	Solano Commute Alternatives Outreach and Incentives Program	161,825.07
23SOL00	Solano Transportation Authority	Solano TFCA Program Administration	21,042.57
23SOL01	Solano Transportation Authority	Solano Mobility Employer Commuter Program	176,386.99
Final Project Expenses			\$ 989,150.14
Total Projects			12
Total Project Sponsors			6

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
TRANSPORTATION FUND FOR CLEAN AIR PROGRAM MANAGER FUND
Appendix B – Listing of Audited Projects
Audit No. 25 Summary Report**

Sonoma County Transportation Authority:

TFCA Project Number	Project Sponsor	Project Name	Final Project Expenditures through 6/30/2023
21SON02	City of Petaluma	Petaluma Transit - Transit Marketing	108,200.00
21SON04	City of Petaluma	Lynch Creek Trail - Payran Reach	172,544.00
22SON03	City of Petaluma	Petaluma Tranist Marketing	74,066.00
19SON03	City of Santa Rosa	Trip Reduction Incentive Programs	292,397.00
18SON04	Sonoma County Transportation Authority	Sonoma County Guaranteed Ride Home	58,496.58
22SON00	Sonoma County Transportation Authority	Sonoma TFCA Program Administration	32,264.41
23SON00	Sonoma County Transportation Authority	Sonoma TFCA Program Administration	39,277.03
Final Project Expenses			\$ 777,245.02
Total Projects			7
Total Project Sponsors			3

Transportation Fund for Clean Air Program Audit #25 Results



December 18, 2024



Simpson & Simpson, LLP

Background: Transportation Fund for Clean Air



- Authorized by CA Health and Safety Code § 44241 and 44242
- Funding provided by \$4 surcharge on motor vehicles
- 60% go to the Air District for Air District-Sponsored Programs and Regional Fund Projects
- 40% Goes to the County Administering Agencies through the Transportation Fund for Clean Air (TFCA) 40% Fund (also called the County Program Manager or Program Manager Fund)
- Requires fiscal audit of all TFCA-funded projects & programs at least once every two years
- Board approved contract with Simpson & Simpson, LLP for independent audit services on July 6, 2022



CERTIFIED
PUBLIC ACCOUNTANTS

AGENDA



- ❖ Auditor's Required Communication (SAS 114)
- ❖ Audit Results and Highlights of the Schedule of Expenditures (Schedule)
- ❖ Other Program Compliance Review (Agreed-Upon Procedures)
- ❖ Questions



CERTIFIED
PUBLIC ACCOUNTANTS

Auditor's Required Communications

SAS 114



1. *Our Responsibility under Generally Accepted Auditing Standards (GAAS)*

- Consider internal control to the extent necessary to design an effective and efficient audit approach, not for the purpose of providing assurance on internal control
- Design and implement audit procedures based on our understanding of the Project Sponsor / Program Manager to gain reasonable, not absolute, assurance as to the absence of material misstatements in the Schedule
- Perform tests of compliance with Section 44241 of the California Health and Safety Code (HSC), noncompliance with which could have a direct and material effect on the determination of the Schedule amounts



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Auditor's Required Communications

SAS 114 (continued)



1. *Our Responsibility under Generally Accepted Auditing Standards (GAAS) (continued)*

- Opine on the Schedule based on our audit

2. *Significant Accounting Policies*

- The Project Sponsor / Program Manager's significant accounting policies are described in Note 2 to the Schedule and are in accordance with generally accepted accounting principles and consistent with industry practices and standards
- The application of existing policies was not changed during the year
- All significant transactions have been recognized in the Schedule



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Auditor's Required Communications

SAS 114 (continued)



3. *Corrected Misstatements*

None.

4. *Uncorrected Misstatements*

None.

5. *No Disagreements or Difficulties with Management*

- There were no disagreements with management on the Schedule and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the Project Sponsor/Program Manager's Schedule, nor were there significant difficulties in dealing with management in performing our audit.



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Auditor's Required Communications

SAS 114 (continued)



6. **No Consultations with Other Accountants**

- To the best of our knowledge, management has not consulted with or obtained opinions, written or oral, from other independent accountants during the past year that was subject to the requirements of AU 625, *Reports on the Application of Accounting Principles*

7. **Management Representations**

- We have requested certain representations from management that are included in the management representation letter dated on the date of the audit reports



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Audit Results and Highlights of the Schedule of Expenditures



1. *Unmodified Opinion*

- Unmodified opinion with respect to the Schedule of Expenditures for Regional Funds and County Program Manager Funds

2. *Financial Highlights*

- Regional Funds
- County Program Manager Funds



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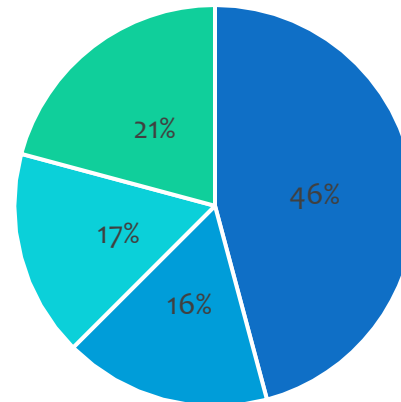
Audit Results and Highlights of the Schedule of Expenditures (continued)



2. Financial Highlights (continued)

A. Regional Funds

- 20 Individual Project Sponsors
- 24 Projects Audited
- Total Expenditures: \$6.4M



- Electric Vehicle (11)
- School Bus Replacement (4)
- BAAQMD Sponsored Projects (4)
- Other - Bikeway, Shuttles, Transit (5)



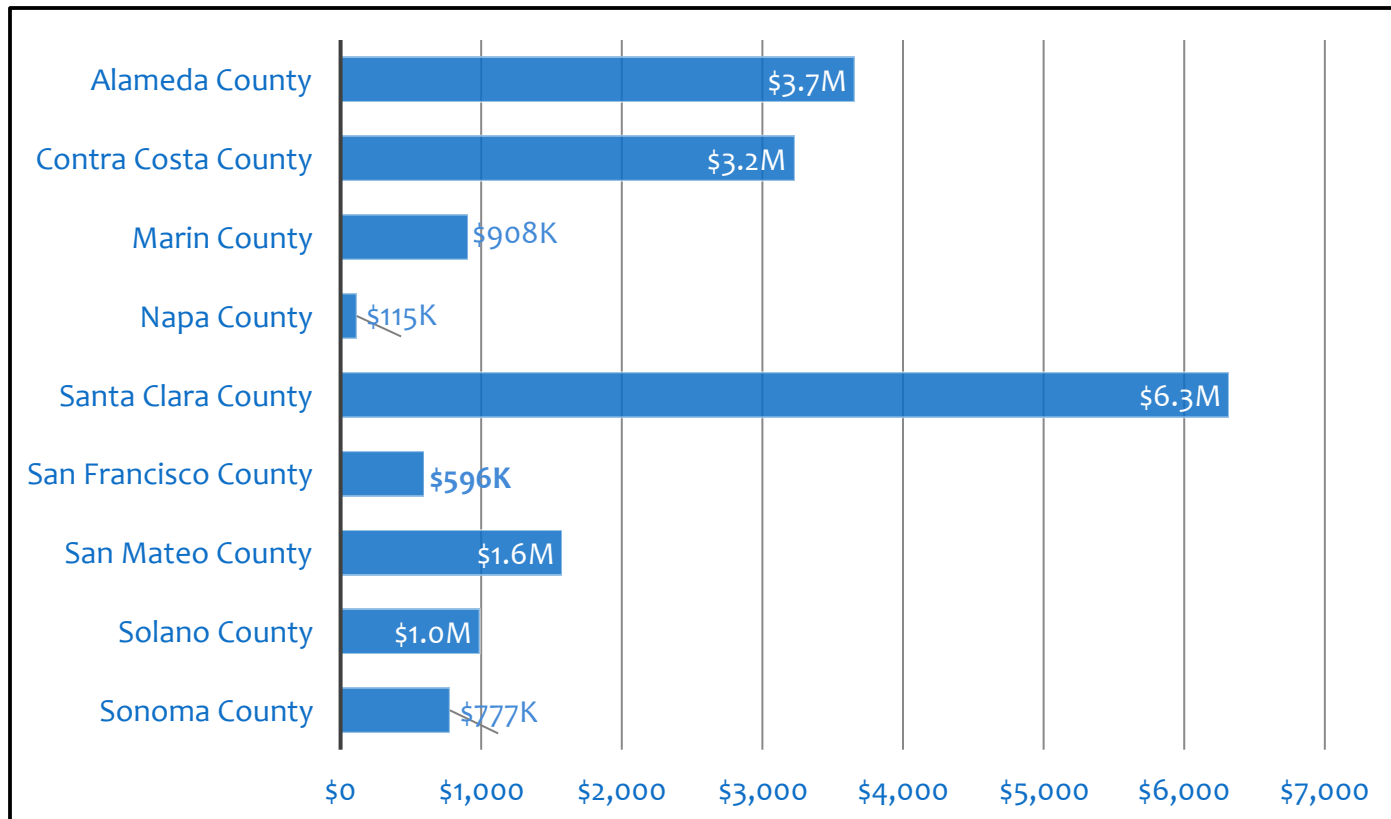
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Audit Results and Highlights of the Schedule of Expenditures (continued)



2. Financial Highlights (continued)

B. County Program Manager Funds



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Audit Results and Highlights of the Schedule of Expenditures (continued)



3. **Government Auditing Standards Opinion**

- Compliance with HSC Section 44241
 - No instances of noncompliance noted

- Internal Control over Compliance
 - No material weaknesses
 - One (1) observation
 - Regional Fund – Identified at the project sponsor level (One Rincon Hill Association)



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Other Program Compliance Review (Agreed-Upon Procedures)



1. *Agreed-Upon Procedures*

- An Agreed Upon Procedures (AUP) engagement was performed to test the project sponsor/program manager's compliance with other aspects of the TFCA Funding Agreement

- These procedures were determined and prepared by the Air District for the auditors to perform



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Questions & Answers



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Thank You