



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

BOARD OF DIRECTORS' REGULAR MEETING

June 7, 2006

REVISED

A meeting of the Bay Area Air Quality Management District Board of Directors will be held at 9:45 a.m. in the 7th floor Board Room at the Air District headquarters, 939 Ellis Street, San Francisco, California.

Questions About an Agenda Item

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

Meeting Procedures

The public meeting of the Air District Board of Directors begins at 9:45 a.m. The Board of Directors generally will consider items in the order listed on the agenda. However, any item may be considered in any order.

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

BOARD OF DIRECTORS' REGULAR MEETING

A G E N D A REVISED

WEDNESDAY
JUNE 7, 2006

BOARD ROOM
7TH FLOOR

9:45 A.M.

CALL TO ORDER

Opening Comments
Roll Call
Pledge of Allegiance

Gayle B. Uilkema, Chair
Clerk of the Boards

PUBLIC COMMENT PERIOD

Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3
Members of the public are afforded the opportunity to speak on any agenda item. All agendas for regular meetings are posted at District headquarters, 939 Ellis Street, San Francisco, CA, at least 72 hours in advance of a regular meeting. At the beginning of the regular meeting agenda, an opportunity is also provided for the public to speak on any subject within the Board's subject matter jurisdiction. Speakers will be limited to three (3) minutes each.

COMMENDATION/PROCLAMATION

The Board of Directors will recognize and present a plaque to outgoing board member, Director Roberta Cooper, for her exemplary service on the Board of Directors.

The Board of Directors will recognize and present a proclamation to Allen R. Saxe for his outstanding service on the Air District's Hearing Board representing the attorney member category.

CONSENT CALENDAR (ITEMS 1 – 5)

Staff/Phone (415) 749-

1. Minutes of May 17, 2006

M. Romaidis/4965
mromaidis@baaqmd.gov
2. Communications
Information only

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

J. Broadbent/5052
jbroadbent@baaqmd.gov
4. Consideration of an Amendment to the Side Letter of Agreement in the Memorandum of Understanding (MOU) Between the Air District and the Employees' Association to Set Hourly Pay Rate for the High School Intern Classification

J. Broadbent/5052
jbroadbent@baaqmd.gov

Consider approval of staff recommendation to amend a Side Letter of Agreement in the MOU between the District and the Employees' Association setting hourly pay rate for the High School Intern Classification at the San Francisco minimum wage.

5. Consider Approving A Side Letter of Agreement Between the District and the Employees' Association to Allow Concurrent Recruitments in the Laboratory Job Classification Series

J. Broadbent/5052
jbroadbent@baaqmd.gov

The Board of Directors will consider approval of a Side Letter of Agreement to allow concurrent recruitments in the laboratory job classification series.

6. Set Public Hearing for July 19, 2006 to Consider Adoption of District Regulation 2, Rule 10: Large Confined Animal Facilities, and Amendments to District Regulation 1, and Regulation 2, Rule 1, Related to Agricultural Sources of Air Pollution

J. Broadbent/5052
jbroadbent@baaqmd.gov

The proposed adoption of a rule for Large Confined Animal Facilities and associated rule amendments are needed to comply with the requirements of SB 700 regarding agricultural sources of air pollution.

COMMITTEE REPORTS AND RECOMMENDATIONS

7. Report of the **Legislative Committee** Meeting of May 22, 2006

CHAIR: E. GARNER

J. Broadbent/5052
jbroadbent@baaqmd.gov

Action(s): *The Committee recommends that the Board of Directors approve the following bill positions:*

Bill	Brief Description	Staff Recommendation
AB 32 (Nunez and Pavley)	California Global Warming Solutions Act of 2006	Support and seek amendments
AB 2264 (Pavley)	Establishes fuel economy standards for new state vehicle purchases	Support
AB 2276 (Pavley)	Establishes ARB regulatory program for ozone-producing indoor air cleaning devices	Support
AB 2444 (Klehs)	Bay Area registration fee surcharge for congestion relief and environmental regulation	Support and seek amendments
AB 2600 (Lieu)	Extends current HOV lane use by natural gas vehicles	Support
AB 2791 (Ruskin)	Establishes California Clean Vehicle Discount Program	Support
AB 3018 (Lieber)	Establishes indoor air quality regulatory program administered by the ARB	Support
SB 1205 (Escutia)	Creates the California Children's Breathing Rights Act and changes air penalty law	Oppose unless amended

SB 1601 (Lowenthal)	Requires BACT on emissions sources at ports for new or renegotiated leases	Support
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8. Report of the **Executive Committee** Meeting of May 30, 2006

CHAIR: G. UILKEMA

J. Broadbent/5052

jbroadbent@baaqmd.gov

9. Report of the **Budget and Finance** Committee Meeting of May 30, 2006

CHAIR: C. DALY

J. Broadbent/5052

jbroadbent@baaqmd.gov

Action(s): The Committee may recommend that the Board of Directors approve the amendment of the FY 2006/2007 Budget by increasing the Federal BioWatch Grants Fund Revenue from \$478,609 to a total of \$1,943,818 and correspondingly increase the budget for BioWatch (Program 809), and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$1,670,000.

10. Report of the **Personnel** Committee Meetings of May 31, 2006 and June 7, 2006

CHAIR: P. KWOK

J. Broadbent/5052

jbroadbent@baaqmd.gov

Action(s): The Committee recommends that the Board of Directors approve the appointments of candidates to fill 1 regular Attorney position, 1 alternate Attorney position and 1 alternate Medical Profession position on the Air District's Hearing Board

11. Report of the **Public Outreach** Committee Meeting of May 31, 2006

CHAIR: B. WAGENKNECHT

J. Broadbent/5052

jbroadbent@baaqmd.gov

12. Report of the **Ad Hoc Climate Protection** Committee Meeting of June 1, 2006

CHAIR: G. UILKEMA

J. Broadbent/5052

jbroadbent@baaqmd.gov

Action(s): The Committee may recommend that the Board of Directors' approve of a contractor to conduct a Greenhouse Gas Mitigation Study.

PUBLIC HEARINGS

13. Public Hearing on Proposed Amendments to Regulation 3: Fees and Approval of the filing of a CEQA Notice of Exemption

J. Broadbent/5052

jbroadbent@baaqmd.gov

The proposed amendments to Regulation 3: Fees would increase fees effective July 1, 2006 in order to enable the District to address increasing regulatory program activity costs.

14. Final Public Hearing in the Proposed District Fiscal Year 2006/2007 Operating Budget

J. Broadbent/5052

jbroadbent@baaqmd.gov

Pursuant to California Health and Safety Code Section 40131, the Board of Directors will conduct the final public hearing on the proposed District Budget and consider adoption.

OTHER BUSINESS

15. Report of the Executive Officer/APCO
16. Chairperson's Report
17. Board Members' Comments

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

18. Time and Place of Next Meeting - 9:45 a.m., Wednesday, July 5, 2006-939 Ellis Street, San Francisco, CA 94109
19. Adjournment

CONTACT CLERK OF THE BOARD - 939 ELLIS STREET SF, CA 94109

(415) 749-4965
FAX: (415) 928-8560
BAAQMD homepage:
www.baaqmd.gov

- To submit written comments on an agenda item in advance of the meeting.
- To request, in advance of the meeting, to be placed on the list to testify on an agenda item.
- To request special accommodations for those persons with disabilities. Notification to the Clerk's Office should be given at least 3 working days prior to the date of the meeting so that arrangements can be made accordingly.

COMMENDATIONS/PROCLAMATIONS

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 24, 2006

Re: Commendations/Proclamations

RECOMMENDED ACTION:

Recognize and present a plaque to outgoing board member, Director Roberta Cooper, for her exemplary service on the Board of Directors.

Recognize and present a proclamation to Allen R. Saxe for his outstanding service on the Air District's Hearing Board representing the attorney member category.

BACKGROUND:

The District recognizes members of the Board of Directors and Hearing Board who will be leaving office.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chair Gayle B.Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 23, 2006

Re: Board of Directors' Draft Meeting Minutes

RECOMMENDED ACTION:

Approve attached draft minutes of the Board of Directors meetings of May 17, 2006.

DISCUSSION

Attached for your review and approval are the draft minutes of the May 17, 2006 Board of Directors' meetings.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET – SAN FRANCISCO, CA 94109

Draft Minutes: Board of Directors' Regular Meeting – May 17, 2006

Call To Order

Opening Comments: Chair Gayle B. Uilkema called the meeting to order at 9:52 a.m.

Pledge of Allegiance: The Board of Directors recited the Pledge of Allegiance.

Roll Call: Present: Gayle B. Uilkema, Chair, Harold Brown, Roberta Cooper, Chris Daly (10:01 a.m.), Mark DeSaulnier, Dan Dunnigan, Jerry Hill, Yoriko Kishimoto, Carol Klatt, Patrick Kwok, Janet Lockhart, Mark Ross, Michael Shimansky, John Silva, Tim Smith, Brad Wagenknecht.

Absent: Erin Garner, Scott Haggerty, Liz Kniss, Jake McGoldrick, Nate Miley, Pamela Torliatt.

Commendations/Proclamations: There were none.

Public Comment Period: There were no public comments.

Consent Calendar (Items 1 – 6)

1. Minutes of May 3, 2006 Meeting
2. Communications. Correspondence addressed to the Board of Directors. For Information Only.
3. Monthly Activity Report – *Report of Division Activities for the month of April 2006.*
4. District Personnel on Out-of-State Business Travel
5. Set Public Hearing for June 7, 2006 on Proposed Amendments to Regulation 3: Fees and Approve the filing of a CEQA Notice of Exemption

The proposed amendments to Regulation 3: Fees would increase fees effective July 1, 2006 in order to enable the District to address increasing regulatory program activity costs.

6. Consider Approval of Board of Directors and Advisory Council Members Attendance at the 99th Annual Air & Waste Management Association Conference and Exhibition in New Orleans, Louisiana

The Board of Directors considered the approval of attendance of 4 Board members and 6 Advisory Council members to the 99th Annual Air & Waste Management Association Conference and Exhibition to be held in New Orleans, Louisiana June 20-23, 2006.

Board Action: Director Brown moved approval of the Consent Calendar; seconded by Director Hill; carried unanimously without objection.

Committee Reports/Recommendations

7. Report of the Budget and Finance Committee Meeting of May 10, 2006

Action(s): The Committee forwarded the proposed fiscal year 2006/2007 Budget to the Board of Directors without a recommendation.

Director Kwok presented the report and stated that the Committee met on Wednesday, May 10, 2006.

Staff presented a report on and the Committee continued discussion on the preliminary budget for fiscal year 2006/2007. Staff provided follow-up information on the following items: budgeted travel, budgeted overtime, and projections for increased county revenue.

Although the Committee discussed and accepts the budget, due to a lack of a quorum, the Committee is forwarding the proposed fiscal year 2006/2007 Budget to the Board of Directors without a recommendation.

The next meeting of the Committee will be at the call of the Chair.

Board Action: Director Kwok moved that the Board of Directors approve the report of the Budget and Finance Committee; seconded by Director Cooper; carried unanimously without objection.

8. Report of the Mobile Source Committee Meeting of May 15, 2006

Action(s): The Committee recommended that the Board of Directors approve the following:

- A) Delegation of authority to the Metropolitan Transportation Commission to conduct a public hearing on proposed amendments to Bay Area Transportation Conformity Procedures;*
- B) Proposed revisions to TFCA Policies and Evaluation Criteria to govern allocation of FY 2006/2007 TFCA funds; and*
- C) Transportation Fund for Clean Air Report on FY 2005/2006 Allocations and Effectiveness*

Director Smith presented the report and stated that the Committee met on Monday, May 15, 2006.

Staff presented a report on and the Committee recommends that the Board of Directors delegate authority to the Metropolitan Transportation Commission (MTC) to conduct a public hearing on proposed amendments to Bay Area Transportation Conformity Procedures.

A report on the proposed revisions to the Transportation Fund for Clean Air (TFCA) Regional Fund Policies and Evaluation Criteria for fiscal year 2006/2007 was presented to the Committee. The Committee recommends that the Board of Directors approve the proposed fiscal year 2006/2007 TFCA Regional Fund policies and evaluation criteria as presented by staff, including the following changes:

1. The language in Policy 6 regarding a binding agreement with the Air District has been added to Policy 5.
2. The language of Policy 24 has been revised to require that a model year 1993 or older heavy duty diesel vehicle must be scrapped for each new heavy-duty vehicle purchased or leased with TFCA funds. Fleets with only 1994 and newer vehicles are relieved of this requirement.
3. Delete the last sentence in Policy 31.

Revised policy language to address these changes was at each Board member's place. Changes to Policies #5, #24, and #31 are shown in underline and strike through format.

The Committee also asked for future discussion regarding the matching funds and Smart Growth policies.

Staff presented information on the Transportation Fund for Clean Air (TFCA) Report on Allocations and Effectiveness and the Committee recommends that the Board of Directors approve the Report.

The next meeting of the Committee is scheduled for 9:30 a.m., Monday, June 12, 2006.

Board Action: Director Smith moved that the Board of Directors approve the recommendations and report of the Mobile Source Committee; seconded by Director Dunnigan; carried unanimously without objection.

Other Business

9. Report of the Executive Officer/APCO – Mr. Broadbent reported on the following items:
 - A) The temperatures were high on Sunday, May 16th and the Air District exceeded the State ozone standard and came close to exceeding the federal ozone standard. The District did not call a Spare the Air day, but if the temperatures continue to be elevated, there may be more Spare the Air days called this summer;
 - B) The Spare the Air kick off is June 1st and there will be free transit all day on the first three Spare the Air work days.
 - C) There are several events surrounding the kick off of Spare the Air, including a press event on May 31, 2006 on Treasure Island.

Director Chris Daly arrived at 10:01 a.m.

- D) The District is sponsoring the May 21st A's versus Giant's game and Mr. Broadbent will throw out the first pitch.

10. Report of the Chair - Chair Uilkema reported on the following items:

- A) If any Board member would like to attend the Air & Waste Management Conference in New Orleans, they should contact the Executive Office;
 - B) Dr. Tom Dailey announced he was elected Chair of the Hearing Board and Christian Colline was elected Vice-Chair. Chair Uilkema directed staff to write a letter of congratulations from the Board;
 - C) Attendance at the Committee meetings has been good. Chair Uilkema thanked the Board members and the Committees for their work; and
 - D) Ethics training took place on May 11th at the Air District offices.
11. Board Members' Comments – There were none.
 12. Time and Place of Next Meeting – 9:45 a.m., Wednesday, June 7, 2006 – 939 Ellis Street, San Francisco, CA 94109
 13. Adjournment – The meeting adjourned at 10:06 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
939 ELLIS STREET – SAN FRANCISCO, CA 94109

Draft Minutes: Board of Directors' Regular Meeting – May 17, 2006

Call To Order

Opening Comments: Chair Gayle B. Uilkema called the meeting to order at 10:07 a.m.

Roll Call: Present: Gayle B. Uilkema, Chair, Harold Brown, Roberta Cooper, Chris Daly, Mark DeSaulnier, Dan Dunnigan, Jerry Hill, Yoriko Kishimoto, Carol Klatt, Liz Kniss (10:24 a.m.), Patrick Kwok, Janet Lockhart, Jake McGoldrick (10:10 a.m.), Mark Ross, Michael Shimansky, John Silva, Tim Smith, Pam Torliatt (10:10 a.m.), Brad Wagenknecht.

Absent: Erin Garner, Scott Haggerty, Nate Miley.

Public Comment Period: There were none.

Public Hearing

1. First Public Hearing on the Proposed District Budget for Fiscal Year 2006/2007

Pursuant to California Health and Safety Code Section 40131, the Board of Directors opened the first of two required public hearings on the proposed District Budget for public review and comment. Final action will be taken at the conclusion of the second public hearing scheduled for June 7, 2006.

Chairperson Uilkema opened the Public Hearing at 10:08 a.m.

Jack Broadbent, Executive Officer/APCO, presented the report and reviewed the fiscal year 2006/2007 budget background and overall direction; and discussed the fiscal challenges facing the Air District.

Directors Pamela Torliatt and Jake McGoldrick arrived at 10:10 a.m.

Mr. Broadbent highlighted several key programs, which included the Community Air Risk Evaluation (CARE) Program, climate protection, and the enhanced outreach for the woodsmoke program.

Jeff McKay, Chief Financial Officer, reviewed the production system replacement for IRIS and databank and the proposed additional security from 5 p.m. through 7 a.m.

Mr. Broadbent discussed the community mitigation fund which is a new concept built into the budget in lieu of Supplemental Environmental Projects (SEPs). Brian Bunker, Legal

Counsel, noted that this fund would allow more flexibility in the distribution of funds than the SEPs.

Mr. Broadbent reviewed four key staff positions that are proposed for the next fiscal year.

Director Liz Kniss arrived at 10:24 a.m.

After considerable discussion, the Board provided direction to staff on the proposed additional security services. Staff will provide a report to the Board of Directors on the incidents that have occurred, a description on the need for the additional security, and other possible options.

Chair Uilkema called for public comment at 10:37 a.m. There were no public comments and the Public Hearing was closed at 10:38 a.m.

Board Action: Chair Uilkema stated that the second public hearing on the proposed District Budget for fiscal year 2006/2007 will be held on Wednesday, June 7, 2006.

Other Business

2. Board Members' Comments – There were none.
3. Time and Place of Next Meeting – 9:45 a.m., Wednesday, June 7, 2006 – 939 Ellis Street, San Francisco, CA 94109.
4. Adjournment – The meeting adjourned at 10:39 a.m.

Mary Romaidis
Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 23, 2006

Re: Board Communications Received from May 17, 2006 through June 6, 2006

RECOMMENDED ACTION:

Receive and file.

DISCUSSION

A list of Communications received by the Air District from May 17, 2006 through June 6, 2006, if any, will be at each Board member's place at the June 7, 2006 Regular Board meeting.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 25, 2006

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

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

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

DISCUSSION

Peter Hess, Deputy Air Pollution Control Officer; Brenda Cabral, Senior Air Quality Engineer; and Simon Winer, Air Quality Inspector attended an Air & Waste Management Association (A&WMA) conference held in Vancouver, British Columbia May 22 – 24, 2006. Mr. Hess' expenses were paid by A&WMA.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael White
Reviewed by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 26, 2006

Re: Consideration of an Amendment to the Side Letter of Agreement in the
Memorandum of Understanding (MOU) Between the Air District and the
Employees Association to Set the Hourly Pay Rate for the High School
Intern Classification

RECOMMENDATION

Approve an amendment to a Side Letter of Agreement in the MOU between the District and the Employees Association to set the hourly pay rate for the High School Intern classification at the San Francisco minimum wage.

BACKGROUND

In November 2003, the Board of Directors approved a Side Letter of Agreement between the District and the Employees Association to establish a High School Internship Program. The Side Letter included a specific pay rate for the High School Intern classification of \$8.25 per hour.

In February 2004, the City and County of San Francisco established a minimum wage of \$8.50 per hour. Effective January 1, 2006, the San Francisco minimum wage increased to \$8.82 per hour. The District's High School Internship Program is probably exempt from this wage order, which provides an exemption for employees deemed to be "learners." A determination by the City and County of San Francisco as to the applicability of the wage order would only occur in the context of a review of a complaint.

DISCUSSION

In order to provide a competitive rate of pay and avoid unnecessary controversy over the applicability of the wage order to the District's high school interns, the District is recommending that the hourly pay rate for the High School Intern classification be set at the San Francisco minimum wage.

The parties met and agreed that the hourly pay rate for the High School Intern classification should be set at the San Francisco minimum wage, with the rate for High School Interns increasing in accordance with future adjustments to the San Francisco minimum wage. The parties further agreed to amend the existing side letter in the MOU to reflect the change in pay for the High School Interns, subject to approval by the Employees' Association membership and the District Board of Directors.

BUDGET CONSIDERATION/FINANCIAL IMPACT

The increase in the hourly pay rate for the High School Intern would be nominal (\$8.82 - \$8.25 = \$0.57). The High School Internship Program is limited to 1000 hours per fiscal year. The total cost for a fiscal year would be \$570.00.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael K. Rich

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2006-___

**A Resolution of the
Board of Directors of the Bay Area Air Quality Management District
Approving an Amendment to a Side Letter of Agreement
In the MOU Between the Air District and the Employees' Association to
Set the Hourly Pay Rate for the High School Intern Classification
At the San Francisco Minimum Wage**

WHEREAS, a Side Letter in the MOU between the District and the Employees' Association sets the rate of pay for the High School Intern classification;

WHEREAS, the District and the Employees' Association desire to set the hourly pay rate of the High School Intern classification at the San Francisco minimum wage;

WHEREAS, the parties have met and conferred in good faith pursuant to Section 17.04, Interim Bargaining, of the MOU;

WHEREAS, the parties have agreed to amend the Side Letter of Agreement on the High School Intern Program in the MOU to set the hourly pay rate of the High School Intern classification at the San Francisco minimum wage;

WHEREAS, there is a nominal fiscal impact resulting from approval of this Resolution;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves amending the Side Letter of Agreement in the MOU between the District and the Employees' Association to set the hourly pay rate for the High School Intern classification at the San Francisco minimum wage.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2006 by the following vote of the Board:

AYES:

NOES:

ABSENT:

Gayle B. Uilkema
Chair of the Board of Directors

ATTEST:

Jerry Hill
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 26, 2006

Re: Consider Approving A Side Letter of Agreement Between the District and
the Employees' Association to Allow Concurrent Recruitments in the
Laboratory Job Classification Series

RECOMMENDATION

Approve a Side Letter of Agreement to allow concurrent recruitments in the laboratory job classification series.

BACKGROUND

District employees who currently work in the District's laboratory as chemists and laboratory technicians are often the most qualified candidates to fill senior-level vacancies due to the highly specialized nature of the work performed in the laboratory. As a result, when a senior-level position becomes vacant, an employee working in the laboratory at a lower-level has a good chance of being promoted, in turn creating another vacancy at a lower-level. If this pattern is repeated at each successive level in the laboratory job classification series it can result in serial recruitments spanning a period of eight or nine months before full staffing is achieved. Given the limited number of positions in the laboratory, it is important to maintain full staffing and to fill vacancies in a timely manner without undue delay.

DISCUSSION

The District proposed conducting concurrent recruitments at all levels in the laboratory job classification series, even though only one senior-level position, the Principal Air Quality Chemist, is currently vacant. Concurrent recruitments would result in eligibility lists being generated for all levels at the same time, thus avoiding the potential for serial recruitments in the same classification series.

Representatives of the parties met and agreed that it would be advantageous to conduct concurrent recruitments for this job classification series. The parties further agreed to a Side Letter of Agreement on the subject that would be incorporated into the MOU, subject to approval by the Employees' Association membership and the District Board of Directors.

BUDGET CONSIDERATION/FINANCIAL IMPACT

There is no additional cost resulting from approval of the Side Letter of Agreement. There should actually be a reduction in costs associated with recruitment activities since all levels in the laboratory series will be advertised on the same announcement and at the same time, resulting in reduced costs for advertising, printing, staff time, etc.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael K. Rich

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

RESOLUTION NO. 2006-___

**A Resolution to Approve a Side Letter of Agreement
Regarding Concurrent Recruitments for the Laboratory
Job Classification Series**

WHEREAS, the District and the Employees' Association agree that concurrent recruitments for positions in the laboratory job classification series would avoid undue delay in filling positions and facilitate full staffing of the laboratory;

WHEREAS, the parties have met and conferred in good faith pursuant to Section 17.04 of the Memorandum of Understanding (MOU);

WHEREAS, the agreement reached between the District and Employees Association has been reduced to writing in the form of a Side Letter of Agreement;

WHEREAS, the parties have agreed to incorporate the Side Letter of Agreement into the MOU as though fully set forth therein subject to the approval of the Employees' Association membership and the Board of Directors;

WHEREAS, there is no additional cost resulting from approval of this Resolution and a probable decrease in costs associated with recruitments;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby approves the Side Letter of Agreement to allow for concurrent recruitment for the Laboratory job classification series and incorporates it into the MOU as though fully set forth therein.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the ____ day of _____, 2006 by the following vote of the Board:

AYES:

NOES:

ABSENT:

Gayle B. Uilkema
Chair of the Board of Directors

ATTEST:

Jerry Hill
Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: June 1, 2006

Re: Set Public Hearing on the adoption of a rule for Large Confined Animal
Facilities and associated rule amendments needed to comply with the
requirements of SB 700 regarding agricultural sources of air pollution

RECOMMENDED ACTION:

Set public hearing for July 19, 2006 to consider adoption of District Regulation 2, Rule 10: Large Confined Animal Facilities, and amendments to District Regulation 1, and Regulation 2, Rule 1, related to agricultural sources of air pollution.

DISCUSSION

Since 1972, the District has been issuing permits for various stationary sources of air pollution. California law and District regulations have historically exempted agricultural sources from the need to obtain air quality permits, or comply with most other air quality regulations. In September of 2003, Senate Bill 700 (Flores) was signed into law, removing the state's permit exemption and requiring air districts to adopt regulations for certain agricultural operations. The proposed amendments to Regulation 1; Regulation 2, Rule 1; and the adoption of the new Regulation 2, Rule 10 are necessary to meet the regulatory requirements of SB 700.

Due to the nature and scale of the agricultural industry in the Bay Area, it is the District's belief that few, if any, agricultural facilities will be affected by these proposed regulations.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Brian Bateman
Reviewed by: Peter Hess

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 30, 2006

Re: Report of the Legislative Committee Meeting of May 22, 2006

RECOMMENDED ACTIONS

The Committee recommends that the Board of Directors approve positions on 9 bills as indicated on the table below.

DISCUSSION

The Legislative Committee met on Monday, May 22, 2006 and considered positions on newly introduced bills. Descriptions of the bills and the Committee's recommendations are shown in the table below.

Bill	Brief Description	Committee Recommendations
AB 32 (Nunez and Pavley)	California Global Warming Solutions Act of 2006	Support and seek amendments
AB 2264 (Pavley)	Establishes fuel economy standards for new state vehicle purchases	Support
AB 2276 (Pavley)	Establishes ARB regulatory program for ozone-producing indoor air cleaning devices	Support
AB 2444 (Klehs)	Bay Area registration fee surcharge for congestion relief and environmental regulation	Support and seek amendments
AB 2600 (Lieu)	Extends current HOV lane use by natural gas vehicles	Support
AB 2791 (Ruskin)	Establishes California Clean Vehicle Discount Program	Support
AB 3018 (Lieber)	Establishes indoor air quality regulatory program administered by the ARB	Support
SB 1205 (Escutia)	Creates the California Children's Breathing Rights Act and changes air penalty law	Oppose unless amended

Bill	Brief Description	Staff Recommendation
SB 1601 (Lowenthal)	Requires BACT on emissions sources at ports for new or renegotiated leases	Support

Committee Chair Erin Garner will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
 Memorandum

To: Chairperson Erin Garner and
 Members of the Legislative Committee

From: Jack P. Broadbent
 Executive Officer/APCO

Date: May 11, 2006

Re: Consideration of New Bills and Corresponding Agency Positions

RECOMMENDED ACTION:

Discuss bills of air quality significance and recommend that the Board adopt positions on them.

DISCUSSION

Staff are bringing to the Committee nine new bills and recommended positions for consideration. These are listed in the table below, and copies of the bills are also attached.

Additional bills of potential significance to the District are listed in the “BAAQMD Bill Discussion List—May 2006” which will be distributed at the Committee meeting. If time allows, staff will also briefly discuss some of these bills, as well as answer questions from the Committee about these other measures.

Bill	Brief Description	Staff Recommendation
AB 32 (Nunez and Pavley)	California Global Warming Solutions Act of 2006	Support and seek amendments
AB 2264 (Pavley)	Establishes fuel economy standards for new state vehicle purchases	Support
AB 2276 (Pavley)	Establishes ARB regulatory program for ozone-producing indoor air cleaning devices	Support
AB 2444 (Klehs)	Bay Area registration fee surcharge for congestion relief and environmental regulation	Support
AB 2600 (Lieu)	Extends current HOV lane use by natural gas vehicles	Support
AB 2791(Ruskin)	Establishes California Clean Vehicle Discount Program	Support
AB 3018 (Lieber)	Establishes indoor air quality regulatory program administered by the ARB	Support
SB 1205 (Escutia)	Creates the California Children’s Breathing Rights Act and changes air penalty law	Oppose unless amended
SB 1601 (Lowenthal)	Requires BACT on emissions sources at ports for new or renegotiated leases	Support

ANALYSIS

AB 32 is authored by Speaker Fabian Nunez (D-Los Angeles) and Fran Pavley (D-Agoura Hills). It is titled the California Global Warming Solutions Act of 2006, and is considered to be one of the most significant environmental measures this year. Essentially, it sets up a new program, primarily administered and developed by the Air Resources Board (ARB), to not only track current and future greenhouse gas emissions, but also to cut those emissions over time. Statewide greenhouse gas emissions would be required to be cut to 1990 levels by 2020. Enforceable limits on emissions would begin in 2012. ARB's regulations, among other things, would be required to:

“distribute the costs and benefits of the program, including emission allowances, in a manner that is equitable, maximizes the total benefit to the economy, does not disproportionately burden low and moderate-income households, provides compliance flexibility where appropriate, and ensures that entities that have voluntarily reduced their emissions receive appropriate consideration...”

Staff believe that supporting this measure would be consistent with District policies on greenhouse gas emissions. Staff do note that the bill as currently drafted would have the ARB collect inventory data from the stationary sources that are currently regulated by local air districts. We already collect inventory information from these sources for a host of other gases, and their volume of greenhouse gas emissions are largely set by district-imposed permit requirements. Thus staff recommend a “support and seek amendments” position. The amendments sought would have air districts assume responsibility for the emission tracking and inventory work from stationary sources in our jurisdiction.

AB 2264 is also authored by Assemblymember Pavley, and would increase the fuel economy of newly-purchased state fleet vehicles. Specifically, the Department of General Services, in consultation with the Energy Commission, would establish a minimum fuel economy standard for new vehicles purchased by the State starting in 2008. Emergency and public safety vehicles would be exempted. Staff believe that supporting this measure would also be consistent with District policies advocating reductions in greenhouse gas emissions, and are thus recommending a “support” position.

AB 2276, authored by Assemblymember Pavley, focuses on so-called ‘air purifiers’. These devices, sometimes marketed as indoor air cleaners, generate ozone--- a criteria air pollutant with significant health impacts. Ozone emissions from these machines can be quite high--- often leading to ozone concentrations after a few hours of use dramatically exceeding the current highest ambient levels seen in the Bay Area. Ironically, multiple academic and external studies have confirmed that these devices have essentially no utility at cleaning the air of mold, bacteria, pollen, and the other compounds that the devices claim to reduce. Currently these devices are unregulated at the State level, and Federal regulations have not eliminated their use. AB 2276 would have ARB develop regulations to cut ozone emissions from these devices and eliminate the sale of high-ozone emitting equipment. Staff recommends a “support” position.

AB 2444 is authored by Johan Klehs (D-San Leandro). The bill would apply to the 9-county San Francisco Bay Area. It authorizes each county's congestion management agency board to impose a \$5 surcharge on annual vehicle registrations, and to use the revenues for congestion mitigation. It would also authorize the air district Board, by a two-thirds vote, to impose a \$5 fee for environmental mitigation. Half of that fee would be used for projects to benefit air quality, and the other half would be used by the regional water quality control board for projects to benefit water quality. The air quality revenues would amount to over \$11 million annually, and could be used to supplement existing Transportation Fund for Clean Air and Moyer programs. 75% of the air quality revenues generated in a county would be spent within the county, and 25% could be

AGENDA : 4

spent on regional projects. Given the hundreds of tons of emissions that could be eliminated with these revenues, staff recommend a “support” position.

AB 2600 is authored by Ted Lieu (D-Torrance), and deals with use of High-Occupancy Vehicle (HOV) lanes. In 1999, California passed legislation supported by the District to allow certain vehicles to use the HOV lanes regardless of the number of passengers in them. In effect, this bill allows vehicles operating on compressed natural gas (CNG) that meet California’s Super Ultra Low Emission Vehicle (SULEV) standard to use the HOV lanes. The rationale is that these vehicles have significant air quality benefits and higher purchase prices. HOV access is a non-monetary incentive to encourage their purchase. In 2004, California passed legislation that allowed certain hybrid vehicles access to HOV lanes also. That bill also required that Caltrans study the issue of whether hybrid access to the lanes causes the lanes to become so congested that their travel time savings is lost. That analysis is on-going. While hybrid vehicles have enjoyed large sales volumes, CNG vehicle sales have been far fewer. AB 2600 would extend the sunset on HOV access for CNG vehicles, and thus continue to encourage their use. Staff recommend a “support” position.

AB 2791 is authored by Ira Ruskin (D-Redwood City), and also incentivizes the purchase of cleaner, less-polluting vehicles. It targets both smog-forming pollutants and greenhouse gas emissions. Essentially it would establish a system of one-time rebates and surcharges on new vehicles sold in California. The program would be self-financing, so the rebates would be balanced by the surcharges. The program would ensure that all types of cleaner cars and light trucks would be eligible for incentives, and that some vehicles within all categories (including SUVs, minivans, etc.) would be eligible for incentives. The district supported similar legislation in the early 1990’s that passed the Legislature but was vetoed by the Governor at the time. The need for such creative, market-based approaches to cutting emissions remains. Staff recommend a “support” position.

AB 3018 is authored by Sally Lieber (D-Mountain View). This bill is an effort to systematically improve indoor air quality. Essentially, it charges the ARB (in conjunction with others) to establish a program to prevent and control indoor air pollution. In addition to education, outreach, and establishment of guidelines, the program is required to limit emissions of air contaminants from sources that are a public health concern. A comprehensive, legislatively-mandated, peer-reviewed report (“Indoor Air Pollution in California”, July 2005) notes that concentrations of air toxics are often significantly greater indoors than outside. Indoor pollutants of concern include formaldehyde, a range of volatile organic compounds, fine particles and many other compounds. The District has supported similar legislation in the past, and staff recommends a “support” position on AB 3018.

SB 1601 is authored by Alan Lowenthal (D-Long Beach), and is an attempt to cut air pollution from California’s ports. The bill would require that when ports sign or renegotiate leases with their tenants (marine terminal operators), that Best Available Control Technology be mandated on the emissions sources at the ports. The effect of this bill over time would be to apply such technologies as shore-side power (also known as ‘cold ironing’), particle traps on off-road equipment moving cargo around the ports, and cleaner engine technologies. Particulate and oxides of nitrogen are the pollutants addressed by the bill, and affected sources are vessels, harbor craft, cargo handling equipment, heavy-duty trucks, and certain locomotives. BACT guidance to the ports would be made by the ARB. Currently the bill applies to ports located in regions not attaining the state PM_{2.5} standard; thus the Port of Oakland would be subject to this measure. Staff recommends a “support” position.

BUDGET CONSIDERATION/FINANCIAL IMPACT

No direct impact.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Thomas Addison
Reviewed by: Jean Roggenkamp

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Eric Garner and Members
of the Legislative Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 15, 2006

Re: Overview of State 2006-07 Budget

RECOMMENDED ACTION:

Receive and file.

DISCUSSION:

The staff will present an overview of the 2006/2007 State budget.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Potential impacts will be discussed.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 30, 2006

Re: Report of the Executive Committee Meeting of May 30, 2006

RECOMMENDED ACTION

Receive and file.

BACKGROUND

The Executive Committee met on Tuesday, May 30, 2006. Jack Broadbent, Executive Officer/APCO, presented the Hearing Board Quarterly Report for the first quarter of 2006 for Hearing Board Chairperson Tom Dailey, M.D.

Kraig Kurucz, Chairperson of the Advisory Council, presented summaries of the key issues discussed at meetings of the Council and its Standing Committees from March 22 through April 12, 2006.

Staff presented the attached reports and updates on the following items:

- The Environmental Protection Agency's (EPAs) proposed revisions to the national ambient air quality standards and air monitoring requirements for particulate matter.
- A status report on the Carl Moyer Program funding allocation.

The update on the activities of the Joint Policy Committee was deferred to the next Committee meeting.

Chair Uilkema will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Romaidis
Approved by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

TO: Chair Uilkema and Members
of the Executive Committee

FROM: Chairperson Thomas M. Dailey, M.D., and Members of the Hearing Board

DATE: April 17, 2006

RE: Hearing Board Quarterly Report – JANUARY 2006 – MARCH 2006

RECOMMENDED ACTION:

This report is provided for information only.

DISCUSSION:

<u>COUNTY/CITY</u>	<u>PARTY/PROCEEDING</u>	<u>REGULATION(S)</u>	<u>STATUS</u>	<u>PERIOD OF VARIANCE</u>	<u>ESTIMATED EXCESS EMISSIONS</u>
Alameda/Alameda	ALAMEDA VALERO (Variance – Docket No. 3512) – <i>Variance from regulation limiting emissions of organic compounds from gasoline dispensing facilities (APCO opposed.)</i>	8-7-302.1	Denied	===	(VOC)
San Francisco	APCO vs. PACIFIC SAND & GRAVEL, INC.; RAMIREZ DEVELOPERS, INC.; RICARDO D. RAMIREZ; AND PACIFIC CEMENT COMPANY, L.L.C. SITE NO. B2495 (Accusation – Docket No. 3510) – <i>Accusation and Request for Conditional Order for Abatement from regulation providing an orderly procedure for the review of new sources of air pollution, and of the modification and operation of existing sources, and of associated air pollution control devices, through the issuance of authorities to construct and permits to operate.</i>	2-1-301 & 302	Withdrawn	===	===
San Francisco	CALIFORNIANS FOR RENEWABLE ENERGY, INC. (CARE) (Appeal – Docket No. 3511) – <i>Appeal of Californians for Renewable Energy Inc. (CARE) on the City and County of San Francisco San Francisco Electrical Reliability Project FDOC Application 12344 – Hearing to: (a) Consider Appellant’s Request for Waiver of Filing Fee and Court Reporter Fee; (b) Consider Robert Sarvey’s Petition for Intervention; (c) Consider Request for Motion to Dismiss For Lack of Jurisdiction submitted by Intervener, City and County of San Francisco; and (d) Hear the Appeal.</i>	Appeal	(a) Waiver of Filing Fee & Court Reporter Fee Granted; (b) Petition for Intervention Denied; and (c) Appeal Dismissed because: (i) Appellants did not provide legal or factual justification for the remedy it seeks; and (ii) for lack of jurisdiction	===	===

<u>COUNTY/CITY</u>	<u>PARTY/PROCEEDING</u>	<u>REGULATION(S)</u>	<u>STATUS</u>	<u>PERIOD OF VARIANCE</u>	<u>ESTIMATED EXCESS EMISSIONS</u>
San Mateo	UNITED AIRLINES (Variance – Docket No. 3508) – Variance from regulation to reduce emissions of hexavalent chromium and nickel from thermal spraying (APCO not opposed.) – Interim Variance Hearing.	California Code of Regulations, Title 17, Section 93102.5	Granted. Full Variance hearing on 3/16/06	1/1/06-3/16/06	1.27 # (Hexavalent Chromium) 16.96 # (Nickel)
San Mateo	UNITED AIRLINES (Variance – Docket No. 3508) – Variance from regulation to reduce emissions of hexavalent chromium and nickel from thermal spraying (APCO not opposed.) – Full Variance Hearing.	California Code of Regulations, Title 17, Section 93102.5	Further hearing on 4/6/06	===	===
Santa Clara/Mountain View	SHORELINE LANDFILL, CITY OF MOUNTAIN VIEW, CA. (Emergency Variance – Docket No. 3509) – Emergency Variance from regulation requiring compliance with MFR permit conditions and from regulation limiting emissions of non-methane organic compounds and methane from the waste decomposition process at solid waste disposal sites.	8-34-117.5, 301.1, 301.2, 303 & 305 MFR Permit Condition No. 16065, Parts 3 & 5(c)	Granted	1/10/06-1/31/06	===
Santa Clara/Mountain View	ALZA CORPORATION (Variance – Docket No. 3513) – Variance from regulation requiring compliance with permit conditions.	2-1-307	Withdrawn. In compliance.	===	===
Santa Clara/San Jose	CLEAN HARBORS SAN JOSE LLC (Variance – Docket No. 3507) – Variance from regulation requiring compliance with permit conditions and from regulation limiting emissions of organic compounds from storage tanks (APCO not opposed.)	2-1-307 (Permit Condition Nos. 9036, Parts 1, 2 & 3; 9037, Parts 2, 3 & 4; 9042, Parts 1, 2 & 3 8-5-301	Granted	12/13/05-3/12/06	133.20 # (VOC)

**NOTE: During the first quarter of 2006, the Hearing Board dealt with six Dockets on four hearing days.
A total of \$280.25 was collected as excess emission fees during this quarter.**

EXCESS EMISSION DETAILS

<u>COMPANY NAME</u>	<u>DOCKET NO.</u>	<u>TOTAL EMISSIONS</u>	<u>TYPES OF EMISSIONS</u>	<u>PER UNIT COST</u>	<u>TOTAL AMT COLLECTED</u>
Clean Harbors San Jose LLC	3507	133.20 lbs.	VOC	\$ 1.25/lb	\$ 166.50
United Airlines	3508	1.27 lbs 16.96 lbs	Hexavalent Chromium Nickel	\$ 6.24/lb \$ 6.24/lb	\$ 7.92 \$ 105.83
TOTAL COLLECTED:					<u>\$280.25</u>

Respectfully submitted,

Thomas M. Dailey, M.D.
Chair, Hearing Board

Prepared by: Neel Advani
Reviewed by: Mary Romaidis

FORWARDED: _____
NA:na (4/17/06HBEXQURT)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Uilkema and Members of the Board Executive Committee
 From: Kraig Kurucz, Chairperson, Advisory Council
 Date: May 17, 2006
 Re: Report of the Advisory Council: March 22 – April 12, 2006

RECOMMENDED ACTIONS:

Receive and file.

DISCUSSION:

Presented below are summaries of the key issues discussed at meetings of the Advisory Council and its Standing Committees during the above reporting period.

- a) Joint Technical & Air Quality Planning Committee Meeting of February 7, 2006. The Joint Committee received a staff presentation on District climate protection activities.
- b) Public Health Committee Meeting of February 14, 2006. The Committee received a staff presentation on wood smoke issues.
- c) Regular Meeting of March 22, 2006. The Council received guest speaker and staff presentations on particulate matter abatement, and reviewed its Standing Committee reports.
- d) Public Health Committee Meeting of April 11, 2006. The Committee received presentations on wood smoke from the Puget Sound and San Joaquin Valley air district staff.
- e) Technical Committee Meeting of April 12, 2006. The Committee received a presentation on climate protection in California from a member of the Union of Concerned Scientists.
- f) Air Quality Planning Committee Meeting of April 12, 2006. The Committee received a presentation on climate protection from a member of Local Governments for Sustainability.

The minutes of the above-referenced meetings are attached.

Respectfully submitted,

Kraig Kurucz
Advisory Council Chairperson

Prepared by: James N. Corazza
 Reviewed by: Mary Romaidis

FORWARDED BY: _____

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109

APPROVED MINUTES

Joint Air Quality Planning & Technical Committees
9:30 a.m., Tuesday, February 7, 2006

- 1. Call to Order – Roll Call.** Chairperson Hayes called the meeting to order at 9:45 a.m. Air Quality Planning Committee (AQPC) Members Present: Stan R. Hayes, Chairperson, Ken Blonski, Harold Brazil, Irvin Dawid, Emily Drennen, Fred Glueck, John Holtzclaw, Ph.D. Air Quality Planning Committee Members Absent: Kraig Kurucz. Technical Committee Members Present: Robert Bornstein, Ph.D., Chairperson, Louise Bedsworth, Ph.D., William Hanna, (9:48 a.m.), John Holtzclaw, Ph.D. Technical Committee Members Absent: Sam Altshuler, P.E., Diane Bailey.
- 2. Public Comment Period.** There were no public comments.
- 3. Approval of Joint Committee Meeting Minutes of October 12, 2005.** Dr. Holtzclaw moved approval of the minutes; seconded by Mr. Blonski; carried with Mr. Hayes abstaining.

William Hanna arrived at 9:48 a.m.

- 4. District Climate Protection Program:** *Staff provided a presentation on climate protection activities at the District. The Committee also reviewed a summary of the Advisory Council's deliberations on the subject of climate protection, prepared by members Bedsworth and Hayes. The Joint Committee offered suggestions to the Board of Directors regarding the District's climate protection program.*

Henry Hilken, Director, Planning and Research Division, introduced the agenda item and stated that this is a major initiative for the Air District in the coming year and that the Program will be integrated into various activities within the different Divisions at the Air District. Mr. Hilken introduced David Vintze, Air Quality Planning Manager and Ana Sandoval, Environmental Planner.

Ms. Sandoval presented an overview of recent staff activities on the Climate Protection Leadership Program. Topics reviewed included the following:

Recap on Climate Protection at the District:

- Climate change identified as significant issue by staff and Advisory Council
- Board adopts resolution to address climate change on June 1, 2005
- Initial research by District staff

Ongoing Activity in California and Bay Area:

- State efforts
- Local efforts

District's First Steps:

- Joined Regional and State efforts
- Sponsored events
- Sponsored projects
- Board of Directors Ad Hoc Committee on Climate Change
- Created an informational web site

District's Comprehensive Approach to Climate Protection

- Regional Climate Protection Summit scheduled for Summer, 2006
- Greenhouse Gas (GHG) emissions inventory
- Stationary source GHG control technology
- Energy efficiency
- Green schools
- In-house GHG emission reductions
- Integrate into District activities

Potential Role of Advisory Council

- Continue providing technical guidance/information to Board
- Speakers on climate change
- Ideas for Summit
- Technical information on climate change impacts in the Bay Area
- Examples of successful programs
- Suggestions for other activities

The Committee discussed issues related to the Climate Protection Program and staff responded to Council Members' questions. Council Members provided the following comments and suggestions:

- 1) Dr. Holtzclaw suggested Rachel Gossin or someone else from the Metropolitan Transportation Commission (MTC) to speak at the Summit on growth patterns within the region and the issue around rail transit stops.
- 2) Dr. Bornstein stated that during the last semester, he attended a conference in London on Global Warming, and shared aspects of what he learned at the conference: the terms "mitigation" and "adaptation" were being used instead of the term "protection." He suggested that the District consider talking to people who are planning "adaptation," especially since sea levels are on the rise; there will be coastal flooding all over the Bay Area and precipitation patterns are going to change. He stated that the speaker presented a program on mitigation, energy production, economic benefits, and health benefits. A similar program could be presented at the Summit.

Dr. Bornstein also suggested that the District look into Regional Climate Impact Modeling. He was not sure whether this would fall under the Bay Area or some other agency, or whether the District could partner with universities or other agencies on this issue.

- 3) Dr. Bedsworth could provide the name of one of her colleagues as a speaker for the Summit on Modeling.
- 4) Mr. Glueck commented that the entire program is an overwhelming one and it is an educational process. It would be helpful to roadmap it and put it into a framework that has direction and leadership.
- 5) Mr. Dawid suggested that the District look into the Indirect Source Rule (ISR) and its relationship with GHG emissions. The San Joaquin Valley District is the only Air District in the country that has imposed the ISR. The rule is available on their website.

Mr. Dawid also applauded the District for joining the California Climate Action Registry, and suggested that it team up with the Registry to encourage those companies that are not currently members, to also join the Registry.

Mr. Dawid informed the Council Members of an article on Global Warming that was published in the February 5, 2006 edition of the Contra Costa Times. The article described the Climate Research Program which is a State-sponsored program that started three years ago. This Program looks at how Global Warming would affect the State. Mr. Dawid suggested that the Advisory Council look into the possibility of having a presentation from the Climate Research Program.

- 6) Mr. Hayes applauded the District on its leadership role and the steps it is taking on the Climate Protection Program. He stated that this Program would have to be integrated into individual lifestyles and daily activities. He further stated that there is a lot of synergy between what the District has so far done with its programs and the issue of Climate Change. He pointed out that the Report on the GHG Emissions Inventory for Sonoma County stated that 40 percent of the GHG emissions in Sonoma come from the transportation sector such as cars, trucks, buses, and vehicles that move around. Those are the sources of the many traditional air pollutants that have been the object of the District's and Advisory Council's attention for so many years. There is a real synergy between reductions in criteria pollutant and toxic emissions from these vehicles and reductions in carbon dioxide emissions. Understanding better the interactions between the traditional air programs and GHG issues is extremely important from the standpoint of the District, and perhaps the Advisory Council can offer some ideas to the District on this.

Mr. Hayes stated that Climate Change is different from the traditional air programs in one very important way – one can make money by reducing GHG emissions. Since such a large fraction comes from energy consumption, it may well be that measures that reduce energy, air pollution from power generation and greenhouse gas emissions, result in a net savings to the companies who are instituting those measures. This will save companies money, and it aligns the interest of the regulated and the regulators in ways that are very positive.

- 7) Dr. Bornstein commented that the District has the strong technical base such as modeling and emissions inventory for this issue, and this aspect could be used as a selling point by the District in its presentations. He also stated that it is a hard sell to convince people to

participate in something that is globally caused; however, the selling point is the economic incentives.

- 8) Mr. Hayes stated that, statewide, a large fraction of the GHG emissions are from motor vehicles and they are increasing at a very fast rate. The District should tackle small portions of the issue that can be easily accomplished. Mr. Hayes was of the opinion that unless there are ways to integrate thinking about this issue into peoples' daily lives, there will not be much progress made.
- 9) Dr. Holtzclaw addressed the electricity, heating and cooling aspect of Smart Growth. He explained that multi-family housing, where people share walls, ceilings and roofs, use a lot less heating and cooling energy, and expose a lot less to the elements per unit which tend to be smaller units. Therefore, there is a smaller area for heating, cooling and lighting. This is another topic that could be highlighted at the Summit.
- 10) Ms. Drennen stated that many of the cities and counties have programs for vehicle miles traveled (VMT), but they do not have sufficient funding to implement them. If there were targeted grant programs or more funding available, it would be more economical as opposed to the District taking on a brand new program and developing it. Dr. Bornstein suggested that the District can encourage, investigate and make known grant opportunities where external money can be brought into the District in partnership with universities, companies, etc., depending on the program. Mr. Hayes suggested that including the GHG issue as a criterion on the Transportation Fund for Clean Air (TFCA) project evaluation seems to be a good way to obtain funds.
- 11) Mr. Brazil suggested that the District try to integrate GHG initiatives into the federal transportation planning process.

Mr. Hilken explained that since Climate Protection is a very large issue, it is important to relate it to local and individual actions and efforts. With regard to the Land Usage and Smart Growth linkages, Mr. Hilken explained that there are many Transportation Control Measures (TCMs) in the District's Ozone Strategy. It is also important to reduce the amount of VMTs in the region. Highlighting this at the Summit would be important. The Advisory Council could recommend to the District ways to integrate the Program into the existing efforts to promote TCMs, especially the Land Usage and Smart Growth transportation linkages. Since working with MTC, Association of Bay Area Governments (ABAG) and the cities and counties will be critical, the Advisory Council's input would be helpful.

Mr. Hayes inquired what the District's schedule would be for accomplishing things related to this issue and specifically what kinds of resources does the District have currently for the Program. Mr. Hilken responded by explaining that in last year's budget there was a separate program created for Climate Protection which will continue, with the Board of Directors' support. Last year there was a little over a full time employee and this year there will be more staff dedicated to this Program. The District hopes to integrate it into its other programs. Therefore, some of the work that staff currently does in the Outreach & Incentives Division will be related to Climate Protection; staff that handles the Grants will be working on this Program as well, as it is integrated into the TFCA program. He further explained that the District is

currently in the process of developing its budget for the next fiscal year, and will be looking into staffing for this Program.

The Committee also reviewed a summary of the Advisory Council's deliberations on the subject of Climate Protection, prepared by members Bedsworth and Hayes. Dr. Bedsworth reported that at the August 16, 2005 meeting of the Air Quality Planning and Technical Committees, a number of potential areas for District activity on Climate Change were brought up for discussion. These topics warrant more discussion by the two Committees to assess if further investigation is recommended. The options that were discussed at the August 16, 2005 meeting fall into two categories. The first category includes establishing model programs for GHG reporting and reduction in collaboration with the Climate Action Registry and other stakeholders. The second category includes actions that are related to current District regulatory activities.

Climate activities that the District could undertake in collaboration with the Climate Action Registry and other stakeholders:

- Work with the Registry to rank commercial building GHG regulations in the District. Spread best practices to minimize emissions.
- Develop a climate action leader program to recognize entities in the Bay Area that voluntarily measure and report GHG emissions.
- Work with the Registry to develop model offset projects, such as traffic light replacement or traffic light synchronization.
- Collaborate with Inter-Governmental Cooperative & Local Environmental Initiatives (ICLEI) to create a template for clean city certification.

Climate activities that relate to the District's current regulatory programs:

- Explore the extent of current regulatory authority and the control of GHG's from stationary sources.
- Establish reporting requirements/processes for GHG emissions as part of the permitting process. Start including GHG as an item on the permitting form.

The Council members discussed the issues and decided to convey its strong support to the District in the form of a two-part Resolution to be developed by the two Committees. The Committees will work separately on issues related to Climate Protection and then come back as a Joint Committee, at a later date, to consolidate their recommendations for the District.

Committee Action: The two Committees jointly recommend that the full Advisory Council adopt a Resolution to the Air District's Board of Directors expressing the Council's support for the Board and Staff's leadership on the Climate Change issue, in particular on the current efforts and future direction. Mr. Glueck moved approval of the recommendation; seconded by Dr. Holtzclaw; carried unanimously.

5. Committee Member Comments/Other Business. There were none.

6. Time and Place of Next Meeting. Technical Committee: Wednesday, April 12, 2006, 9:30 a.m. Air Quality Planning Committee: Wednesday, April 12, 2006, 1:00 p.m., 939 Ellis Street, San Francisco, CA 94109.

7. Adjournment. 12 Noon.

Neel Advani

Neel Advani
Deputy Clerk of the Boards

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109

APPROVED MINUTES

Advisory Council Public Health Committee Meeting
10:00 a.m., Tuesday, February 14, 2006

- 1. Call to Order – Roll Call.** Chairperson Bramlett called the meeting to order at 10:00 a.m. Present: Jeffrey Bramlett, Chairperson, Diane Bailey, Steven Kmucha, M.D., Victor Torreano, Linda Weiner, Brian Zamora. Absent: Cassandra Adams.
- 2. Public Comment Period.** There were no public comments.
- 3. Approval of Minutes of October 24, 2005.** Chairperson Torreano moved approval of the minutes; seconded by Mr. Zamora; carried unanimously.
- 4. Woodsmoke Abatement Efforts and Results, and Identification of Best Practices.** *Staff provided a presentation on woodsmoke outreach and education at the District, as well as woodsmoke abatement efforts in the San Joaquin Valley and Puget Sound Air Districts.*

Peter Hess, Deputy APCO, introduced the item and stated that this is a two-part presentation. Mr. Hess stated that Jack Colbourn, Senior Policy Advisor, will provide an overview of the current program and the survey results. Janet Glasgow, Air Quality Program Manager, will provide information on woodsmoke abatement efforts in other locations and the current program.

Mr. Colbourn presented his report and reviewed the wood smoke outreach messages. The messages are:

- Stop burning wood! Pollute less by using cleaner fuels to heat your home.
- Switch to a gas fireplace or insert for the health of your family.
- If you must burn wood, burn less.
- Don't use your fireplace on Spare the Air Nights.
- Urge your city or county to adopt the model Wood Smoke Ordinance.

Advertising included the following:

- Radio: 60 second ad aired on KCBS, KFOG, KLLC, and KSAN.
- Television: 30 second ad on Comcast and WB20.
- Print: ¼ page display ads in the *San Francisco Chronicle*.
- Outdoor: 60 foot banner over the Treasure Island tunnel and billboards on highway 101 and Mill Valley.
- Events: Jumbotron and tabling at Cal sports events, Boo at the Zoo, and Jingle Jam.

The Committee listened to a tape of Jack Broadbent's radio message and viewed the KPIX health video on asthma and a segment that ran in both Mandarin and Cantonese that was translated by Air District spokesperson Dr. Steve Soong. Mr. Colbourn noted that plans for the future include a multi-lingual message that would include Spanish, Vietnamese and Tagalog.

Media coverage included spots on numerous radio stations; news stories on KTVU, KPIX, and Univision; and articles about wood smoke prevention published in newspapers throughout the region.

Luna Salaver, Public Information Officer, coordinator of the Spare the Air Program, discussed the wintertime Program. Ms. Salaver stated that in the Bay Area this winter the Federal Particulate Matter (PM) standard of 2.5 was not exceeded. The winter program started on November 14, 2005 and will end on February 17, 2006.

Ralph Borrmann, Public Information Officer, reviewed the woodstove change out program. Mr. Borrmann stated that money for the program comes from the mitigation of two power plants in Santa Clara County and that the Air District administers the Program. The woodstove change-out program is only in Santa Clara County and the rebates run from \$100 to \$300. It is a voluntary program and 1,673 change-outs have been completed to date. The change-out program should run about one more year and at the end of the program, there will be a reduction in emissions of approximately 30,000 tons.

Emily Hopkins, Public Information Officer, reviewed the model woodsmoke ordinance efforts. Ms. Hopkins stated that 40 cities and eight of the nine counties have adopted woodsmoke ordinances.

Mr. Colbourn next reviewed the mid-season wintertime telephone survey and noted that the final survey would be completed by April 1, 2006. The Committee discussed several aspects of the survey and Mr. Colbourn noted that the survey is very detailed and the mid-season results cover only a portion of the survey. In discussions of the woodsmoke ordinance, Mr. Colbourn reiterated that 40 cities have adopted ordinances and that there are 60 cities and one county that have not adopted a woodsmoke ordinance.

Henry Hilken, Director of Planning, Rules & Research, stated that the California Environmental Quality Act (CEQA) documents that are received by the Air District include a component to adopt a resolution on a woodsmoke ordinance if the city does not already have one.

Mr. Zamora recommended that the Air District contact and work with the local health departments on the importance of this issue.

Janet Glasgow, Air Quality Program Manager, presented a report on woodsmoke abatement efforts in other areas. Ms. Glasgow reviewed all air pollution complaints and noted that woodsmoke complains are 1% of the total. Open burning is covered under District Regulation 5, but residential heating and cooking are not included in the District's Regulation.

The greatest complaints for fireplaces and woodsmoke are received from November through February. The Air District is dispatching inspectors when a complaint comes in. A woodsmoke

pilot monitoring program was established last year and covers Mill Valley, Concord and Santa Rosa.

Ms. Glasgow reported that the Air District has been reviewing programs set up by other districts to see how this Air District could develop a program of its own. The Puget Sound Clean Air Agency and San Joaquin Valley Unified Air Pollution Control District programs were reviewed. The program for Puget Sound includes a burn ban, complaint process, promotion of local ordinances, prohibition of new uncertified devices, and it promotes public education. The San Joaquin Valley program includes episodic curtailment, restriction as to the type of fuel burned, a complaint process, prohibition of new or used uncertified devices, and a limit on density of devices.

Ms. Glasgow reviewed the District's action plan, which includes continuing the surveys conducted by the Public Outreach Division, continue working on adoption of woodsmoke ordinances, and look at the programs other air districts have. To help educate the public, workshops and community meetings need to be held to help change people's behavior.

Gary Kendall, Director of Technical Services, reviewed the winter pilot sampling program for woodsmoke. Mr. Kendall explained the monitoring process and noted that the program uses hand-held portable monitors in Mill Valley, Concord and Santa Rosa. Teams of inspectors are dispatched and pinpoint the location of the measurements with the use of a GPS device. Graphics are available on the results of the monitoring and staff will make them available to the Advisory Council if they so desire.

In response to questions by the Committee, Ms. Glasgow stated that the Puget Sound Agency does not have density restrictions, but a prohibition of sales of new devices. They have a change-out program and they try to target them to the most problematic areas. The surcharge on new woodburning devices is spent on public education.

Mr. Zamora requested staff provide the Committee with the document regarding model ordinances for woodsmoke. During discussion there was concern about the effect on low income families and using their fireplaces for heating and the resulting health effects.

Mr. Hess noted that some homes have gas, but people choose to use a woodburning stove for heating rather than propane, which costs more. It was noted that the survey covers a variety of questions and when the survey is completed, the list of questions will be provided to the Advisory Council. Ms. Bailey requested cost comparison data to heat with wood, propane, and gas.

Speaker: The following individual came forward to speak on this item:

Jenny Bard
American Lung Association
Redwood Empire Branch
Santa Rosa, CA 95404

Ms. Bard stated that the American Lung Association is working with the Air District to educate people and get woodsmoke ordinances adopted. Ms. Bard noted that the ordinances do not ban

wood burning. Ms. Bard discussed calling a Spare the Air Tonight advisory at a lower standard and commented that when smoke impacts a neighborhood, it is a public health issue.

Chair Bramlett thanked Ms. Bard for addressing the Committee.

In response to Mr. Zamora, Mr. Hess stated that the Air District would invite people from the Puget Sound Clean Air Agency and the San Joaquin Valley APCD to speak to the Committee. Mr. Zamora requested that copies of each of the ordinances from the two agencies be provided to the Committee in advance of the April meeting. Mr. Zamora also noted that it would be helpful to hear from those being impacted by the ordinances, such as the real estate community and companies selling devices that are approved now, but may not be in the future. Mr. Hess stated that the Hearth Products Association might also be invited to speak to the Committee.

Mr. Zamora stated that the Committee should also look at the retrofit issue and that this might be an opportunity to look at planning new development with a required change, and what impact a retrofit would have on people that have homes with wood burning fireplaces. Mr. Hess stated that staff would provide the Committee with information regarding average cost for a retrofit for a fireplace.

5. **Discussion of Speaker Schedule for Indoor Air Quality and Asthma:** *The Committee discussed with District staff potential guest speaker presentations for its 2006 work plan topic concerning indoor air quality and its relationship to asthma.*

Dr. Kmucha stated that he had some contacts that he has used for other presentations and he would contact them. The Committee determined to devote the April meeting to woodsmoke and that the speakers on the issues of asthma and indoor air quality could make their presentations at the June 13th meeting.

6. **Committee Member Comments/Other Business.** Ms. Weiner stated that the federal government has released a proposal on standards, which according to public health research, are very weak. On March 8, 2006, the Environmental Protection Agency (EPA) will hold hearings in San Francisco, one of three cities hosting the hearings. The other two cities are Philadelphia and Chicago. The American Lung Association is working with other environmental and public health groups to get speakers for that day. Ms. Weiner suggested that someone from the Air District be available for the hearings to make comments on the proposal.
7. **Time and Place of Next Meeting.** 10:00 a.m., Tuesday, April 11, 2006, 939 Ellis Street, San Francisco, CA 94109.
8. **Adjournment.** 11:29 a.m.

Mary Romaidis

Mary Romaidis
Clerk of the Boards

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109

APPROVED MINUTES

Advisory Council Regular Meeting
1:30 p.m., Wednesday, March 22, 2006

CALL TO ORDER – ROLL CALL

Opening Comments: Chairperson Kurucz called the meeting to order at 1:45 p.m.

Roll Call: Present: Kraig Kurucz, Chair, Cassandra Adams, Sam Altshuler, P.E., Louise Bedsworth, Ph.D., Ken Blonski, Robert Bornstein, Ph.D., Jeffrey Bramlett, Harold M. Brazil, Irvin Dawid, Emily Drennen, Fred Glueck, William Hanna, Stan Hayes, John Holtzclaw, Ph.D., Janice Kim, M.D., Steven Kmucha, M.D., Karen Licavoli-Farnkopf, MPH, Ed Proctor, Brian Zamora.

Absent: Linda Weiner.

Introduction of New Advisory Council Members: Chairperson Kurucz welcomed new Advisory Council members Janice Kim, M.D., Ed Proctor and Karen Licavoli-Farnkopf, MPH.

PUBLIC COMMENT PERIOD: There were no public comments.

CONSENT CALENDAR:

1. **Approval of Minutes of January 11, 2006.** Mr. Dawid moved approval of the minutes; seconded by Dr. Holtzclaw; carried unanimously.

COMMITTEE REPORTS:

2. **Executive Committee Meeting of March 22, 2006.** Chairperson Kurucz stated that the Committee met earlier this afternoon and received reports from the Standing Committee Chairs.
3. **Joint Air Quality Planning & Technical Committee Meeting of February 7, 2006.** Mr. Hayes stated that the joint Committee received a staff presentation on the District's climate protection program and adopted a motion "expressing the Council's support for the Board and staff's leadership on the Climate Change issue, in particular on the current efforts and future direction." He moved adoption of the motion for forwarding to the Board; seconded by Dr. Holtzclaw. Dr. Bornstein suggested the text reflect "proposed future direction." This was accepted by the motion maker and seconder and the motion carried unanimously.
4. **Report of the Public Health Committee Meeting of February 14, 2006.** Mr. Bramlett stated that the Committee received a staff presentation on District wood smoke abatement measures. In April, the Committee will receive presentations on wood smoke abatement in the Puget Sound and San Joaquin air districts. The Committee may meet monthly in the near future to attend to certain topics. It will begin its work on indoor air quality and asthma in the summer.

PRESENTATION

5. Particulate Matter (PM) Research and Abatement.

(a) Dr. Eric Fujita, Division of Atmospheric Sciences, Desert Research Institute (DRI), Reno, Nevada, presented “Source Apportionment of Ambient PM,” which concerns DRI’s research on PM emission profiles for mobile sources, wood combustion and meat cooking. Source characterizations and profiles were applied in a chemical mass balance methodology in order to apportion the sources of ambient PM. The presentation will describe source attribution techniques and how they are in turn used in PM source apportionment analysis. Dr. Fujita described the chemical mass balance equation that is used to predict source contributions from knowledge of ambient constituents and source composition profiles. Model inputs include ambient concentrations and associated uncertainties, as well as source composition, to produce estimates of source contributions, with uncertainty factors. Measurements used include PM mass, elements, ions, organic carbon, elemental carbon, organic compound concentrations in both ambient and source samples. The model assumes that:

- Compositions of source emissions are constant during ambient and source sampling
- Chemical species do not react with each other
- All sources with a potential contribution are accounted for
- The number of sources is less than or equal to the number of chemical species
- Source compositions are linearly independent of each other
- Measurement errors are random, uncorrelated and normally distributed

Dr. Fujita displayed a pie chart containing data from the 1997 Denver North Front Range Air Quality Study in Colorado displaying the fraction of PM_{2.5} and total carbon from diesel exhaust, gasoline, wood burning (hard and soft wood), ammonium nitrate, paved road dust, power plants, meat cooking and ammonium sulfate. The data indicate that PM nitrate and wood combustion are major contributors to the total PM_{2.5}. DRI studied what molecular markers could be used in distinguishing various combustion sources.

In terms of markers for wood combustion, several classes of organic compounds are useful for identification: lignin pyrolysis products, guaiacols and syringols are emitted in certain ratios in hardwoods and softwoods: in softwoods guaiacols are found in higher ratios to syringols and in hardwoods guaiacols and syringols are emitted in roughly equal amounts. Resin acids and their oxidation products—such as dehydroabietic acid—are associated with softwoods. Cellulose pyrolysis products such as levoglucosan are also found in combusted wood products. These compounds are variously volatile: some are found in the PM phase, while others are found in the semi-volatile phase and distributed in the gas and PM phases.

In the Northern Front Range Study, softwoods and hardwoods were combusted and tested in fireplaces and woodstoves. Hardwoods emitted more water-soluble potassium (a long-standing marker for residential wood combustion) than softwoods. Emissions were also greater from a fireplace than from woodstoves because the latter have a higher temperature and combustion efficiency. The same study identified other organic compounds in wood smoke: polycyclic aromatic hydrocarbons (PAHs) such as hopanes and steranes, and gas phase and particle phase guaiacols.

The Central California Particle Study in 2005 shows similar results, and when levoglucosan is added in a category of source composition, it is found in higher quantities in wildland fuels and prescribed burns. For emissions from specific species of trees, levoglucosan emissions vary in relation to total elemental carbon. Data from the same study comparing laboratory experiments with prescribed burns provided diverse emission profiles. Dehydroabiatic acid is a major constituent in wildland burns and is associated with resin acids.

Data from a District study in San Jose of PM collected on quartz filters collected in 2004 reveals that the samples indicate higher amounts of wood combustion constituents such as dihydroabiatic acid and levoglucosan during the winter (especially holidays and cold days).

Molecular markers for meat cooking include fatty acids (palmitic acid, stearic acid, oleic acid); sterols (cholesterol); and lactones (lactonization of beta-hydroxy fatty acids and oxidation of alkenals and oleic acid). The Northern Front Range Study evaluated meat cooking tracer compounds in emissions from cooking operations with automated charbroiled hamburger, charbroiled hamburger, charbroiled chicken with skin, and charbroiled steak. It found that these molecular markers are emitted in varying levels in all forms of cooking.

Wolfgang Rogge studied a wide variety of cooking techniques and found that such organic compounds as cholesterol, alkanals, alkanols, amides, lactones, furans, dicarboxylic acids, alkanolic acids and alkanes are found in varying levels in all types of meat cooking.

For motor vehicle exhaust, the “Gasoline Diesel/PM Split Study” attempted to distinguish the relative contribution of gasoline and diesel to urban areas. In the vehicle testing phase, the study showed that many factors contribute to vehicle emission rates and composition. The main parameters that affect emission rates and composition are vehicle range and accumulated mileage (i.e., state and quality of maintenance), emission control technology, lubricating oil and age of lubricating, vehicle operating mode and the load it is driven in, ambient temperature, sampling conditions and methods of analysis, in which there are variations. As to the relationship between vehicle age, mileage rate and emissions, the data indicated that PM emissions do not increase significantly until after 10 or 11 years of vehicle age or 150,000 miles.

The vehicle emission test cycles may affect variation in vehicle emission rate and composition. The modified unified driving cycle varies somewhat from the federal test procedure and is a bit more aggressive in the hot stabilized phase of the test. Emissions of black carbon were measured in real time for four different vehicles on the modified unified cycle. Most emissions were associated with the cold start mode and a few hard accelerations for the newer and generally cleaner vehicles. For the dirtier vehicles, high amounts of PM are emitted throughout all the stages of the test procedure. The distribution of organic and elemental carbon for composites of higher emitters and lower emitters in light-duty gas vehicles and heavy-duty diesel trucks reveals that the distinguishing feature is the higher amount of elemental carbon found in emissions from heavy-duty diesel than from gasoline vehicles.

There is considerable variation in the volatility of PAHs (naphthalene, flouranthene, benz(a)anthracene, ideno(1,2,4-cd)pyrene, benzo(ghi)perylene, benzo(k)flouranthene, coronene, hopenes, and steranes. The gas phase PAHs are naphthalene and fluoranthene.

Benzathracadene is a transitional PAH. Indeno(1,2,3-cd)pyrene, benzo(ghi)perylene, benzo(k)fluoranthene) are particle phase PAHs and are markers for gasoline exhaust. Light-duty gasoline vehicle exhaust contains higher molecular weight PAHs in much higher quantity than diesel exhaust. Data from Kansas City and San Jose studies show that there is a linear relationship between the abundance of these particular markers to total carbon.

In a recent study of vehicular exhaust in selected areas in Los Angeles, data indicate that most of the total carbon is attributable to diesel exhaust. However, the results can be different depending on where measurements are made. Measurements taken at the Rose Bowl after a sporting event would reveal a predominance of gasoline exhaust, but in the central part of the Los Angeles basin there is an even distribution of gasoline and diesel exhaust. Charts with plots of black carbon on freeway arterials in the Los Angeles area near the port areas indicate considerable diesel exhaust as these have significant truck traffic.

Organic markers exist for most major combustion sources. However, the abundances of markers are variable and profiles must be specific to the region in which sampling is taking place. The particular analytical method for determining the ratio of organic to elemental carbon must be noted when setting forth results concerning this ratio.

- (b) Dr. David Fairley, District Statistician, presented "PM Source Apportionment for the Bay Area." He stated he would review a summary of a previous study based on chemical mass balance analysis of filters loaded with ambient PM available from existing studies and review new studies conducted to fill information gaps, via carbon-14 analysis and organic speciation analysis.

Dr. Fairley noted that PM poses serious health problems, and that the District complies with the national, but not the state, annual and 24-hour standards for PM₁₀ and PM_{2.5}. Peak periods of PM concentration in the Bay Area occur in the months of November through January. Wintertime periods of stagnation and cool temperatures tend to produce ammonium nitrate which is a constituent of PM_{2.5}. The two most recent winters have had high levels of precipitation, whereas from 2001-2003 PM has been higher during the winter when there was less precipitation. Wood smoke emissions are highest during the winter season.

Two approaches are used to estimate PM sources: analysis of ambient PM sample filters, and engineering calculations based on the emissions inventory. Measurements of ambient air samples have been compared with measurements of the compounds sampled from various sources. The goal was to determine what the sources of PM are and if these were man-made or from secondary formation in the atmosphere. Chemical mass balance can discern the difference between directly emitted constituents and those constituents from secondary atmospheric formation. The data indicate that meat cooking, and also tire and break wear, are fairly minor sources of PM.

In measuring geological dust, higher levels were found at the Pt. Reyes station monitor than at other sites. Peak levels of PM_{2.5} do not appear to be significant in evaluating the overall levels of particulate matter. Dr. Fairley noted that in his CMB analysis, he found that most of the PM_{2.5} is carbonaceous.

The District has conducted a Carbon-14 study in order to distinguish between recent carbon and old carbon in the samples. New carbon tends to derive from meat cooking and wood burning, and old carbon from fossil fuel combustion. The analysis set forth in terms of annual averages at each site studied revealed that in 10 out of 14 cases for the data in 2004, more than 50% of the PM is new carbon. This suggests that wood burning and cooking contribute more carbon to the atmosphere than fossil fuel combustion from trucks and autos on an annual basis in the Bay Area. Filters from 1998 show higher levels of old carbon than in 2004, which may suggest that the vehicle fleet overall is getting cleaner.

In the efforts to separate sources of old and new carbon in the major sources of PM, further questions remain to be answered. Initial conclusions that have been drawn include (1) ammonium nitrate is a large contributor to both annual and PM_{2.5}. (2) ammonium sulfate is a significant contributor to annual but not to peak PM_{2.5}. (3) road dust/geological dust/break and tire wear are insignificant sources of PM_{2.5} in the Bay Area. (4) most PM_{2.5} derives from combustion, directly or indirectly.

- (c) Dave Vintze, Air Quality Planning Manager, presented “Bay Area PM Control Measures for SB656.” He stated that prior to the adoption of SB656 the District regulated PM through several rules: Regulation 5 on Open Burning, Regulation 6 on Particulate Matter and Visible Emissions, and Regulations 8, 9, and 12 on volatile organic compounds, nitrogen oxide and sulfur oxide, respectively. Mobile source incentive programs such as the Carl Moyer, Transportation Fund for Clean Air, Vehicle Buy-Back and Low Emission School Bus and Solid Waste Collection Vehicle programs also reduce emissions of PM and dust. Wood burning emissions are addressed through the Spare the Air Tonight program, a model wood burning ordinance and incentives to replace high polluting wood burning appliances.

SB 656 requires the California Air Resources Board (CARB), in consultation with local air districts, to develop a list of the most readily available, feasible, and cost effective control measures to be used by CARB and the districts to reduce PM₁₀ and PM_{2.5}. CARB recently conducted a survey of air districts in the state and obtained 103 possible control measures for PM. Of these, 69 have already been implemented by the District; 13 are not significant for emission reductions; seven are part of the evaluation in the 2005 ozone study; 10 are slated for further study; two can enhance some existing PM reduction programs; and there are two new potential measures that can reduce PM emissions.

As to measures that can expand or enhance existing programs—in this case the Spare the Air Tonight program and the voluntary curtailment program—enhancement of these is possible. The District has expanded the number of residents that receive its survey for wood combustion, as well as the text of the survey itself. The District can also lower the threshold for the voluntary wood-burning curtailment advisories, amend the existing public awareness program to provide additional outreach and education resources, and enhance the existing wood-burning model ordinance program.

The two potential stationary source control measures include commercial charbroiling (conveyerized and under-fired boiler) operations and stationary and internal combustion engines. There are 500 conveyerized broilers and 5,000 under-fired broilers in the Bay Area. For conveyor char broilers there are control options that include catalytic oxidizers, fiber-bed filters, thermal incinerators, electrostatic precipitators and wet scrubbers.

For under-fired broilers, high efficiency multi-stage filters are under consideration as control measures. The rule development process for stationary and portable internal combustion engines is also underway; stakeholders are being contacted and a review is underway regarding existing regulations for such engines in other agencies.

AIR DISTRICT OVERVIEW

6. Report of the Executive Officer/APCO. Jean Roggenkamp, Deputy APCO, stated that:

- a) the District has selected Jack Colbourn as the new Director of the Outreach & Incentives Division (formerly entitled Public Information & Outreach Division).
- b) the Spare the Air Tonight program concluded in February and to date no exceedances of the ozone standard were recorded. The abundance of rainfall this winter contributed significantly to such monitoring results.
- c) the Spare the Air summertime program will begin on June 1 of this year and will differ from last year's program in that the free transit days on forecasted Spare the Air days will include free transit all day rather than only for the morning commute.
- d) staff continues to move forward with its work on climate protection as well as the Community Air Risk Evaluation (CARE) program.
- e) regulatory work will commence on commercial char broilers and agricultural sources of PM.
- f) the District's budgetary process for the next fiscal year is under way and the last two years of state subvention fund losses no longer occurs this year, but the District must still allocate funds with care.

Mr. Glueck inquired if the combustion of natural gas in home space and water heating in the Bay Area constituted a major source of carbon. Mr. Altshuler noted that, if burned correctly, natural gas does not create a significant source of carbon. Gary Kendall, Technical Division Director, agreed with Mr. Altshuler, and noted that residential space and water heating is included in the District's emission inventory but is generally considered clean burning. Mr. Kendall inquired of Dr. Fujita if this question could be assessed through sampling analysis and source apportionment. Dr. Fujita replied that to date no interest in conducting this type of analysis has been expressed.

OTHER BUSINESS

7. Report of Advisory Council Chair. Chairperson Kurucz stated that selections for Council member attendance at the Air & Waste Management Conference in New Orleans have been made. The Council has been able to fund an additional position due to obtaining one additional registration payment from another source.

8. Council Member Comments/Other Business. Mr. Hanna inquired as to the status of the EPA proposal to eliminate the PM standard for sparsely populated areas. Ms. Roggenkamp replied that EPA has proposed to lower that standard, and staff is looking into it further. Mr. Hanna also requested that staff keep him apprised of developments relative to SB 700 which concerns emissions from agricultural equipment.

Mr. Dawid noted that the Sierra Club has testified at three EPA hearings opposing the lowering of the PM standard in rural areas. Mr. Dawid inquired if the District has adopted a position on Assemblyman Ruskin's currently proposed legislation concerning vehicular emissions. Ms. Roggenkamp indicated she would look into this matter and respond to Mr. Dawid at a later time.

PRESENTATION (continued)

5. Particulate Matter (PM) Research and Abatement.

Chairperson Kurucz stated that Council members who did not have to depart the building for other obligations could ask additional questions of the speakers on this item at this time.

Mr. Altshuler inquired of Dr. Fujita if there were any takeaways in what he had observed with respect to the common use of fireplaces: for instance, whether fireplace users should use soft or hardwood and how these influence start-up, smoldering and combustion temperatures. Dr. Fujita stated that within the context of residential wood combustion, indoor exposure is one of the most important criterion. The exposure to smoke from back draft is of particular concern. People need to be aware of the best way to start a fire and avoid indoor exposure. The same applies to meat cooking. Peter Hess, Deputy Air Pollution Control Officer, suggested that the Public Health Committee investigate the acids and phenols, and how these may be linked to asthma and asthma attacks, and any correlation with wintertime asthma data.

Chairperson Kurucz noted that the results from Dr. Fujita's and Dr. Fairley's studies seem to be in contradiction to one another, although some of the difference may lie in the methodologies that are applied. One set of results suggests that carbon comes from mobile sources, and the other set suggests it is from other sources. The question as to how this is resolved is important. Mr. Hess indicated this will require further evaluation. This will be a topic of discussion at the Air & Waste Management Association Conference in June in New Orleans.

Mr. Glueck inquired if the Community Air Risk Evaluation (CARE) program would address this PM exposure of residences near a freeway arterial or a cluster of several restaurants. Mr. Kendall replied that the grid scale for the CARE program is 2x2 kilometers, and does not reach the micro-scale level to which Mr. Glueck refers.

Mr. Hayes suggested that reductions in outdoor emissions that also reduce indoor emissions should be formally accounted for in evaluating a rule. Also, the large fraction of ammonium nitrate that contributes to PM levels at peak times and for annual averages is noteworthy. Dr. Fairley replied that although more information from additional monitoring sites is required, this result has consistently shown up in the studies that have been conducted to date in the District.

Dr. Holtzclaw suggested that the District take PM measurements downwind from freeways, which may be overlaid on gridded emissions mapping. Dr. Fujita noted that papers have indicated emissions from freeways drop off exponentially with distance away from the freeway. Dr. Fujita and Mr. Kendall indicated they would provide Dr. Holtzclaw with these studies.

Mr. Dawid noted that while truck and gasoline emissions have been the subjects of the speaker presentations today, vehicular congestion is another category of any vehicle emissions study.

He added that an elected official in his jurisdiction is concerned over exposure to freeway emissions of residences that are built next to arterials. Dr. Fujita replied that although the fleet is getting cleaner over time, gross polluting vehicles still contribute to most of the emissions.

Dr. Bornstein inquired if conclusions have been drawn on the basis of samples and measurements, but do not include dispersion. Dr. Fujita replied that at a monitoring site which is used for determining compliance with a standard, then it works for that standard. However, the issue is how representative is that monitoring site in the region in which it is located.

Mr. Altshuler urged that, in presentations such as those given today, the use of percentages of given constituents to the total picture is useful for source apportionment but does not provide the clearest picture in terms of questions for public exposure to pollution.

Mr. Altshuler thanked the Outreach & Incentives staff for sending out topical news articles. One article concerned how California was challenged by a manufacturer in Arkansas for setting strict standards for small engine lawnmowers, and, as a consequence, a national study was conducted. The outcome of the study was to confirm California's regulatory approach on this matter.

9. Time and Place of Next Meeting. 10:00 a.m., Wednesday, May 10, 2006, 939 Ellis Street, San Francisco, CA 94109.

10. Adjournment. 4:12 p.m.

James N. Corazza

James N. Corazza
Deputy Clerk of the Boards

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109

APPROVED MINUTES

Advisory Council Public Health Committee Meeting
10:00 a.m., Tuesday, April 11, 2006

- 1. Call to Order – Roll Call.** Chairperson Bramlett called the meeting to order at 10:00 a.m. Present: Jeffrey Bramlett, Chairperson, Cassandra Adams, Steven Kmucha, M.D., Linda Weiner, Brian Zamora. Absent: Janice Kim, M.D., Karen Licavoli-Farnkopf.
- 2. Public Comment Period.** There were no public comments.
- 3. Approval of Minutes of February 14, 2006.** Ms. Adams moved approval of the minutes; seconded by Mr. Zamora; carried unanimously.
- 4. Woodsmoke Abatement.** Jim Nolan, Director of Compliance, Puget Sound Clean Air Agency presented “The Puget Sound Wood Smoke Control Program, April 2006.” He stated that wood smoke abatement has been underway in the Puget Sound area since the 1980s, when serious particle (PM) problems were found in industrial areas. The high concentrations were initially thought to have originated in industrial operations, but it turns out that they were primarily derived from wood combustion from the surrounding residential community.

Mr. Nolan noted that two thirds of geographical territory in the Puget Sound agency is comprised of national forests and parks. The region has a population of four million people, approximately 1.2 million residences and 350,000 fireplaces and over 200,000 wood stoves. The types of units include certified stoves, pellet stoves, open fireplaces and uncertified units.

Data sets of PM_{2.5} at continuous monitoring sites in the Seattle suburb of Lake forest Park, and from the Duvamish Valley area, in which concentrations of emissions from wood combustion vary significantly, show that PM_{2.5} increases at 6:00 pm each night when residents return home from work, and decreases when residences retire for sleep in the evening.

Washington State has established more stringent emission standards for new wood-burning appliances than the federal Environmental Protection Agency (EPA). These impose limits on all existing wood stove and fireplaces include opacity standards, legal fuel types, burn bans and nuisance smoke laws. The Puget Sound agency promotes the change to a cleaner form of residential heating, pollution prevention, burn bans, responses to complaints, public education, and discourages the installation of wood burning devices in new residential developments.

The change-out of wood burning appliances involves the promotion of cleaner forms of residential heating. Joint projects often occur with the Puget Sound agency and hearth products and utilities, as well as promotional campaigns and programs by gas companies and other companies. The change-out program is paid for by a \$30 fee that is imposed on the purchase of

new woodstoves or fireplaces in Washington. The Puget Sound agency has also established a policy that excludes all civil penalties collected by the agency from supporting agency operations. These are instead applied to publication and other activities, such as supporting the woodstove change-out and incentive programs including the disposal of old wood stoves. Supplemental environmental projects are also sought out and implemented, such as the program at Boeing Corporation with its 100,000 employees, that provides large information and communication networks. The Puget Sound agency partners with this company in terms of arranging penalty mitigation in which company funds pay for the cost of changing out employee wood burning appliances. Funds to support such programs have also been obtained from permit mitigation. In one case, a saw mill that installed a large wood fired boiler paid for the wood stove change-outs for its employees. The Puget Sound agency also supports wood smoke media campaigns, and partners with fire departments during burn bans, which educates people on wood smoke health effects.

Pollution prevention programs provide instruction on the correct use of wood burning devices, weatherization programs that encourage residential installation of more insulation to reduce heating requirements, and the use of compressed wood fire logs for open fireplaces in particular. The latter reduce emissions of wood smoke by a range of 70-90% for the casual wood burner.

Calling and enforcing burn ban programs occurs at two stages: the Stage I trigger is $35 \mu\text{g}/\text{m}^3$ for $\text{PM}_{2.5}$ and the Stage II trigger is $60 \mu\text{g}/\text{m}^3$. These must occur over a 24-hour period and be predicted to continue into the next day. Wood combustion in the Stage I alert is prohibited unless it is the sole source of heating in the residence. At Stage II, wood burning is prohibited without exception. These alerts provide major opportunities for public education. During a Stage I ban, news networks announce the event; however, public education only goes so far, and must be buttressed with enforcement. On the following morning after a Stage I alert, agency inspectors begin their rounds and focus on neighborhoods with high concentrations of wood smoke. With opacity readers, they evaluate smoke from chimneys. State law allows 20 minutes of smoke in excess of opacity standards every three hours for start-up. If they see a house emitting significant smoke, they use digital cameras equipped with date and time stamps to record the event, and return half an hour later to take opacity rating, and if the smoke has not abated, the residence is issued a notice of violation. In such cases, the issue that wood combustion is the sole source of heating does not arise. Upon receipt of a notice of violation, a resident has three choices: (a) if the wood combustion unit was an uncertified stove or fireplace, the old unit can be disposed of and upgraded; (b) if the unit is certified, the resident can visit the dealer and receive training on proper use, and the dealer will send the agency a letter indicating that the resident has received training, or (c) the resident can pay the violation fee of \$1,000. In cases of residential emissions, about half derive from rental facilities. When the landlord finds out that renters use wood combustion devices incorrectly, the devices are usually removed. In 2006, there have been ten burn ban days, and 50 violation notices, one of which paid the violation fee.

The process for agency response to complaints is as follows: the complainant receives and completes a complaint form and files it with the agency which then informs the resident about whom the complaint has been filed. The agency sends a brochure regarding PM health effects to the resident in question and requests a written response to the complaint, noting that a copy of the same will be forwarded to the complainant. Anonymous complaints are not accepted and the follow-up process is not confidential. The agency sends that response to the complainant. If there are subsequent complaints, the agency sends an inspector to the location to check for violations. About 200-300 complaints are filed each year with the agency.

If there are violations observed as a result of the complaint, then the agency will take necessary enforcement action, but if there are none, then the case is closed. In some cases, only mediation between neighbors will lead to a resolution. In about 90% of the complaints, no further filings are received, as the receipt of a complaint is often sufficient to resolve the situation. In the case of the remaining 10%, an inspector will be sent to speak with each party. There are some instances in which a complaint is lodged for reasons other than actual wood smoke emissions. In other situations, when excess burning occurs at night, there is nothing the agency can do about that. In some cases where an inspector cannot help the parties resolve a dispute, they are referred to a professional mediator. The agency pays for the mediation, which is \$250 per session, and for the most part this has proven successful.

The agency promotes public education regarding wood smoke abatement, and partners with the American Lung Association on producing information on the health effects of wood smoke as well as the legal restrictions on wood burning activities. There are media releases during burn bans, brochures, website information, links to health sites and an electronic mailing list.

Agency efforts to discourage installation of wood combustion devices in new residences, and especially in condominiums, has not made a great deal of headway thus far.

Advice from the Puget Sound agency to the Bay Area AQMD regarding augmentation of its wood smoke abatement efforts would include the following:

- Patience – this will take years. People are in denial: burning is in our genes.
- Compressed wood fire logs are a cost effective option for open fireplaces (and have a huge potential for emission reduction, without significant capital investment requirements).
- Most importantly: focus the message on the wood smoke, and not on the wood burner. There is a strong political support for wood heating. There is no political support for wood smoke.

In response to questions, Mr. Nolan noted the following:

The town of Barrington, Washington is a rural community that is 40 miles from the nearest natural gas line and has a predominance of wood burning residences. Measurements of PM found levels two to three times in excess of the federal health standard. Residents have used wood heating there for generations. In working with the town council, the agency crafted a program to provide incentives to switch to a cleaner form of heat, including installation of a certified wood stove, pellet stove or a propane/oil heat system. The agency also offers to pay for the retrofit and installation of the systems: approximately \$2,500 for propane, \$1,200 for a pellet stove, and somewhat less for a certified wood stove less. The relative emission reduction is important to the agency as is the participation of the town in the solution of the problem. This year, 50 out of the 350 residences have elected some form of upgrade.

The agency provides information regarding the health effects of wood smoke, referencing the American Lung Association which indicates that emissions from wood combustion, especially carbon monoxide, are significant indoors. The agency also informs people that wood combustion is inefficient on a BTU basis, and in the Pacific Northwest it is three times more costly than natural gas.

The agency did approach wood smoke abatement on a voluntary basis for the initial year that the program went into effect. When more mandatory approaches were adopted, significant challenges were encountered both in terms of cooperation and the receipt of adverse press.

With regard to exemptions from standards, and appeals of violation notices, an administrative hearing board does review appeals of penalties. The agency emphasizes that a wood burning device was excessively smoking during a burn ban day, for example, and not whether the device is certified or the only source of heating in the home. The only issue at the hearing concerns whether or not the penalty is reasonable. Typically, appeals of violation notices are very rare. The process is the same as for the appeal process that an industry would use to appeal a penalty.

The program went from a voluntary to a mandatory phase rather quickly as that is how the legislation set it up, with an initial year or two for practice. The agency was able to convince the hearth products companies that it was in their best interest to persuade their customers to acquire modern, certified devices. With regard to obtaining other “triggers” for changing-out old wood burning devices, such as at the point-of-sale or the remodeling of a house, these were very controversial and the dispute continues. In large urban areas, these measures are not trivial to the real estate community. Such matters will likely be revisited in the future when the federal PM standards are ratcheted down, and more stringent measures will have to be adopted. The prohibition on installing wood burning devices in new developments must come back to the table. Members of the design community continue to feature fireplaces and woodstoves in real estate advertisements as these have a sales attraction and the agency has had no traction with it.

Jami Aggers, Compliance Manager, Compliance Division, San Joaquin Valley Unified Air Pollution Control District stated that her air district is now in its third year of its woodsmoke abatement program. It has not implemented a change-out program at this time nor does it impose fees upon the purchase of wood burning devices. The requirements are that, at the point of sale, devices must be EPA Phase II or Pellet Fuel devices. Upon the change of property ownership, any non-Phase II device must be removed or disabled. An additional document in the escrow process requires a signature that the new owners are adhering to the rule, and the agency files that documentation. With regard to new construction, there are no exceptions allowed to the rule that there must be at least a half an acre or more distance in new construction from another residence in order to qualify for a wood burning device. This “density” requirement mandates no more than two homes with fireplaces per acre. Additional requirements in the sale of wood address levels of moisture content.

Programmatic curtailment of wood burning occurs at two different air quality index levels: the “discouraged” or voluntary level is between a particulate matter (PM₁₀) range of 100-150 ppm and anything above that triggers a mandatory burn stage. From 2003-04, two mandatory curtailment days occurred and between one and 53 voluntary curtailment days throughout the eight counties in the district. During 2004-05, three mandatory curtailment days occurred and between 60 and 44 voluntary curtailment days. During 2005-06, there have been 19 mandatory curtailment days, between 14-34 voluntary curtailment days. There were no exceedances of the PM₁₀ exceedances, and the SJVUAPCD believes that attainment has been demonstrated. The decision of the Environmental Protection Agency (EPA) on this matter is pending.

Over 400 complaints were filed during this wood burning season. Violation notices are issued only when smoke is seen and recorded on a date- and time-stamped digital camera. Violation notices are mailed, as personal contact between residents and inspectors can be confrontational. The district has added a new component to Compliance School for general burning citations which contains a fireplace training component and recipients of violation notices that attend get a fee reduction or waiver.

The wood smoke abatement program was difficult to get off the ground. It is critical to engage in public outreach, to bring stakeholders to the table, and to hold public meetings where people can be heard. Some individuals believe wood burning is an inalienable personal right while others believe that no one should ever again be permitted to burn wood in the fireplace.

The day before a mandatory curtailment notice is to be issued, inspectors are prepared to be sent out the next day to survey areas with intensive complaints. Staff do not inspect in the evenings if they have inspected during the same day. If complaints occur on weekends, the district seeks inspectors to volunteer to work after regular shifts.

Ms. Aggers presented a copy of the request for exemption form, which is mailed with each violation notice. Exemptions are given for homes with sufficient distances from another residence, or if natural gas is unavailable and wood is the only source of home heating. The district may also grant a one time season exemption for hardship cases.

The process works well and the district usually resolves the issues arising from a complaint. Sometimes a warning notice is sent to a resident or owner. The threat of issuing citations in the first year of the program was highly unpopular with the public, therefore the district issued only warnings in the first year. Although such letters were sent, it was not possible to verify the smoke, and therefore this part of the program was abolished. All residents that received a warning letter complained about it.

In response to questions, Ms. Aggers stated:

- There are few situations in which wood is the sole source of heating a home and that same home is in a neighborhood with many residences closely aligned.
- Very few “one time” exemptions are issued, and after they are received, the resident is expected to make the appropriate change in heating methods for the home when the exemption expires. However, for extreme hardships, the agency will consider granting a second year of exemption.
- There is no variance process in the San Joaquin Valley air district for a violation notice.
- The requirements for removing old equipment upon change of residential ownership and upgrade to a type II wood burning device, as well as the limit of two homes equipped with wood burning devices per acre, were arrived at after discussion in public meetings that were very well attended.
- Primary stakeholders to this process were firewood, presto log and hearth product vendors.
- The ordinance on woodstove appliances applies only to new development and not retroactively to older residences. However, one subdivision did recently equip a large

number of new homes with wood burning devices, and the contractor is going back to retrofit the units with artificial fire log devices.

Chairperson Bramlett called for public comments, and the following individual spoke:

Jenny Bard
American Lung Association

Ms. Bard stated that the discussion of wood smoke abatement is not new in the Bay Area. A burn ban and a moisture content rule for fuel were proposed in the Bay Area, but the proposals had not moved forward owing to a lack of leadership. The local public is fairly well educated on wood smoke issues, and there is no public support for wood smoke. Many of the measures implemented in the Puget Sound air district could be quickly adopted in the Bay Area. Although a voluntary ordinance is available for adoption in the region, litigation is often required to prevent a neighbor from further wood burning. There is a lack of enforcement regarding wood smoke in the Bay Area. The Public Health Committee should identify best practices and urge the District's governing board to adopt them.

Chairperson Bramlett stated that the next steps would be to obtain additional presenters on this subject from the hearth products and real estate communities. Peter Hess, Deputy Air Pollution Control Officer, stated that District staff would arrange for presenters from these fields.

Chairperson Bramlett stated that the Committee would start work on indoor air quality and asthma on or about its July meeting.

5. **Committee Member Comments/Other Business.** There were none.
6. **Time and Place of Next Meetings.** 12:30 p.m., Wednesday, May 10; 10:00 a.m., Tuesday, June 13, and 12:30 p.m., Wednesday July 12, 2006, 939 Ellis Street, San Francisco, CA 94109.
7. **Adjournment.** 11:19 a.m.

James N. Corazza

James N. Corazza
Deputy Clerk of the Boards

Bay Area Air Quality Management District
939 Ellis Street
San Francisco, California 94109

DRAFT MINUTES

Advisory Council Technical Committee
9:30 a.m., Wednesday, April 12, 2006

1. **Call to Order – Roll Call.** Chairperson Bornstein called the meeting to order at 9:44 a.m. Present: Robert Bornstein, Ph.D., Chairperson, Sam Altshuler, P.E., Louise Bedsworth, Ph.D., William Hanna, John Holtzclaw, Ph.D. Absent: Stan Hayes.
2. **Public Comment Period.** There were no public comments.
3. **Approval of Minutes of Technical & Air Quality Planning Committee Meeting of February 7, 2006.** Dr. Holtzclaw moved approval of the minutes; seconded by Dr. Bedsworth; carried.
4. **Climate Change Control Programs in California: An Overview.** Amy Luers, Climate Impact Scientist, Union of Concerned Scientists, presented “Global Warming in California: Choosing our Future,” stating that from 1880 global temperatures on the earth’s surface have risen from 0.2 C° to 0.6 C°. The effect of global warming since that time has increased sea levels by seven inches and significantly melt portions of large glaciers. Weather patterns are also becoming more extreme, with increased hurricane and tropical cyclone intensity, and heat waves such as the one in Europe in 2003 which killed 30,000 people. By 2040, European summer temperatures will more often be as warm as those of 2003.

The consensus in the scientific community is that the earth’s temperatures are increasing because of the deforestation of large segments of land and emissions from fossil fuel combustion for transportation and energy generation. While the rate of change in the global climate is unusual, it matches what is expected in climate models from increasing greenhouse gases (GHGs) and other human activities. Such warming is occurring despite natural solar and volcanic activities which would have contributed to cooling the earth’s surface.

Modeled responses to natural forcings differ from observed temperatures. That is, in the absence of human activities, little variation in temperatures would be expected. However, the contribution of GHGs and other emissions in contemporary models match well with observed temperatures. This type of match also extends to oceanic patterns of warming.

As temperatures increase, impacts will prove more severe and costly. The more severe impacts can be avoided by reducing greenhouse gases now. A compilation of various studies by scientific researchers and set forth in a White Paper entitled “Scenarios of Climate Change in California: An Overview” addresses the impacts of different global warming scenarios across several major sectors in California.

Three different warming emission projections were derived from the Intergovernmental Panel on Climate Change (IPCC) and address higher-, medium-high-, and lower emissions of CO₂. These scenarios are linked with growth pattern projections. Taking three GHG emissions projections in three different climate models to capture differences in sensitivity, the researchers attempted to ascertain how much the climate responds to changes in GHG scenarios. One challenge which arises in such studies is the emergence of a feed-back event in the system: climate changes themselves influence the reflectivity of the sun and oceanic temperatures, and these changes, in turn, have further impacts on the overall warming phenomena. The models account for these variations in different ways.

Results for today's presentation were selected from a parallel climate model for the lower sensitivity temperature change, along with two medium- and medium-high sensitivity models. The Union of Concerned Scientists has evaluated the emission scenarios in California for each of the scenarios. The worst-case projection was for an 11°F increase in the summer by the end of the century, with other scenarios projecting smaller temperature increases. As global climate models, which are large-scale, were used, a statistical downscaling was conducted in order to achieve a smaller-scale prediction for California.

As to the findings on the impacts on air quality and public health from global temperature increases, 90% of the California population does not live in areas that meet the state air quality standards, and it will become even more difficult to meet these standards. There is the potential for up to 9,000 additional deaths annually from air pollution and \$3.5 billion in economic impacts. Significant increases in ozone exceedances will occur in Southern California and the San Joaquin Valley.

In reply to Dr. Bornstein's question on the impact of the sea breeze on mitigating temperature increases and therefore ozone concentrations in coastal areas, Ms. Luers noted that in terms of downscaled and non-downscaled data, there is an inland gradient with a slight cooling on the coast, but even so, temperatures in Los Angeles nevertheless increased in the scenarios evaluated.

If temperatures increase according to the mid-range scenario, air pollution will still be further aggravated by a doubling in the number of major wildfires, exposing the population to large amounts of particulate matter over several days. The cost of responding to such disturbances in the ecosystem in the state will prove costly, on the order of hundreds of millions of dollars.

The analysis on water resource impacts of various temperature projection scenarios indicates that precipitation levels will not vary that much from current levels, but significant losses in the snow pack in the Sierras will occur. Between 2070 and 2099 only 30 % of the current snow pack will remain in the lowest temperature rising model and 10% in the highest range. This has negative implications for the state's water supply and for the ski industry. The Sierra snow pack provides approximately one-third of California's surface water storage.

Global warming also presents challenges for the state's agricultural industry, which is dependent on the availability of water for irrigation. Increases in ozone concentrations can adversely affect crop productivity, and also the spread of weeds and pests. Temperature increases will reduce the number of chill hours (below 45°F) that are necessary for fruit trees to set their fruits properly, resulting in either deformed or no fruit produced.

Sea levels will rise in each of the global warming scenarios studied, such that between 2000 and 2100, there will be an increased likelihood of flooding and coastal erosion. In the highest warming scenario, the rise is predicted to be up to 30 inches, and up to 10 inches in the lower temperature scenario. The models that have been used show a slower rate of destabilization of the arctic glaciers than what is actually occurring.

In the overall context of global warming, however, the hopeful news is that the more severe impacts can be avoided if GHGs emissions are sufficiently reduced:

- In the high temperature increase scenario, there is an anticipated 90% loss of the Sierra snow pack, a 20-30 inch increase in the sea level, and an 85% increase in days conducive to ozone formation.
- In the medium-high scenario, there is an projected loss of 70-80% in the Sierra snow pack, a 12-20 inches in sea level, and a 75-85% increase in the days conducive to ozone formation.
- In the lowest temperature increase scenario, there is an anticipated 30-60% loss of the Sierra snow pack, a 4-12 inch rise in the sea level, and a 25-30% increase in the days conducive to ozone formation.

Ms. Luers concluded her presentation by noting that, in order to avoid the worst-case scenarios by 2050, the industrialized world must follow California's lead and reduce emissions of GHGs 80% below 1990 levels.

Chairperson Bornstein invited Ms. Luers to give her lecture to his students at San Jose State University. He added that the University has atmospheric models that can conduct simulations on a one-kilometer basis for California meteorology. While these focus on urban areas and sea breezes, there is interest in conducting further downscaling. Dr. Holtzclaw urged that Ms. Luers also provide her presentation to the District's Governing Board.

In reply to questions, Ms. Luers noted that the model assumes that CO₂ emissions have a consistent mix. California is the 12th largest emitter of GHGs in the world, and has the power to influence policy in the United States, which contributes 25% of worldwide GHG emissions. Dr. Bornstein replied that both China and India will contribute increasing GHG emissions in the coming years, but seem unwilling to take the emission reduction measures identified as necessary by scientists, unless the western developed countries are prepared to pay for such measures. Ms. Luers noted that in 30-40 years, China and India will compete with the United States, but the latter will still be a major contributor of emissions, especially on a *per capita* basis. While emission trading might be a component of emission reduction strategies, the inequity of emissions impacts needs to figure into the overall evaluation.

Ms. Luers noted that while additional study of global warming *per se* is not needed, three key steps should be taken now: (a) more study to evaluate better the dynamics of the impacts that must be avoided, and also how on to adjust to them; (b) investment in efficiency programs and clean technologies; and (c) setting a cap on GHG emissions based on current science.

Chairperson Bornstein inquired if Ms. Luers had studied the effect of coastal flooding in the San Francisco Bay Area if the sea level were to rise. Ms. Luers responded that the Union of Concerned Scientists assessed the San Francisco Bay for the additive effect of a sea rise, storm intensity and variations in oceanic warming patterns. The graph that resulted was complex from a technical perspective. She noted that there are two websites that address this and that she would forward that information to the Chairperson.

- 5. Committee Member Comments/Other Business.** Dr. Holtzclaw called attention to a letter from Jack P. Broadbent, Executive Officer/APCO to each Council member, which announces that ethics training will take place for the Board of Directors, Advisory Council and Hearing Board members regarding AB 1234 on Thursday, May 11, 2006, from 9:30 a.m. – 11:30 a.m. in the District's Board Room.
- 6. Time and Place of Next Meeting.** 10:00 a.m., Wednesday, June 14, 2006, 939 Ellis Street, San Francisco, CA 94109.
- 7. Adjournment.** 11:05 a.m.

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Bay Area Air Quality Management District
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DRAFT MINUTES

Air Quality Planning Committee
1:00 p.m., Wednesday, April 12, 2006

1. **Call to Order – Roll Call.** Chairperson Hayes called the meeting to order at 1:07 p.m. Present: Stan R. Hayes, Chairperson, Ken Blonski, Harold Brazil, Irvin Dawid, Emily Drennen, Fred Glueck, John Holtzclaw, Ph.D., Kraig Kurucz, Ed Proctor.
2. **Public Comment Period.** There were no public comments.
3. **Approval of Minutes of Joint Technical & Air Quality Planning Committee Meeting of February 7, 2006.** Dr. Holtzclaw moved approval of the minutes; seconded by Mr. Glueck; carried with Mr. Hayes abstaining.
4. **Climate Protection Planning:** Abby Young, Director of Strategy Planning for the International Council for Local Environmental Initiatives (ICLEI) Local Governments for Sustainability, stated that ICLEI is now known as “Local Governments for Sustainability.” Its mission is to address global environmental problems through local environmental action. It conducts the largest program internationally and in the United States for addressing global warming. The “Cities for Climate Protection Campaign” began in 1995 and began to develop protocols for greenhouse gas emissions (GHGs) on a local level.

ICLEI engages local government through a five step process: (1) development of a baseline inventory; (2) adoption of an emission reduction target; (3) development of a local action plan; (4) implementation of the plan; and (5) monitoring and reporting of emissions. The baseline inventory of GHGs is not limited to municipal operations but includes the residential, commercial, industrial, transportation, and solid waste sectors. The adoption of an emission reduction target is on a voluntary basis for each local government. The next step is for the local government to develop a local action plan. It is based on the quantification of the results of emissions inventory and an assessment of the resources within the community. The plan is then implemented, and follow-up is conducted and involves monitoring and comparisons with the baseline inventory to assess effectiveness.

Regarding possible overlap between ICLEI and the California Climate Action Registry, comparatively few local governments have signed up with the Registry, and some have recently dropped out due to the costs of membership and emissions certification. ICLEI has discussed this problem with the Registry and has recently signed a Memorandum of Understanding with it regarding establishing ICLEI’s emissions quantification protocols as the standard. These would in part pre-certify a local government, and while a local government would still be required to obtain third party certification, the process would become streamlined and less costly. ICLEI and the Registry would explore ways to create technical bridges between their respective emissions software tools.

ICLEI holds workshops to assist local governments with setting emission reduction targets. The goal is to achieve an 80% reduction below 1990 levels by the year 2100 and to institutionalize emission reduction processes for long-term planning. Climate protection is neither a funded nor a mandated regulatory issue, and local governments do not take it on quickly. ICLEI has therefore linked climate protection to air quality. It developed tools to harmonize quantification for baseline inventories, forecasts and measured impacts—for both GHGs and criteria pollutants. The focus is on urban environments and this year ICLEI completed its development of a density calculator. Urban planning that reduces sprawl and encourages densification—thereby reducing vehicle miles traveled (VMT)—is among the most difficult and time-consuming processes to engage in, but it remains one of the most important goals to achieve. In its software tool refinement, ICLEI developed ways to quantify emission impacts from this type of urban development.

A number of local governments in the Bay Area participate in ICLEI's process and their number is increasing. To date, 17 local emission inventories have been completed; 14 emission reduction targets have been adopted; 10 municipal local action plans have been developed; and four community-wide local action plans have been developed as well. These address emissions in the city, including indirect emissions, and take into account power plant emissions on a customer demand basis. The goal is to empower local government to influence operations within its jurisdiction with respect to building, land-use, zoning and transit. When the emissions footprint is produced, the software tool contains default settings for assessing the energy mix that a city produces. ICLEI encourages local governments to obtain energy use data from local energy providers for use in this software.

In working with local entities, ICLEI has assisted Contra Costa County in addressing GHG emissions from its heavier industrial base. For counties that do not have a large industrial base, some emissions are generated within it but are not within its regulatory jurisdiction. For example, at the International Airport, San Francisco County includes the airport facility in its inventory lighting and alternative fuels for ground transport but does not include emissions from airplane jet engines, as the latter are regulated by the federal government.

In reply to Council member questions, Ms. Young noted that the goal of an 80% reduction in GHGs below 1990 levels by the end of this century was developed by Harvard University faculty that estimated the emission reductions required to contain global warming by the end of this century. The questions that remain to be answered are what emission reductions are to be expected from the developing countries that have not yet industrialized, and what is the expected balance remaining in emission reductions from the already industrialized countries.

With regard to the Air District's potential role in the field of climate protection, the key issues include measuring, planning and implementation. For example, the District could help local governments establish a local government protocol for quantifying emissions of GHGs. A local government staff member will want to know if the correct emissions assessment tool is being used. The District could also provide assistance with regard to the preparation of data and compile it in a way that makes it easy and ready to use. In fact, the District already has a large quantity of data that would be useful for a local government to incorporate into its software when composing a GHG emission inventory. One challenge would be whether the District's inventory could be scaled down from the county to the city level.

With regard to planning, the District role could help develop an approach in which general plans could include GHG emission reduction categories. This would help institutionalize climate protection awareness and planning over the long-term and provide a vehicle into which climate protection issues can be built. Three years ago Marin County began to update its local plan and added many references in it to climate protection. ICLEI is collaborating with Marin County to provide some financial support for interns from U.C. Berkeley to go through the general plan and identify any item that is related to climate protection. This exercise will provide the basis for creating a model or template for other local governments in updating their general plans. The District could look at this kind of process, and use its influence to integrate it into the California Environmental Quality Act (CEQA) review process for model impacts assessment. Canada evaluates climate change impacts under impacts assessment in which each project is evaluated for actual and potential climate change impacts. The District might consider this approach as well.

Ms. Young added that another issue in implementation arises for the District in terms of influencing financial resource flow. There is a ten-year window of opportunity to get into place the policies that will affect GHG emissions before the point of no return is reached. The implementation of no-cost incentives is desirable. The Metropolitan Transportation Commission (MTC) and the District have an excellent interrelationship and can influence the funding for transportation projects. ICLEI will convene a governmental stakeholder group in the Northeast to discuss the flow of financial resources in that area among regional and local governments.

Ms. Young noted that each county, or ideally each city, could have a climate and air quality officer. The communities around the country that receive most of the grant money are the ones that have a dedicated climate or environmental officer. ICLEI assisted Mayor Nichols of Seattle with that city's climate protection initiative, and he, in turn, worked with the National Mayors for Climate Protection and the US Conference of Mayors. ICLEI arranged for a contract with Seattle to be the implementing agency for the climate initiative, along with the US Conference of Mayors. The City of Portland is the first city to document a net reduction below 1990 levels of GHG emissions. The City of Santa Monica is also making significant headway in this area.

ICLEI commends the District for its leadership in the climate protection field and especially in sponsoring the climate protection summit process. This will influence planning in the Bay Area in a major way and serve as model to other air districts in the state and country in terms of how to take on a non-funded non-mandated issue and incorporate it into how business is conducted in a region. It can also be used at the state level to influence resource flow.

Mr. Dawid noted that AB 2444 (Clay) proposes a \$10 vehicle registration fee for the nine-county Bay Area, and the funds would be distributed in part by the Air District Board and the other part by a congestion management planning agency. This would influence the flow of finances for transportation projects. The language in this bill also addresses climate change.

Chairperson Hayes observed that the baseline inventory can be done in various ways. ICLEI is proposing to work with the Registry, and suggests the District could provide helpful data sliced into community slices, and to serve as a clearing house or arbiter of what protocol should be used for an inventory estimate. With respect to emission reduction targets, these are policy questions in nature and ought to be developed by a local entity exclusively.

Ms. Young replied that the latter are usually vetted by a City Council. Phased-in approaches to targeted areas are more helpful than making a target universal in a region. The most resource-demanding element of this entire process is the development of the plan and the development of the inventory. The local government usually comprises 3-5% of total community emissions. The City and County of San Francisco has considered a 20% emission reduction target.

Sonoma County is conducting a major public input process for its emission reduction target. Staff time required for this process varies depending on the size of the local entity staff and the region or area to be evaluated. One energy officer from the City of Berkeley completed an initial iteration in 20 hours. ICLEI advocates that a city or county fund university graduate student interns to conduct this type of work. ICLEI sometimes hires them and places them in a city or county, working full time for 12 weeks, to develop the inventory, conduct the forecasts, and inventory existing policies. In Alameda County, ICLEI is developing streamlining tools for model local action plan templates.

In reply to questions, Ms. Young noted that ICLEI does not have a formal relationship with the Association of Bay Area Governments (ABAG). Mr. Blonski observed that under the Disaster Management Act of 2000, any entity that seeks pre-disaster mitigation funding must develop a plan, and ABAG has written such a plan with 52 annexes. There could be a place for ICLEI's approach in the context of this type of plan development. Ms. Young indicated that local governments could look further into comprehensive climate action planning. With regard to the relationship between sustainability and population, the City of Portland, Oregon has been able to reduce its GHG emissions below the 1990 emissions threshold even in the midst of significant population growth.

- 5. Further Discussion of Climate Protection Issues.** Chairperson Hayes called for discussion on measures that could be set forth as recommendations. The following ideas were raised:
- a) reduction in VMT by employees of government entities, patterned after trip reduction measures that affect private industry. This will reduce mobile source emissions, as well as traffic congestion, and further reduce emission of GHGs. (Glueck)
 - b) the Council could help develop a standardized protocol for communities to develop carbon footprints and emission inventories. (Hayes) Henry Hilken, Planning Division Director, noted that the District is working on a regional emission inventory for GHGs patterned after the inventory for criteria pollutants, but this is not specific to a city. Breaking down the inventory at the county level poses less of a challenge than at the city level. This raises the question of what role the local government GHG emission calculator that ICLEI has developed could play in interfacing with this data. Ms. Young noted that ICLEI's emission calculation software has built-in tools for VMT calculation based on both national and statewide averages. Dr. Holtzclaw suggested that inclusion of vehicle data from the Department of Motor Vehicles (DMV) and the Bureau of Automotive Repair (BAR) would be helpful, as well as energy demand and consumption data from PG&E. Mr. Hilken noted that emissions and energy consumption data exists in the District's database for power plants and refineries. Ms. Young added that PG&E can provide annual data on the average CO₂ coefficient within a service area or zip code for residential, commercial and industrial uses.

- c) the District could potentially provide data in “community slices” to local entity planners and assist in the development of a standardized protocol for carbon footprints. (Hayes)
 - d) the District could further the adoption and modification of air quality elements in local general plans to include climate protection categories. (Hayes) Mr. Glueck replied that the City of Richmond is updating its general plan and has hired a consultant to assist it. Staff could interface with this process. Mr. Hilken suggested that the Committee, in order to get a sense of what is involved in this process, consider receiving a presentation from one of the Marin County staff that is working on the update to its general plan.
 - e) the District can further the advocacy of climate protection rating for projects evaluated in the Transportation Fund for Clean Air (TFCA) and the Carl Moyer Program. (Hayes) Mr. Hilken noted that this year’s TFCA regional fund guidelines propose to add GHG emission reductions as part of the project evaluation criteria, focusing on CO₂ reductions.
 - f) the District can continue its leadership activities on climate protection by such activities as its summit work as a model for other districts, as well as its continued sponsorship of the climate protection efforts of scientific organizations like the Air & Waste Management Association (AWMA). (Hayes)
 - g) regarding the suggested modification of project environmental review under the state Environmental Quality Act (CEQA), Mr. Hilken stated that the District intends to revise its CEQA guidelines and welcomes the Council’s thoughts and recommendations on the matter. The District supported legislation last year that would have mandated air quality elements in local general plans, but this legislation did not pass. Inclusion of such elements in general plans would be the more effective approach in the planning field. CEQA review is important, but when projects reach that stage they are fairly mature already. Air quality elements build in categories that influence land-use and transportation planning into the future, before a project takes form. The District could work with local governing planning associations to further climate awareness. (Glueck)
 - h) the Council should first get a baseline of what is being done and develop and review a list of best practices for distribution. Urban heat island mitigation measures are of interest since temperature reductions have a beneficial impact on emission reductions. (Kurucz)
 - i) the Council should adopt a resolution that identifies the District as having adopted climate protection as part of its mission statement, and is a recognized leader in climate protection program work in the Bay Area. The Council could resolve to urge the District to review current project and program work and to include climate protection activities; to partner with ICLEI for development of local government protocols; develop a District model general plan on which local entities can base their general plans; examine methods for providing monetary or no-cost incentives; offer incentives to encourage city and county governments to become involved in climate protection; and provide air quality data to local governments. (Drennen)
- 6. Committee Member Comments/Other Business.** Chairperson Kurucz stated that there are fewer members on the Technical Committee than on the Air Quality Planning Committee. He requested volunteers to shift Committee membership. Mr. Dawid volunteered to join the Technical Committee, and Chairperson Kurucz so ordered.

Chairperson Kurucz noted that ethics training for Council members on AB 1234 will be held on May 11 from 9:30-11:30 a.m. for members of the Council, Hearing Board and Board of

Directors. Mr. Bungler noted that those Council members that cannot attend the May 11 session will be notified as to other dates and locations for the training.

6. Time and Place of Next Meeting. 9:30 a.m., Wednesday, June 14, 2006, 939 Ellis Street, San Francisco, CA 94109.

7. Adjournment. 3:17 p.m.

James N. Corazza
Deputy Clerk of the Boards

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Uilkema and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 22, 2006

Re: EPA Proposal to Revise National Ambient Air Quality Standards and Air
Monitoring Requirements for Particulate Matter

RECOMMENDED ACTION:

Receive and file.

BACKGROUND

On January 17, 2006, the United States Environmental Protection Agency (EPA) published two proposed rules to revise the national ambient air quality standards (NAAQS) for particulate matter (PM) and to establish new air monitoring requirements to support the new PM standards. EPA proposes to lower the fine particle (PM_{2.5}) 24-hour standard to be more health protective and establish a new coarse particle standard (PM_{2.5-10}). The proposed revisions to the air monitoring regulations will require new air monitoring equipment and possibly additional monitoring sites for the new coarse PM_{2.5-10} standard.

DISCUSSION

Staff will provide the Committee with the following information:

- A summary of the proposed rules;
- A summary of the District's comments submitted during the public review period;
- EPA schedule to implement the proposed rules;
- Implications on District attainment status for particulate matter;
- Implications for District programs.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Greg Tholen
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Uilkema and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/ APCO

Date: May 22, 2006

Re: Status Report on the Carl Moyer Program Funding Allocation

RECOMMENDED ACTION

Informational item only.

BACKGROUND

The Carl Moyer Memorial Air Quality Standards Program (Carl Moyer Program) was established by the Governor and Legislature of California in 1999. The Carl Moyer Program is administered by the California Air Resources Board (CARB) and local air pollution control and air quality management districts (air districts) to provide grants to implement heavy-duty diesel projects that result in surplus emission reductions. CARB sets the Carl Moyer Program guidelines and the participating air districts administer the program locally according to their regional needs.

Recent legislative changes increased the Carl Moyer Program funding up to a maximum of approximately \$86 million per year statewide through 2015. The current methodology used by CARB to allocate the Carl Moyer Program funds to air districts annually was established in AB 923. The methodology takes into consideration a number of factors, including population of the air districts' jurisdictions, severity of the air quality problems experienced by the population, and the historical allocation of Carl Moyer Program funds. Air District staff believes that this methodology results in an under allocation of funds to the Bay Area.

DISCUSSION

Staff will update the Committee on recent discussions with the California Air Pollution Control Officers Association (CAPCOA) regarding changes to the allocation formula for the Carl Moyer Program funds to correct past problems.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer /APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Uilkema and Members
of the Executive Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 23, 2006

Re: Joint Policy Committee Update

RECOMMENDED ACTION:

Receive and file.

DISCUSSION

At the May 30, 2006, meeting of the Executive Committee, Ted Droettboom will provide an update on the activities of the Joint Policy Committee.

BUDGET CONSIDERATION/FINANCIAL IMPACT

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 24, 2006

Re: Report of the Budget & Finance Committee Meeting of May 30, 2006

RECOMMENDED ACTION:

The Committee recommends that the Board of Directors approve the amendment of the FY 2006/2007 Budget by increasing the Federal BioWatch Grants Fund Revenue from \$478,609 to a total of \$1,943,818 and correspondingly increase the budget for BioWatch (Program 809), and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$1,670,000.

BACKGROUND:

The Budget & Finance Committee met on Tuesday, May 30, 2006. Staff presented the attached reports, and recommendations on the following items:

- Third Quarter Financial Report for Fiscal Year 2005/2006;
- Consideration of Amendment to Fiscal Year 2006/2007 Operating Budget;
- District Financial Audit Report for Fiscal Year 2004/2005; and
- Air District Response to Audit Findings for Fiscal Year 2004/2005.

Attached are the staff reports presented to the Committee.

Chairperson Chris Daly will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

The FY 2006/2007 Federal BioWatch grants fund revenue will be increased from \$478,609 to \$1,943,818 with a corresponding increase to the FY 2006/2007 budget for the BioWatch Program (Program 809). There will be no financial impact to the District's general revenue resources.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chairperson Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: April 28, 2006

Re: Third Quarter Financial Report – Fiscal Year 2005-06

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION

GENERAL FUND BUDGET: STATEMENT OF REVENUE

Comparison of Budget to Actual Revenue

- County Revenue receipts were \$9,027,248 (60.0%) of budgeted revenue.
- Permit Fee receipts were \$15,196,010 (89.3%) of budgeted revenue.
- Title V Permit Fees were \$995,937 (49.4%) of budgeted revenue.
- Asbestos Fees were \$1,159,663 (71.7%) of budgeted revenue.
- Toxic Inventory Fees were \$412,079 (80.8%) of budgeted revenue.
- Penalties and Settlements were \$3,092,425 (154.6%) of budgeted revenue.
- Miscellaneous Revenue receipts were \$273,193 (151.8%) of budgeted revenue.

GENERAL FUND BUDGET: STATEMENT OF EXPENDITURES

Comparison of Budget to Actual Expenditures

- Salaries and Benefits were \$26,899,948 (71.9%) of estimated expenditures.
- Operational Services and Supplies were \$6,044,865 (66.1%) of estimated expenditures.
- Capital Outlay was \$171,215 (41.6%) of estimated expenditures.

TFCA FUND: STATEMENT OF INCOME AND EXPENDITURES

- Total Revenue was \$4,955,587 (48.7%) of estimated revenue and expenditures.
- In keeping with TFCA Fund requirements, expenditures must equal revenue.
- Salary and Benefits were \$1,023,941 (53.3%) of estimated expenditures.
- Operational Services and Supplies were \$3,931,646 (47.6%) of estimated expenditures.

FUND BALANCES

FUND BALANCES	6/30/2004 Audited	6/30/2005 Unaudited	6/30/2006 Projected
SPECIAL RESERVES:			
Reserve for Imprest Cash (Cash Revolving Fund)	1,200	1,200	1,200
Reserve for Building and Facilities	2,894,175	2,894,175	2,772,175
Reserve for PERS Funding	3,500,000	3,500,000	3,100,000
Reserve for Radio Replacement	3,500,000	3,500,000	3,500,000
Reserve for State Ozone Modeling Plan	350,000	350,000	0
Reserve for Production System (Best of Breed)	2,100,000	500,000	250,000
Reserve for Prior Year Adjustments	15,000	15,000	15,000
Reserve for Capital Equipment	378,000	378,000	297,925
Reserve for Encumbrances	0	1,760,075	1,700,000
Reserve for Contingencies	265,000	400,000	400,000
Reserve for Workers Compensation Self Funding	1,000,000	1,000,000	1,000,000
TOTAL SPECIAL RESERVES:	14,003,375	14,298,450	13,036,300
MULTI-YEAR APPROPRIATIONS:			
Appropriation – Production System	0	1,485,743	1,555,667
Appropriation - Other	0	37,053	0
TOTAL MULTI-YEAR APPROPRIATIONS:	0	1,522,796	1,555,667
UNDESIGNATED:	8,125,285	8,733,272	8,101,803
TOTAL FUND BALANCES	22,128,660	24,554,518	22,693,770

BUDGET CONSIDERATION/FINANCIAL IMPACT

No impact on Fiscal Year 2005/2006 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Michael White
Reviewed by: Jeffrey McKay

BAY AREA AIR QUALITY MANGEMENT DISTRICT

Memorandum

To: Chairperson Daly and Members
of the Budget and Finance Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 15, 2006

Re: Consider Amending FY 2006/2007 Operating Budget to Recognize
Increased Revenue for BioWatch Monitoring Network Expansion and
Continued Operation, and Authorize EO/APCO to Issue Purchase Order
not to exceed \$1,670,000 for Contract Services Related to Network
Expansion and Continued Operation

RECOMMENDED ACTION:

Consider recommending that the Board of Directors amend the FY 2006/2007 Budget by increasing the Federal BioWatch Grants Fund Revenue from \$478,609 to a total of \$1,943,818 and correspondingly increase the budget for BioWatch (Program 809), and authorize the Executive Officer/APCO to issue a purchase order not to exceed \$1,670,000.

SUMMARY:

In accordance with the District's Administrative Code, Division II, Fiscal Policies and Procedures, Section 4.3, staff requests that the Committee recommend that the Board authorize the Executive Officer to amend the FY 2006/2007 budget as indicated and award an amended contract and issue a Purchase Order for an increase in monitoring activities for the BioWatch program to T&B Systems not to exceed the amount of \$1,670,000. The funding source for this increase is a Department of Homeland Security Grant that had not been awarded in time to include the funds in the proposed FY 2006/2007 budget.

DISCUSSION:

The BioWatch program began in February of 2003 with eight locations in the San Francisco area. In July of 2003, the network expanded to include 6 additional sites in the San Jose area. The operational demands of this network necessitated the use of a contractor and a Request for Quotation (RFQ) was sent to five qualified contractors. Staff received proposals from three contactors who responded to the RFQ. After a thorough evaluation, the contract was awarded to T&B Systems (Board of Directors Memo, Agenda Item 5E, dated August 26, 2003).

The Department of Homeland Security has determined that the existing network must be expanded again to provide additional coverage for the Bay Area to meet the objectives of the BioWatch program. The operational nature of the network will not change, but the

number of sampling locations will be doubled. The costs to accomplish the expansion are not proportional, as new sites must be located, obtained and developed. As a result, the original contract with T&B Systems has been modified to include the development and operation of these additional sites.

T&B has operated the network effectively and efficiently. The Department of Homeland Security has noted that T&B's operational costs are among the lowest in the nation. They have met every operational demand within budget. Continued use of this firm would allow for continuity of this extremely important program at a fair market cost. The modified contract has been written to terminate if Federal Grant funds are exhausted or become unavailable.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

Funds for this Budget Amendment and related Purchase Order issuance are from a Homeland Security Grant that will cover both the contract amount for operation and expansion of the existing network and the associated District costs of administering the program. There will be no financial impact to the District's general revenue resources.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay
Gary Kendall

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Daly and Members
of the Budget and Finance Committee

From: Jack Broadbent
Executive Officer/APCO

Date: May 18, 2006

Re: District Financial Audit Report for Fiscal Year 2004/2005

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION:

The audit report confirms that the District's financial statements "...present fairly, in all material respects, the financial position of the governmental activities of the District as of June 30, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with generally accepted accounting principles in the United States." The report on the basic financial statements is unqualified with no reportable conditions and no instances of non-compliance, and no financial statement findings noted.

The auditors report on the Federal award program noted as a finding that the District has not yet submitted the report on Utilization of Small, Minority and Women's Business Enterprises for the Federal fiscal year 2005. The District is in the process of preparing that report. The auditors report also noted as a questioned cost that, until May of 2005, the District was lacking a special billing code for the Toxics Monitoring grant.

The auditors report on the Transportation For Clean Air program noted as a finding that TFCA program audits occurred only for closed programs in the fiscal years 2002-03 and 2003-04. The District has issued a Request for Proposal for audit services to address this issue.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

Bay Area Air Quality Management District

San Francisco, California

*Basic Financial Statements,
Single Audit Report, Independent Auditors'
Reports and Transportation Fund for Clean Air
(TFCA) Program*

For the year ended June 30, 2005

Bay Area Air Quality Management District

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Bay Area Air Quality Management District

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying basic financial statements of the Bay Area Air Quality Management District (District) as of and for the year ended June 30, 2005, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of June 30, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

As described in Note 1 to the basic financial statements, the District adopted Statement of the Governmental Accounting Standards Board No. 40, *Deposit and Investment Risk Disclosures (Amendment of GASB No. 3)*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2006 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit this information and express no opinion on it.

Oakland, California
February 17, 2006

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**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2005.

A. Financial Highlights

- The assets of the District exceeded its liabilities at the close of fiscal year 2004-05 by \$54,831,124 (net assets). Of this amount, \$24,812,856 could be used to finance the District's daily operations without legal or legislative constraints (unrestricted assets); \$22,444,994 was restricted to specific uses (restricted assets); and \$7,573,274 was invested in capital assets. Net assets increased by \$5,675,824 from fiscal year 2003-04.
- The District's governmental funds reported a combined fund balance of \$46,693,608. Of this amount, \$24,812,856 represents General Fund balance and \$21,880,752 represents Special Revenue Fund balance. Of the total General Fund balance, \$8,991,610 represents unreserved fund balance with the remaining balance of \$15,821,246 reserved for specific uses. Table 1 shows the District's governmental fund balances as of June 30, 2005.

Table 1. Governmental Funds Combined Fund Balance as of June 30, 2005

Category	General Fund	Special Revenue Fund	Total
Reserved for			
Building and Facilities	\$ 2,894,175	-	\$ 2,894,175
PERS Super Funding	3,500,000	-	3,500,000
Radio Replacement	3,500,000	-	3,500,000
State Implementation Plan	350,000	-	350,000
Production System	500,000	-	500,000
Capital Equipment	378,000	-	378,000
Contingencies	400,000	-	400,000
Adjustment - Prior Years	15,000	-	15,000
Revolving Fund	1,200	-	1,200
Self-funded Workers Comp.	1,000,000	-	1,000,000
Encumbrances	1,760,075	\$ 1,875,310	3,635,385
Multi-year Appropriations	<u>1,522,796</u>	-	<u>1,522,796</u>
Total Reserved	\$15,821,246	\$ 1,875,310	\$17,696,556
Undesignated	<u>8,991,610</u>	<u>20,005,442</u>	<u>28,997,052</u>
Total Fund Balance	\$24,812,856	\$21,880,752	\$46,693,608

- A key measure of the General Fund's liquidity is the percentage of its fund balance to total expenditures during the fiscal year. Unreserved General Fund balance was 20.7% of General Fund expenditures, and total fund balance was 57.3% of General Fund expenditures.
- The District recorded a prior period adjustment during the year that reduced net assets and General Fund balance by \$1,249,526 as of July 1, 2004 (See Note 15).
- The General Fund received total revenue of \$47,228,342 during fiscal year 2004-05 - an increase of \$3,206,113 over fiscal year 2003-04. General Fund expenditures totaled \$43,314,988 - an increase of \$2,004,072 over fiscal year 2003-04. General Fund revenues exceeded General Fund expenditures by \$3,913,354 in fiscal year 2004-05.

B. Overview of the Financial Statements

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

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. These financial statements are constructed around the concept of the primary government and its component units and they are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business. They provide information about the activities of the District as a whole and present a longer-term perspective of the District's finances. Government-wide financial statements include the Statement of Net Assets and the Statement of Activities and Changes in Net Assets.

The Statement of Net Assets reports all assets held and all liabilities owed by the District on a full accrual basis. The difference between the assets held and the liabilities owed is reported as *Net Assets*. The net assets total is comparable to total stockholder's equity presented on the balance sheet of a private enterprise. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Net Assets as of June 30, 2005 is presented on Page 13.

The Statement of Activities and Changes in Net Assets reports the net cost of the District's activities by category and is also prepared on a full accrual basis. Under the full accrual basis of accounting, revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of the related cash flows. The focus of the Statement of Activities and Changes in Net Assets is on the cost of various work programs performed by the District. The statement begins with a column that identifies the total cost of these programs followed by columns that summarize the District's program revenues by major category. The difference between expenses and revenues represents the net cost or benefit of the District's work programs. General revenues are then added to the net cost/benefit to calculate the change in net assets. The Statement of Activities and Changes in Net Assets is presented on pages 14 and 15.

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

Fund Financial Statements

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

Governmental Funds

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

Balance Sheets prepared under the modified accrual basis of accounting have a short-term emphasis and, for the most part, measure and account for cash and other assets that can be easily converted to cash. Specifically, cash and receivables that are deemed collectible within a very short period of time are reported on the balance sheet. Capital assets such as land and buildings are not reported in governmental fund financial statements. Fund liabilities include amounts that will be paid within a very short period of time after the end of the fiscal year. Long-term liabilities such as outstanding bonds are not included. The difference between a fund's total assets and total liabilities represents the fund balance. The unrestricted portion of fund balance represents the amount available to finance future activities. The governmental fund balance sheets can be found on page 21.

The Statement of Revenue, Expenditures and Changes in Fund Balance includes only revenues and expenditures that were collected in cash or paid with cash during the fiscal year or very shortly after the end of the fiscal year. The governmental fund Statements of Revenue, Expenditures and Changes in Fund Balance can be found on pages 24 and 25.

Since different bases of accounting are used to prepare these statements, a reconciliation is required to facilitate the comparison between the government-wide statements and the fund financial statements. The Reconciliation of the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Assets is on page 22. The Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets can be found on page 26.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 27 to 39.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the governmental funds' budget comparison schedule and the California Public Employees Retirement System (PERS) Schedule of Funding Progress on pages 43 to 47.

C. Government-Wide Financial Analysis

Our analyses focus on net assets and changes in the net assets of the District's governmental activities. Table 2 below shows a condensed Statement of Net Assets as of June 30, 2005 compared to the fiscal year ended June 30, 2004.

Table 2. Statement of Net Assets as of June 30, 2005 and June 30, 2004

	Governmental Activities June 30, 2005	Governmental Activities June 30, 2004	Increase/ (Decrease)
Current & Other Assets	\$ 85,785,896	\$ 75,881,248	\$ 9,904,648
Capital Assets	<u>7,573,474</u>	<u>7,909,417</u>	<u>(335,943)</u>
Total Assets	\$ 93,359,370	\$ 83,790,665	\$ 9,568,705
Long-Term Liabilities	\$ 2,726,568	\$ 2,350,522	\$ 376,046
Current Liabilities	<u>35,801,478</u>	<u>31,035,357</u>	<u>4,766,121</u>
Total Liabilities	\$ 38,528,046	\$ 33,385,839	\$ 5,142,167
Net Assets:			
Invested in Capital Assets	\$ 7,573,274	\$ 7,909,417	\$ (336,143)
Restricted	22,444,994	0	22,444,994
Unrestricted	<u>24,812,856</u>	<u>\$ 42,495,409</u>	<u>(17,682,553)</u>
Total Net Assets	\$ 54,831,124	\$ 50,404,826	\$ 4,426,298

As noted earlier, total net assets may serve over time as a useful indicator of the District's financial position. At June 30, 2005 the District's assets exceeded its liabilities by \$ 54,831,124 - an increase of \$4,426,298 over the previous fiscal year.

The District uses its capital assets to carry out its mission of protecting public health while being sensitive to the economic needs of local businesses and these assets are not available for future spending. Restricted assets are to be used for specific programs and purposes according to legal terms and conditions. The remaining portion of the District's net assets is unrestricted and may be used to meet the District's obligations in carrying out its day-to-day operations.

The following table Changes in Net Assets for the fiscal year ending June 30, 2005 compared with the fiscal year ended June 30, 2004.

Table 3. Statement of Changes in Net Assets for Fiscal Years 2004-05 and 2003-04

	Governmental Activities FY 2004-05	Governmental Activities FY 2003-04
<u>Revenues:</u>		
Program Revenues:		
TFCA DMV Fees	\$ 21,951,613	\$ 21,056,252
Operating Grants and Contributions	3,441,960	3,080,803
Permit Fees	16,146,867	15,008,295
Title V Permit Fees	1,282,621	1,086,830
State Subvention	1,730,915	1,748,051
Spare the Air Grant (CMAQ)	1,779,643	729,256
Federal Grants (EPA)	3,112,271	2,301,882
Penalties & Variance Fees	3,090,636	2,394,755
AB 2588 Income	541,759	912,862
Asbestos Fees	1,641,880	1,541,390
District Services & Consulting	5,589	9,521
Interest Revenue	2,633,273	2,015,706
Other Grants	702,731	978,468
AB 434 Others	1,353,248	976,594
Miscellaneous Revenue	988,607	836,570
County Apportionments	\$ 15,254,881	\$ 15,418,369
Total Revenues	\$ 75,658,494	\$ 70,095,603
Expenses:		
Salaries and Benefits	\$ 33,110,045	\$ 30,173,334
Services and Supplies	16,069,420	12,857,167
Capital Outlay	1,373,649	413,315
Program Distributions	19,429,556	20,912,492
Total Expenses	\$ 69,982,670	\$ 64,356,308
Increase (Decrease) In Net Assets at June 30, 2005 & 2004	\$ 5,675,824	\$ 5,739,295

Governmental Activities

The objective of the Statement of Activities is to report the full cost of providing government services during the fiscal year. The format also permits the reader to ascertain the extent to which the District's activities are either self-financing or are drawing funds from the general funds of the government. Governmental functions of the District are predominately supported by fees, property taxes, subventions, grants, and penalties and settlements. The penalties and settlements are one-time revenues which are over

and above the regular revenues directly related to the programs. The primary governmental activities of the District are: to advance clean air technology; to ensure compliance with clean air rules; to develop programs to achieve clean air; to develop rules to achieve clean air; and to monitor air quality.

Program revenues increased by \$5,156,032 in fiscal year 2004-05 largely due to increases in Permit Fees, DMV Fees and Grant Revenues. Expenses increased by \$5,626,362 because of increased personnel, services and supplies costs.

The FY 2004-05 amended General Fund budget reflects a decrease in appropriations of \$125.7 thousand from the adopted budget. The decrease was the result of actions taken by the Board of Directors (Board) in response to state budget actions. Also, changes can be attributed to Board approved uses of undesignated fund balance for expenditures that were unknown at the time the budget was prepared.

Capital Assets

At June 30, 2005 the District's investment in capital assets was \$7.5 million net of accumulated depreciation. Capital assets include land, buildings, laboratory equipment, air monitoring stations, computers, office furniture and District fleet vehicles.

D. Economic Factors and Next Year's Budget

The District receives approximately 32% of its General Fund revenue from property taxes levied in nine Bay Area counties and 34% from permit fees charged to local businesses. Consequently, District revenues are impacted by changes in the state and local economy. The District takes a fiscally conservative approach to its budget and it strives to balance its budget within available current revenues. In an effort to recover a greater share of the costs of maintaining air quality, the District increased its permitting fees by 7% in fiscal year 2005-06. More increases are planned for the future. The District will also regain in fiscal year 2006-07 \$1.4 million of property tax that was taken away by the State in fiscal years 2003-04 and 2004-05. The District's future looks bright and its continued focus on long term financial planning will ensure the vitality and effectiveness of its programs.

E. Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Chief Financial Officer, Jeff McKay, at 939 Ellis Street, San Francisco, CA 94109.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Bay Area Air Quality Management District
Statement of Net Assets
June 30, 2005

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 73,877,956
Receivables:	
Accounts	10,260,595
Interest	563,273
Other	1,021,972
Prepays and deposits	60,900
Total current assets	<u>85,784,696</u>
Noncurrent assets:	
Cash in revolving fund	1,200
Capital assets:	
Nondepreciable	1,135,838
Depreciable buildings, net	6,437,436
Total capital assets	<u>7,573,274</u>
Total noncurrent assets	<u>7,574,474</u>
Total assets	<u><u>93,359,170</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,958,241
Accrued payroll	1,452,421
Due to other programs	41,110
Other liabilities	49,017
Unearned revenue	31,297,297
Compensated absences	3,392
Total current liabilities	<u>35,801,478</u>
Noncurrent liabilities:	
Long-term debt:	
Compensated absences	2,726,568
Total noncurrent liabilities	<u>2,726,568</u>
Total liabilities	<u><u>38,528,046</u></u>
NET ASSETS	
Investment in capital assets, net of related debt	<u>7,573,274</u>
Restricted for:	
Special program	564,242
TFCA program	21,880,752
Total restricted	<u>22,444,994</u>
Unrestricted	24,812,856
Total net assets	<u><u>\$ 54,831,124</u></u>

See accompanying Notes to Basic Financial Statements.

Bay Area Air Quality Management District
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 43,641,475	\$ 24,088,266	\$ 7,876,876	\$ 12,926
TFCA program	26,341,195	-	24,413,238	3,441,960
Total governmental activities	\$ 69,982,670	\$ 24,088,266	\$ 32,290,114	\$ 3,454,886

General revenues:

County apportionment:

Alameda
Contra Costa
Marin
Napa
San Francisco
San Mateo
Santa Clara
Solano
Sonoma

Redevelopment

Total county apportionment

Investment income not restricted for a specific program

Gain on sales of capital assets

Total general revenues

Changes in net assets

Net assets - beginning of year, as restated (Note 15)

Net assets - end of year

<u>Program Revenues</u>	Governmental Activities Net (Expenses) Revenues
<u>Total</u>	<u>Revenues</u>
\$ 31,978,068	\$ (11,663,407)
27,855,198	1,514,003
<u>\$ 59,833,266</u>	<u>(10,149,404)</u>

3,137,450
1,634,676
828,776
310,649
2,032,467
2,047,914
3,942,789
446,251
821,133
52,776
<u>15,254,881</u>
559,635
10,712
<u>15,825,228</u>
5,675,824
49,155,300
<u>\$ 54,831,124</u>

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FUND FINANCIAL STATEMENTS

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Bay Area Air Quality Management District
Governmental Fund Financial Statements
For the year ended June 30, 2005

General Fund

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

Special Revenue Fund

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

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Bay Area Air Quality Management District
Balance Sheet
Governmental Funds
June 30, 2005

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and investments in county treasury	\$ 20,063,314	\$ 53,814,642	\$ 73,877,956
Cash in revolving fund	1,200	-	1,200
Receivables:			
Accounts	4,711,651	5,548,944	10,260,595
Interest	169,545	393,728	563,273
Other	753,754	268,218	1,021,972
Due from other fund	6,801,783	-	6,801,783
Prepays and deposits	60,900	-	60,900
Total assets	\$ 32,562,147	\$ 60,025,532	\$ 92,587,679
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,491,279	\$ 1,466,962	\$ 2,958,241
Accrued salaries and wages payable	1,452,421	-	1,452,421
Due to other funds	-	6,801,783	6,801,783
Due to other	-	41,110	41,110
Other liabilities	49,017	-	49,017
Compensated absences - current	3,392	-	3,392
Compensated absences - long-term	2,726,568	-	2,726,568
Deferred revenue	2,026,614	29,834,925	31,861,539
Total liabilities	7,749,291	38,144,780	45,894,071
Fund Balances:			
Reserved for:			
Building and facilities	2,894,175	-	2,894,175
PERS super funding	3,500,000	-	3,500,000
Radio replacement	3,500,000	-	3,500,000
State implementation plan	350,000	-	350,000
Production system	500,000	-	500,000
Capital equipment	378,000	-	378,000
Contingencies	400,000	-	400,000
Adjustment - prior years	15,000	-	15,000
Revolving fund	1,200	-	1,200
Self-funded workers' compensation	1,000,000	-	1,000,000
Encumbrances	1,760,075	1,875,310	3,635,385
Multiyear appropriations	1,522,796	-	1,522,796
Unreserved for:			
Undesignated	8,991,610	20,005,442	28,997,052
Total fund balances	24,812,856	21,880,752	46,693,608
Total liabilities and fund balances	\$ 32,562,147	\$ 60,025,532	\$ 92,587,679

See accompanying Notes to Basic Financial Statements.

Bay Area Air Quality Management District
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2005

Total Fund Balances - Total Governmental Funds	\$ 46,693,608
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

Non-depreciable capital assets	1,135,838
Depreciable capital assets, net	6,437,436
Total	7,573,274

Revenues which are deferred on the Funds Balance Sheet because they are not available. However, revenue was recognized in the government-wide financial statements in the Statement of Activities and accordingly increased net assets on the Statement of Net Assets.

	564,242
Net Assets of Governmental Activities	\$ 54,831,124

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Bay Area Air Quality Management District
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the year ended June 30, 2005

	General Fund	Special Revenue Fund	Total
REVENUES:			
Program revenues:			
TFCA DMV fees	\$ -	\$ 21,951,613	\$ 21,951,613
Carl Moyer program	-	1,025,320	1,025,320
Lower emission school bus program	-	2,416,640	2,416,640
Permit fees	16,146,867	-	16,146,867
Title V permit fees	1,282,621	-	1,282,621
State subvention	1,730,915	-	1,730,915
Spare the air grants	1,779,643	-	1,779,643
Calpine - Los Esteros	19,700	-	19,700
Federal grant - EPA	3,112,271	-	3,112,271
Penalties and variance fees	3,090,636	-	3,090,636
Asbestos	1,641,880	-	1,641,880
AB 2588 income	541,759	-	541,759
Hearing board	27,554	-	27,554
District Services	5,589	-	5,589
Interest	559,635	1,514,003	2,073,638
Other grants	702,731	-	702,731
Bart revenue	-	270,998	270,998
AB 434 others	676,624	676,624	1,353,248
Miscellaneous	454,598	-	454,598
Special Environmental Projects	200,438	-	200,438
Total program revenue	31,973,461	27,855,198	59,828,659
General revenues:			
County apportionment:			
Alameda	3,137,450	-	3,137,450
Contra Costa	1,634,676	-	1,634,676
Marin	828,776	-	828,776
Napa	310,649	-	310,649
San Francisco	2,032,467	-	2,032,467
San Mateo	2,047,914	-	2,047,914
Santa Clara	3,942,789	-	3,942,789
Solano	446,251	-	446,251
Sonoma	821,133	-	821,133
Total county apportionment	15,202,105	-	15,202,105
Redevelopment	52,776	-	52,776
Total general revenue	15,254,881	-	15,254,881
Total revenues	47,228,342	27,855,198	75,083,540

(Continued)

Bay Area Air Quality Management District
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds, Continued
For the year ended June 30, 2005

	General Fund	Special Revenue Fund	Total
EXPENDITURES:			
Current:			
General government:			
Program distribution	969,858	-	969,858
Executive office	4,866,976	-	4,866,976
Administrative services	3,761,941	-	3,761,941
Legal services	1,539,127	-	1,539,127
Public information and outreach	3,178,831	-	3,178,831
Compliance and enforcement	8,905,926	-	8,905,926
Engineering	7,100,668	-	7,100,668
Planning	3,237,313	-	3,237,313
Information systems	2,785,532	-	2,785,532
Technical services	5,595,167	-	5,595,167
Total general government	<u>41,941,339</u>	<u>-</u>	<u>41,941,339</u>
TFCA program:			
Program distribution	-	18,459,698	18,459,698
Smoking vehicle	-	861,489	861,489
Intermittent control	-	1,105,659	1,105,659
Transportation Fund for Clean Air administration	-	1,110,997	1,110,997
Vehicle buy-back	-	4,803,352	4,803,352
Total TFCA program	<u>-</u>	<u>26,341,195</u>	<u>26,341,195</u>
Capital outlay	<u>1,373,649</u>	<u>-</u>	<u>1,373,649</u>
Total expenditures	<u>43,314,988</u>	<u>26,341,195</u>	<u>69,656,183</u>
REVENUES OVER (UNDER) EXPENDITURES	3,913,354	1,514,003	5,427,357
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of capital assets	<u>20,368</u>	<u>-</u>	<u>20,368</u>
Total other financing sources (uses)	<u>20,368</u>	<u>-</u>	<u>20,368</u>
NET CHANGE IN FUND BALANCE	3,933,722	1,514,003	5,447,725
FUND BALANCES:			
Beginning of year, as restated (Note 15)	<u>20,879,134</u>	<u>20,366,749</u>	<u>41,245,883</u>
End of year	<u>\$ 24,812,856</u>	<u>\$ 21,880,752</u>	<u>\$ 46,693,608</u>

Bay Area Air Quality Management District
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in
Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets
For the year ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds \$ 5,447,725

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

Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period. 1,065,658

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (1,392,145)

Gain on the disposal of capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they do not require the use of current financial resources. Therefore, it is not reported as expenditures in Governmental Funds. 10,712

Proceeds from sale of property provide current financial resources to governmental funds, but sale of property decrease capital assets on government-wide statements. (20,368)

Unearned revenues do not provide current financial resources and therefore are not reported as revenues in the governmental funds. 564,242

Change in Net Assets of Governmental Activities \$ 5,675,824

Bay Area Air Quality Management District
Notes to Basic Financial Statements
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

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

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

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

The Health and Safety Code requires the District to pass-through no less than 40% of the revenues raised within a particular county to that county's eligible, 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 District's Board adopted evaluation and scoring criteria. The District may receive reimbursement from TFCA funds, not to exceed 5% of total funds, for administration of the program. TFCA activity is accounted for in the District's Special Revenue Fund.

The District includes seven counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo and Santa Clara and portions of two other counties, Southwestern Solano and Southern Sonoma. The District is governed by a 22 member Board of Directors that includes representatives from all of the above counties.

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

B. Basis of Accounting and Measurement Focus

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements - The District's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities for the District.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized when earned while expenses are recognized when the liability is incurred.

The types of transactions reported as program revenues for the District are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds

The District applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure.

Governmental Fund Financial Statements - Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The District has presented all major funds that met those qualifications pursuant to GASB pronouncements.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are intergovernmental revenues, interest revenue, certain charges for services, fines, and permits revenues. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the funds balance sheet and revenue is recognized.

The Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

C. Cash and Investments

The District pools its available cash for investment purposes. The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

Additionally, each fund’s equity in the San Mateo County’s investment pool is treated as cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

D. Receivables

During the course of normal operations, the District carries various receivable balances for taxes, interest and services. The District considers receivables to be fully collectible; accordingly no allowance for doubtful accounts has been provided. If amounts become uncollectible, they will be charged to operations when that determination is made.

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Capital Assets

The District's assets are capitalized at historical cost or estimated historical cost. District policy has set the capitalization threshold for reporting general capital assets at \$3,500. Donated capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings, grounds & improvements	15-20 years
Equipment	5-7 years

F. Compensated Absences

District employees are allowed to accrue no more than 460 hours of vacation as of the end of the fiscal year. In the event of termination, the employees are reimbursed for all accumulated vacation at the time of termination.

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

There are no restrictions regarding the accumulation of sick leave. On termination, employees are not paid for accumulated sick leave.

G. Income Taxes

The District falls under the purview of Internal Revenue Code, Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to federal or state income taxes and no provisions for income taxes have been made in the accompanying basic financial statements.

H. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from funds" (i.e., the current portion of interfund loans).

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Assets

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in Capital Assets, net of Related Debt - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Assets - This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

J. Fund Balances - Reserves and Designations

In the Fund Financial Statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to revision.

K. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

L. Implementation of New GASB Pronouncements

The District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board statements:

- Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3.*

GASB Statement No. 40 updates the custodial credit risk disclosure requirements of Statement No. 3 and establishes more comprehensive disclosure requirements addressing other common risks of deposits and investments of state and local governments, such as credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

2. CASH AND INVESTMENTS

The following is a summary of pooled cash and investments, including cash and investments with in Revolving Fund at June 30, 2005:

	Government- Wide Statement of Net Assets	
	Governmental Activities	Total
Cash and investments in San Mateo Pooled Fund Investment Program	\$ 73,877,956	\$ 73,877,956
Cash in Revolving Fund	1,200	1,200
Total	\$ 1,200	\$ 1,200

The District is a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the County of San Mateo. The District reports its investment in the County Pool at the fair value amount provided by the County. Included in the County Pool's investment portfolio are US Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, Collateralized Mortgage Obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

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

3. RECEIVABLES

A. Accounts Receivable

At June 30, 2005, the District had the following accounts receivable:

General Fund:		
County Apportionments	\$ 858,474	
EPA	1,842,654	
Other receivables	2,010,523	
Total General Fund		\$ 4,711,651
Special Revenue Fund:		
TFCA DMV Fees	5,280,727	
Other receivables	268,217	
Total Special Revenue Fund		5,548,944
Total accounts receivable		\$ 10,260,595

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

3. RECEIVABLES, Continued

B. Interest Receivable

At June 30, 2005, the District had the following interest receivable:

General Fund:		
San Mateo County Investment Pooled Fund	\$ 169,545	
Total General Fund		\$ 169,545
Special Revenue Fund:		
San Mateo County Investment Pooled Fund	393,728	
Total Special Revenue Fund		393,728
Total interest receivable		\$ 563,273

4. INTERFUND TRANSACTIONS

At June 30, 2005, the District had the following due to/from other funds:

	Due From Other Funds	
	Due To Other Funds	
	General Fund	Total
Special Revenue Fund	\$ 6,801,783	\$ 6,801,783
Total	<u>\$ 6,801,783</u>	<u>\$ 6,801,783</u>

Due to/from amount represent expenditures made by the District on behalf of TFCA.

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2005, consisted of the following:

	Balance at 7/1/2004	Additions	Deletions	Balance at 6/30/2005
Governmental Activities:				
<i>Nondepreciable assets:</i>				
Land, 939 Ellis	\$ 214,608	\$ -	\$ -	\$ 214,608
Construction in progress	646,952	274,278	-	921,230
Total nondepreciable assets	<u>861,560</u>	<u>274,278</u>	<u>-</u>	<u>1,135,838</u>
<i>Depreciable assets:</i>				
Building & grounds	6,868,666	234,439	-	7,103,105
Leasehold improvement	2,809,901	-	-	2,809,901
Office equipment	106,500	34,852	-	141,352
Computer & network	2,657,247	174,962	(5,508)	2,826,701
Motorized equipment	1,436,848	238,494	(166,723)	1,508,619
Lab equipment	4,627,771	97,015	-	4,724,786
Communications	200,279	-	-	200,279
General equipment	81,984	11,618	-	93,602
Total depreciable assets	<u>18,789,196</u>	<u>791,380</u>	<u>(172,231)</u>	<u>19,408,345</u>
<i>Accumulated depreciation:</i>				
Building & grounds	4,320,012	310,439	-	4,630,451
Leasehold improvement	2,404,037	159,442	-	2,563,479
Office equipment	87,604	7,286	-	94,890
Computer & network	712,015	251,766	(4,186)	959,595
Motorized equipment	767,125	185,898	(158,389)	794,634
Lab equipment	3,299,480	441,705	-	3,741,185
Communications	105,268	26,073	-	131,341
General equipment	45,798	9,536	-	55,334
Total accumulated depreciation	<u>11,741,339</u>	<u>1,392,145</u>	<u>(162,575)</u>	<u>12,970,909</u>
Total depreciable assets, net	<u>7,047,857</u>	<u>(600,765)</u>	<u>(9,656)</u>	<u>6,437,436</u>
Total capital assets, net	<u>\$ 7,909,417</u>	<u>\$ (326,487)</u>	<u>\$ (9,656)</u>	<u>\$ 7,573,274</u>

Depreciation expenses by program for capital assets for the year ended June 30, 2005 are as follows:

General government	<u>\$ 1,392,145</u>
Total depreciation expense	<u><u>\$ 1,392,145</u></u>

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

6. UNEARNED AND DEFERRED REVENUE

A. Government-Wide Financial Statements

Unearned revenues in Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2005, unearned revenue in the Government-Wide Financial Statements were as follows:

Backup Generator Program	\$ 953,526
Backup Generator Admin.	132,494
Deferred Revenue - Other	376,352
CARB - Lower Emission Sch	914,771
CARB - Retro	1,382,566
BART	509,002
TFCA DMV Fees	23,391,073
Nox & PM Emissions Reduction Program	1,000,000
Carl Moyer Program	<u>2,637,513</u>
Total Deferred Revenue	<u>\$ 31,297,297</u>

B. Fund Financial Statements

At June 30, 2005, the following deferred revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

<u>General Fund:</u>	
Backup Generator Program	\$ 953,526
Backup Generator Admin.	132,494
Tosco Corporation	39,700
Vallero (ULTR)	50,000
Northern Ttst	167,542
SEP - Delta Energy Ctr	40,000
Romic Env Tec	24,000
Shell Oil	243,000
Deferred Revenue - Other	<u>376,352</u>
Subtotal General Fund	\$ 2,026,614
<u>Special Revenue Fund:</u>	
CARB - Lower Emission Sch	914,771
CARB - Retro	1,382,566
BART	509,002
TFCA DMV Fees	23,391,073
Nox & PM Emissions Reduction Program	1,000,000
Carl Moyer Program	<u>2,637,513</u>
Subtotal Special Revenue Fund	<u>29,834,925</u>
Total Deferred Revenue	<u>\$ 31,861,539</u>

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

7. LEASES

Operating leases

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

<u>Year ended June 30:</u>	
2006	\$ 216,449
2007	178,133
2008	141,334
2009	119,559
2010	104,804
Thereafter	<u>306,187</u>
Total	<u>\$ 1,066,466</u>

Air-monitoring station leases are renewable with minor escalations.

Rental expense for the cancelable lease agreements for the year ended June 30, 2005 was \$94,002

8. COUNTY APPORTIONMENT REVENUE

As a result of the passage of Proposition 13 in fiscal year 1979, the District no longer has the power to calculate property tax revenues due for each county. Instead, the District now receives remittances based on amounts actually collected by the counties, which are calculated in accordance with Assembly Bill Number 8.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. On July 1, 1999, the District contracted with Robert F. Driver Company, Inc. as the broker for property and general liability insurance coverage. The District pays an annual premium to Robert F. Driver Associates for its general insurance coverage. The District continues to carry commercial insurance for all other risks of loss including workers' compensation and employee health and accident insurance. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the District's insurance coverage in any of the past three fiscal years.

The following is a summary of the District's insurance coverage and deductibles as of June 30, 2005:

<u>Coverage</u>	<u>Deductible</u>	<u>Limits</u>
General Liability	\$1,000	\$ 10,000,000
Property	1,000	5,000,000
Property Earthquake	5% per occurrence	50,000,000
Property Flood	2% per occurrence with a minimum of \$50,000	50,000,000
Employment Practice Liability	10,000	2,000,000
Workers' Compensation	300,000	Statutory
All Risk Property (Other than earthquake Subject to sub-limit)	1,000	1,000,000,000

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

10. COMPENSATED ABSENCES

Regular full-time employees accumulate vacation time. All vacation leave time is accrued when incurred in the government-wide financial statements and the government fund statements. The balance of compensated absences at June 30, 2005 is \$2,729,960.

	Balance at 7/1/2004	Additions	Deletions	Balance at 6/30/2005	Due Within One Year	Due In More Than One Year
Compensated absences	\$ 2,475,537	\$ 388,802	\$ (134,379)	\$ 2,729,960	\$ 3,392	\$ 2,726,568
Total compensated absences	<u>\$ 2,475,537</u>	<u>\$ 388,802</u>	<u>\$ (134,379)</u>	<u>\$ 2,729,960</u>	<u>\$ 3,392</u>	<u>\$ 2,726,568</u>

11. CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT PLAN (PERS)

Plan Description - The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute, as legislatively amended, within the Public Employees Retirement Law. Copies of the CalPERS annual financial report may be obtained from their executive Office - 400 P Street, Sacramento, CA 95814

Funding Policy - Represented participants are required to contribute 7.00% of their annual covered salary. The District makes the contributions required of District employees on their behalf and for their account. This amounted to \$1,421,046 for the year ended June 30, 2005. The District is required to contribute at an actuarially determined rate; the current rate is 0% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by CalPERS.

Annual Pension Costs - For 2005, the District's annual pension cost of \$0 for CalPERS was equal to the District's required and actual contributions. The required contribution was determined as part of the June 30, 2002, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected annual salary increases that range from 3.75% to 14.20% depending on age, service, and type of employment, and (c) 3.75% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.50%. The actuarial value of CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). CalPERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2002 was 20 years for prior and current service unfunded liability.

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

11. CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT PLAN (PERS), Continued

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2003	\$ 2,205,628	100%	\$ -
6/30/2004	1,277,007	100%	-
6/30/2005	-	100%	-

12. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The District pays medical, dental, vision and life insurance premiums for participating retirees on the pay-as-you-go basis. Benefits are provided for the participant's life time and with an election of certain options may continue to be paid for the life time of a survivor of the participant. The medical insurance plan is administered by CalPERS and was initially contracted with them in November 1978. The maximum medical insurance premium (including dental, vision, and life) that the District is obligated to provide annually as a benefit to retirees is \$1,017 for management employees, \$967 for confidential employees and \$890 for represented employees.

During fiscal year ended June 30, 2005, there were 125 participants in the health insurance plan, 99 participants in the dental plan, 67 participants in the vision plan and 55 participants in the life insurance plan. The District paid premiums for the participating retirees during the fiscal year ended June 30, 2005 in the amount of \$710,149 for the health insurance plan, \$20,191 for the dental plan, \$9,687 for the vision plan and \$24,584 for the life insurance plan.

13. CONTINGENT LIABILITIES

Receipts from Environmental Protection Agency and other similar programs are subject to audit by representatives of Federal and State agencies to determine if the monies were expended in accordance with appropriate statutes, grant terms and regulations. District management believes that no significant liabilities may result.

14. LITIGATION

The District is the defendant in various lawsuits arising principally from the application of its regulation in the normal course of operations. The District contends that they will pursue a vigorous defense against each of the pending litigation, although the likelihood of potential loss is very small. It is management's opinion that the outcome of these lawsuits will not have a material adverse effect on the accompanying basic financial statements and accordingly, no provision for losses has been recorded.

Bay Area Air Quality Management District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2005

15. PRIOR PERIOD ADJUSTMENT

A. Government-Wide Financial Statements

During fiscal year 2005, the District recorded the following prior period adjustments to adjust the net assets to reflect prior year payroll accrual which was never accrued.

	Net Assets as Previously Reported	Accounting Restatements	Net Assets as Restated
Government-Wide Activities:			
Net assets	\$ 50,404,826	\$ (1,249,526)	\$ 49,155,300
Total government-wide activities	<u>\$ 50,404,826</u>	<u>\$ (1,249,526)</u>	<u>\$ 49,155,300</u>

B. Fund Financial Statements

During fiscal year 2005, the District identified certain accounting restatements in the fund financial statements to record prior year payroll accrual which was never accrued. Accordingly, the District's fund balances as of July 1, 2004 have been restated as follows:

	Fund Balance as Previously Reported	Accounting Restatements	Fund Balance as Restated
General Fund	\$ 22,128,660	\$ (1,249,526)	\$ 20,879,134
Special Revenue Fund	20,366,749	-	20,366,749
Total	<u>\$ 42,495,409</u>	<u>\$ (1,249,526)</u>	<u>\$ 41,245,883</u>

16. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year ended June 30, 2005, expenditures exceeded appropriations in the Special Revenue Fund by \$20,177,280. Out of this amount, \$18,459,698 is due to the fact that the District does not budget for program distribution activity within the Special Revenue Fund and therefore program distribution expenditures appear as an unfavorable variance within that fund.

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REQUIRED SUPPLEMENTARY INFORMATION

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Bay Area Air Quality Management District

Required Supplementary Information

For the year ended June 30, 2005

1. BUDGETARY PRINCIPLES

Through the budget, the Board of Directors sets the direction of the Bay Area Air Quality Management District. The Annual Budget assures the most efficient and effective use of the District's economic resources, and establishes the priority of objectives that are to be accomplished during the fiscal year.

The Annual Budget serves from July 1 to June 30, and is a vehicle that accurately and openly communicates these priorities to the community, businesses, vendors, employees and other public agencies. In addition, it establishes the foundation of effective financial planning by providing resource allocation, performance measures and controls that permit the evaluation and adjustment of the District's performance.

The District follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a) The Board of Directors adopts an annual budget by resolution prior to July 1 of each fiscal year. The annual budget indicates appropriations by fund and by program. The Board of Directors may also adopt supplemental appropriations during the year. At the fund level, expenditures may not legally exceed appropriations. The Air Pollution Control Officer (APCO) is authorized to transfer budgeted amounts between divisions and programs within
- b) Budgets are adopted on a basis that is consistent with Generally Accepted Accounting Principles (GAAP). Annual appropriated budgets are adopted for the General and Special Revenue funds.
- c) Supplementary budgetary revenue and expenditure appropriations were adopted by the Board of Directors during the fiscal year. These supplemental appropriations have been included in the Budgeted Amounts/Final column of the General Fund Budgetary Comparison Schedule.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the District's governmental fund types. Encumbrances outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

Bay Area Air Quality Management District
Required Supplementary Information, Continued
For the year ended June 30, 2005

1. BUDGETARY PRINCIPLES, Continued

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Program revenues:				
Redevelopment	\$ -	\$ -	\$ 52,776	\$ 52,776
Permit fees	16,259,800	16,259,800	16,146,867	(112,933)
Title V permit fees	1,588,700	1,588,700	1,282,621	(306,079)
State subvention	1,863,870	1,863,870	1,730,915	(132,955)
Spare the air grants	1,228,400	1,228,400	1,779,643	551,243
Calpine - Los Esteros	-	-	19,700	19,700
Federal grant - EPA	2,527,300	2,527,300	3,112,271	584,971
Penalties and variance fees	1,750,000	2,800,000	3,090,636	290,636
Asbestos	1,300,200	1,300,200	1,641,880	341,680
AB 2588 income	640,000	640,000	541,759	(98,241)
Hearing board	37,000	37,000	27,554	(9,446)
District Services	10,000	10,000	5,589	(4,411)
Interest	490,000	490,000	559,635	69,635
Other grants	-	-	702,731	702,731
Miscellaneous	175,000	425,000	454,598	29,598
Transfer in:				
Special Environmental Projects	-	-	200,438	200,438
AB 434 others	618,725	618,725	676,624	57,899
Reserved for production system	1,600,000	1,600,000	-	(1,600,000)
Reserve for building & facilities	-	295,800	-	(295,800)
Reserve for contingency	-	337,053	-	(337,053)
Reserve for PERS super funding	486,637	486,637	-	(486,637)
Total program revenues	30,575,632	32,508,485	32,026,237	(482,248)
General revenues:				
County apportionment:				
Alameda	2,895,600	2,722,121	3,137,450	415,329
Contra Costa	1,947,500	1,830,823	1,634,676	(196,147)
Marin	773,800	727,441	828,776	101,335
Napa	476,600	448,046	310,649	(137,397)
San Francisco	2,101,200	1,975,315	2,032,467	57,152
San Mateo	2,408,700	2,264,392	2,047,914	(216,478)
Santa Clara	4,120,775	3,873,391	3,942,789	69,398
Solano	412,000	387,317	446,251	58,934
Sonoma	779,000	732,329	821,133	88,804
Total general revenues	15,915,175	14,961,175	15,202,105	240,930
Total revenues	46,490,807	47,469,660	47,228,342	(241,318)

(Continued)

Bay Area Air Quality Management District
Required Supplementary Information, Continued
For the year ended June 30, 2005

1. BUDGETARY PRINCIPLES, Continued

Budgetary Comparison Schedule, General Fund, Continued

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Program distributions	-	-	969,858	(969,858)
Executive office	2,898,211	2,872,311	4,866,976	(1,994,665)
Administrative services	2,831,624	2,839,124	3,761,941	(922,817)
Legal services	1,385,397	1,362,697	1,539,127	(176,430)
Public information and outreach	2,242,919	2,504,019	3,178,831	(674,812)
Compliance and enforcement	10,650,611	10,531,590	8,905,926	1,625,664
Engineering	8,454,057	8,431,157	7,100,668	1,330,489
Planning	4,710,830	4,535,530	3,237,313	1,298,217
Information systems	2,826,009	2,826,009	2,785,532	40,477
Technical services	6,633,564	6,605,064	5,595,167	1,009,897
Total current expenditure	42,633,222	42,507,501	41,941,339	566,162
Capital outlay	4,962,159	4,962,159	1,373,649	3,588,510
Total expenditures	47,595,381	47,469,660	43,314,988	4,154,672
REVENUES OVER (UNDER)				
EXPENDITURES	(1,104,574)	-	3,913,354	3,913,354
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	20,368	(20,368)
Total financing sources (uses)	-	-	20,368	(20,368)
NET CHANGES IN FUND BALANCES	\$ (1,104,574)	\$ -	3,933,722	\$ 3,933,722
FUND BALANCES:				
Beginning of year, as restated (Note 15)			20,879,134	
End of year			<u>\$ 24,812,856</u>	

(Concluded)

Bay Area Air Quality Management District
Required Supplementary Information, Continued
For the year ended June 30, 2005

1. BUDGETARY PRINCIPLES, Continued

Budgetary Comparison Schedule, Special Revenue Fund

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
REVENUES:				
TFCA DMV fees	\$ -	\$ -	\$ 21,951,613	\$ 21,951,613
Carl Moyer program	-	-	1,025,320	1,025,320
Lower emission school bus program	-	-	2,416,640	2,416,640
Interest	-	-	1,514,003	1,514,003
Bart revenue	-	-	270,998	270,998
AB 434 others	6,163,915	6,163,915	676,624	(5,487,291)
Total revenues	6,163,915	6,163,915	27,855,198	21,691,283
EXPENDITURES:				
Program distributions	-	-	18,459,698	(18,459,698)
Smoking vehicle	692,982	692,982	861,489	(168,507)
Intermittent control	729,643	729,643	1,105,659	(376,016)
Transportation fund for clean air administration	974,244	974,244	1,110,997	(136,753)
Vehicle buy-back	3,767,046	3,767,046	4,803,352	(1,036,306)
Total expenditures	6,163,915	6,163,915	26,341,195	(20,177,280)
REVENUES OVER (UNDER)				
EXPENDITURES	\$ -	\$ -	1,514,003	\$ 1,514,003
FUND BALANCES:				
Beginning of year			20,366,749	
End of year			\$ 21,880,752	

Bay Area Air Quality Management District
Required Supplementary Information, Continued
For the year ended June 30, 2005

CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Actuarial Assets Over (Under) Accrued Liability	Funded Ratio	Covered Payroll	Actuarial Assets Over (Under) Liability as Percentage of Covered Payroll
6/30/2002	\$ 109,763,884	\$ 91,736,970	\$ 18,026,914	119.7%	\$ 19,913,289	90.5%
6/30/2003	109,712,995	113,431,463	(3,718,468)	96.7%	23,705,964	(15.7%)
6/30/2004	114,518,167	122,405,617	(7,887,450)	93.6%	23,918,031	(33.0%)

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SINGLE AUDIT REPORT

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the basic financial statements of the Bay Area Air Quality Management District (District) as of and for the year ended June 30, 2005, and have issued our report thereon dated February 17, 2006. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Oakland, California
April 27, 2006

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Bay Area Air Quality Management District (District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. The District's major federal programs are identified in the summary of the auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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To the Board of Directors
of the Bay Area Air Quality Management District
San Francisco, California
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the District as of and for the year ended June 30, 2005, and have issued our report thereon dated February 17, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as whole. However, the results of our auditing procedures disclosed questioned costs, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Capricci & Carson

Oakland, California
April 27, 2006

**Bay Area Air Quality Management District
Single Audit Report
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2005**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Contract Number	Federal Expenditures	
U.S. Environmental Protection Agency:				
FY-05 Air Pollution Control Program	*	66.001	A00905605	\$ 1,500,602
PM 2.5 Monitoring Network	*	66.034	PM97982401	56,703
PM 2.5 Monitoring Network	*	66.034	PM97993201	233,750
CAA Special Purpose Activities - Toxics Monitoring, San Jose, CA	*	66.034	XA97982301	122,000
				<u>412,453</u>
Biowatch - Homeland Security	*	66.500	BW97963201	408,012
				<u>408,012</u>
<i>Total Environmental Protection Agency</i>				<u>2,321,067</u>
Total Expenditures of Federal Awards				<u>\$ 2,321,067</u>

* Denotes Major Programs

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

Bay Area Air Quality Management District
Single Audit Report
Notes to the Schedule of Expenditures of Federal Awards
For the year ended June 30, 2005

1. REPORTING ENTITY

A. *Reporting Entity*

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

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

The District includes seven counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo and Santa Clara and portions of two other counties, Southwestern Solano and Southern Sonoma. The District is governed by a 22 member Board of Directors that includes representatives from all of the above counties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting*

Funds received under the various grant programs have been recorded within general fund of the District. The District utilizes the modified accrual basis of accounting for the general fund. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

B. *Schedule of Expenditures of Federal Awards*

The accompanying Schedule presents the activity of all Federal financial assistance programs of the District. Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through the State of California are included in the Schedule.

The Schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the District.

**Bay Area Air Quality Management District
 Single Audit Report
 Schedule of Findings and Questioned Costs
 For the year ended June 30, 2005**

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Bay Area Air Quality Management District (District).
2. No reportable conditions relating to the audit of the financial statements are reported in the basic financial statements.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. No reportable conditions relating to the audit of the major Federal award programs is reported in the basic financial statements.
5. The auditors' report on compliance for the major Federal award programs for the District expresses an unqualified opinion.
6. Audit findings relative to the major Federal award programs for the District are reported in Part C of this Schedule below.
7. The programs tested as major programs include:

<u>Major Programs</u>	<u>Expenditures</u>
FY-05 Air Pollution Control Program	\$ 1,500,602
Biowatch - Homeland Security	408,012
PM 2.5 Monitoring Network (10/31/2003 to 10/31/2004)	56,703
PM 2.5 Monitoring Network (11/1/2004 to 10/31/2008)	233,750
CAA Special Purpose Activities - Toxic Monitoring, San Jose, CA	122,000
Total Major Program Expenditures	\$ 2,321,067
Percent of Total Federal Award Expenditures	100.00%

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The District was determined to be a high risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

No financial statement findings were noted.

**Bay Area Air Quality Management District
Single Audit Report
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2005**

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

2005-01

Criteria:

In accordance with OMB Circular A-133, grantees should submit standard financial report forms or other performance and special reporting forms as required by Federal awarding agency.

Condition:

The District is required to complete and submit to the Grants Management Office, PMD-7, a MBE/WBE Utilization Report, within 30 days after the end of the Federal fiscal year, i.e., by October 30 of each calendar year. The District did not submit the report for Federal fiscal year 2005.

Questioned Costs:

Not applicable.

Context and Effect:

Because of the failure to submit a MBE/WBE Utilization Report, we were not able to determine if the District is in compliance with EPA's Program for Utilization of Small, Minority and Women's Business Enterprises in procurement under Federal assistance programs.

Recommendation:

We recommend that the District establishes and then monitors for compliance its policies and procedures covering the preparation and submission of MBE/WBE Utilization Report on a timely basis.

District Response:

The District concurs. The District is now preparing the federal fiscal year 2005 Utilization reports. The District has also incorporated this reporting requirement into its procedures.

**Bay Area Air Quality Management District
Single Audit Report
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2005**

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT,
Continued**

2005-02

U.S. ENVIRONMENTAL PROTECTION AGENCY
CAA Special Purpose Activities: Toxic Monitoring, San Jose, CA (CFDA Number 66.034) - Allowable
Costs and Cost Principles

Criteria:

In accordance with OMB Circular A-133, internal controls should be in place to provide reasonable assurance that an individual's time is supported by valid time sheets or supporting schedules.

Condition:

Payroll is being allocated using an estimate amount, and without adequate support for amounts being allocated.

Questioned Costs:

For the fiscal year ended June 30, 2005, the payroll expense for this grant is \$78,472.

Context and Effect:

Because of the failure to maintain time sheets which support the amount charged to the grant, payroll expenses may be incorrectly charged.

Recommendation:

We recommend that the District establishes and then monitors for compliance its policies and procedures covering the preparation and review of time sheets. This will ensure that time charged to programs is properly supported by functional time sheets and these time sheets in total support the payroll expense charged to the grant.

District Response:

The District concurs. District employees who work on grant funded programs use billing codes to charge their time to grants and the District addressed this issue proactively in May 2005 when it created a special billing code to track payroll costs associated with the NATTS grant. It is now District policy to assign a billing code to all grants for payroll tracking purposes.

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TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROGRAM

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**REPORT ON COMPLIANCE WITH APPLICABLE PROVISIONS OF
TRANSPORTATION FUND FOR CLEAN AIR (TFCA) PROGRAM**

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

We have audited the basic financial statements of the Bay Area Air Quality Management District (District) as of and for the year ended June 30, 2005, and have issued our report thereon dated February 17, 2006. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the applicable provisions and Assembly Bill 434 (AB434) [Health and Safety Code Sections 44220 through 44242] including the use of money for the reduction of emission from motor vehicles; the use of an independent auditor; the adoption of appropriate resolutions as specified in the Health and Safety Code Sections 44223, 44225, and 44241, and the not to exceed cap of 5% on administrative costs for the year ended June 30, 2005.

Based on the audit, we found that, for the items tested, the Bay Area Air Quality Management District complied with the applicable provisions of AB434 as referred to above. Further, based on our examination, for the items not tested, nothing came to our attention to indicate that the District had not complied with the applicable provisions of AB434. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with Assembly Bill 434 and which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Oakland, California
February 17, 2006

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**Bay Area Air Quality Management District
Transportation Fund for Clean Air (TFCA) Program
Schedule of Expenditures
For the year ended June 30, 2005**

<u>Expenditures</u>	<u>Program Distribution</u>	<u>Intermittent Control</u>	<u>Smoking Vehicle</u>	<u>TFCA Administration</u>	<u>Vehicle Buy Back</u>	<u>Total</u>
Salaries and Benefits	\$ -	\$ 295,562	\$ 330,519	\$ 706,223	\$ 108,714	\$ 1,441,018
Services and Supplies	-	810,096	530,970	404,774	4,694,637	6,440,477
Program distributions	18,459,698	-	-	-	-	18,459,698
Total	\$ 18,459,698	\$ 1,105,658	\$ 861,489	\$ 1,110,997	\$ 4,803,351	\$ 26,341,193

See accompanying Schedule of Findings and Questioned Costs.

**Bay Area Air Quality Management District
Transportation Fund for Clean Air (TFCA) Program
Schedule of Findings and Questioned Costs
For the year ended June 30, 2005**

2005-01

Criteria:

In accordance with AB434, the District is required, at least once every two years, to undertake an audit of each program or project funded by TFCA, regardless of whether the project is completed or not. The audit shall be conducted by an independent audit firm selected by the District.

Condition:

The District past practice was to undertake an audit on the completed projects only, resulting some programs and projects were not being audited at least once every two years.

Questioned Costs:

Not applicable.

Context and Effect:

Because of the failure to undertake an audit in a timely manner, the District may not aware if the programs or projects funded by TFCA program were spent in accordance with AB434, and therefore, the District may not take appropriate corrective action on the noncompliance; in a timely manner.

Recommendation:

We recommend that the District hire an independent firm to perform an audit of all projects that were not audited in the past to ensure that the District is in compliance with all the requirements stated in AB434.

District Response:

The District concurs. As a point of clarification, the focus of TFCA audits was on closed projects for two fiscal years only (2002-03 and 2003-04). TFCA audits were in compliance for all other fiscal years.

The District has issued a formal Request for Proposal (RFP) for TFCA Audit services. The scope of this audit is for all TFCA funded projects that have not been audited since June 30, 2004.. This will bring the District into compliance with AB434.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Memorandum

To: Chairperson Daly and Members
of the Budget and Finance Committee

From: Jack Broadbent
Executive Officer/APCO

Date: May 18, 2006

Re: District Response to Audit Findings for Fiscal Year 2004/2005

RECOMMENDED ACTION:

Informational report. Receive and file.

DISCUSSION:

District staff will present the response to the auditor's findings.

BUDGET CONSIDERATION/FINANCIAL IMPACT:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 31, 2006

Re: Report of the Personnel Committee Meetings of May 31, 2006 and June 7, 2006

RECOMMENDED ACTION:

The Committee recommends the appointment of Rolph Lindenhayn as the regular member for the Attorney Member category and the appointment of Jade J. Pyle, M.D. as the alternate member for the Medical Profession Member category to the District Hearing Board. Each appointment is for a 3-year term of office. The Attorney Member term ends June 3, 2009 and the alternate Medical Profession Member will fill an unexpired term ending April 14, 2007. The Committee will meet at 9:30 a.m., Wednesday, June 7, 2006 to conclude interviews for the alternate Attorney Member category.

BACKGROUND:

Pursuant to Section 40800 of the California Health and Safety Code the District is required to maintain a Hearing Board consisting of five members. Further, section 40801 requires that one of the Hearing Board members be admitted to the practice of law in this state. Section 40800 allows the District to appoint one alternate for each member of the Hearing Board with the same qualifications specified in Section 40801. The alternate serves for the same term as the member.

DISCUSSION:

The Personnel Committee met May 31, 2006 to conduct interviews of candidates to fill the regular and alternate Attorney Member positions and the alternate Medical Profession position. Based on the Committee's review of each candidate's background and responses to interview questions, the Personnel Committee is recommending to the full Board of Directors that Rolph Lindenhayn be selected for the regular Attorney Member position and that Jade J. Pyle, M.D. be selected for the alternate Medical Profession position. The recommended selections are from a pool of six candidates for the regular and alternate positions.

The Personnel Committee met June 7, 2006 to interview one candidate for the alternate Attorney Member position. The candidate was unable to appear for the interview on May

31, 2006 due to a medical emergency. If the candidate is unavailable for the rescheduled interview, the Committee will consider making a recommendation for the alternate attorney position from among the candidates who have already been interviewed.

Chairperson Kwok will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACTS:

None.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Mary Romaidis
Approved by: Mary Ann Goodley

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Kwok and Members
of the Personnel Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 19, 2006

Re: Conduct Interviews of Candidates to Fill the Regular and Alternate Attorney
Positions and the Alternate Medical Profession Position on the District
Hearing Board

RECOMMENDED ACTION:

Conduct interviews and consider recommending Board of Director approval of appointments of candidates to fill one regular Attorney position, one alternate Attorney position and one alternate Medical Profession position on the District Hearing Board.

BACKGROUND:

Pursuant to Section 40800 of the California Health and Safety Code the District is required to maintain a Hearing Board consisting of five members. Further, section 40801 requires that one of the members is licensed to practice law in California and one of the members is from the medical profession with specialized skills, training, or interests in the field of environmental medicine, community medicine, or occupational/toxicological medicine. Section 40800 also allows the District to appoint one alternate member for each of the position categories, provided that the alternate has the qualifications specified in Section 40801.

DISCUSSION

The Hearing Board currently has 3 vacancies: one regular Attorney position, one alternate Attorney position and one alternate Medical Profession position. There are 5 candidates for regular and alternate Attorney positions and 2 candidates for the alternate Medical Profession position. All candidates will be interviewed on May 31, 2006. The interviews will begin at 9:40 am. The length of each interview will be approximately fifteen minutes.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: June 1, 2006

Re: Report of the Public Outreach Committee Meeting of May 31, 2006

RECOMMENDED ACTION

For information only.

BACKGROUND

The Public Outreach Committee met on Wednesday, May 31, 2006 and received two reports: an update of current Spare the Air/Free Fare public outreach activities and a visual presentation of the video advertising produced to publicize the summertime Spare the Air/Free Fare campaign.

Attached are the staff reports presented to the Committee.

Chairperson Brad Wagenkencht will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funding for the aforementioned outreach programs is included in the 2005/2006 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Luna Salaver
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Wagenknecht and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 19, 2006

Re: Spare the Air Program Overview

RECOMMENDED ACTION

For information only.

BACKGROUND

Staff will update the Committee on the 2006 *Spare the Air/Free Fare* campaign.

DISCUSSION

The Air District, Metropolitan Transportation Commission (MTC) and 23 participating transit operators have partnered to implement the expanded *Spare the Air/Free Fare* program, which begins on Thursday, June 1, 2006. On the first three nonholiday Spare the Air weekdays, participating operators will offer free rides, all day, to people commuting in the Bay Area. The campaign ends on Friday, October 13, 2006.

The campaign features comprehensive advertising, media and employer partnering strategies. The first *Spare the Air* ad was aired at the May 21, 2006 A's versus Giants game in Oakland. On May 31, 2006, the District, MTC and several of the transit partners will publicly announce the details of the program at a press conference on Treasure Island.

Media and Advertising Update – The highest priority for the media campaign is to ensure reporting of *Spare the Air* advisories on radio and television stations and in newspapers. The goal of the 2006 advertising campaign is to raise awareness of the Air District and the *Spare the Air* program, maintain healthy air in the region and encourage commuters to drive less and use public transit more. New television and radio spots publicizing the summertime ozone issue and promoting the *Spare the Air/Free Fare* program will air on NBC11, KQED and Comcast cable channels. New radio spots will air on morning shows such as Alice 93.7, KFOG, and KCBS. There will also be bus signs, billboards, some wrapped buses and signage in all BART stations, featuring the new, bold graphics created for the *Spare the Air/Free Fare* program. New this year are Geo-targeted internet ads on Google, Fandango and Comcast.net.

Employer Program – The Air District has obtained commitments from several large employers in the region to heighten free fare outreach to their employees. These employer

partners include Agilent in Santa Rosa, Yahoo in Santa Clara, Sandia Labs in Alameda County and UCSF in San Francisco.

Web sites - By May 31, 2006, the Spare the Air web page--www.sparetheair.org—will be live to reflect the summer program. This page will be linked to the Air District website; www.baaqmd.gov, MTC and the 23 transit operators' websites as well.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funds for the advertising, media and employer campaigns have been allocated in the 2005-06 budget and are proposed for continuation in the 2006-07 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Luna Salaver
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chairperson Wagenknecht and Members
of the Public Outreach Committee

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 19, 2006

Re: Advertising for Spare the Air

RECOMMENDED ACTION

For information only.

DISCUSSION

Staff will present the latest Spare the Air/Free Fare outreach material to the Committee. This presentation will include taped radio ads and interviews and two versions of the television ads.

BUDGET CONSIDERATION/FINANCIAL IMPACT

Funds for the advertising and media campaign have been allocated in the 2005-06 budget and are proposed for continuation in the 2006-07 budget.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Luna Salaver
Reviewed by: Jack M. Colbourn

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 31, 2006

Re: Report of the Ad Hoc Committee on Climate Protection Meeting of June 1, 2006

RECOMMENDED ACTIONS

The Ad Hoc Committee on Climate Protection may recommend Board approval of the following:

- A) Approval of URS Corporation as the contractor to conduct a study on Greenhouse Gas Mitigation; and
- B) Authorization for the Executive Officer to execute a contract with the selected contractor for an amount not to exceed \$100,000 to conduct the study.

DISCUSSION

The Ad Hoc Committee on Climate Protection will meet Thursday, June 1, 2006. The attached items listed above will be presented by staff during that meeting. In addition, staff will provide the Committee with a status report on District climate protection activities, and a representative of the California Climate Action Team will provide a summary to the Committee of recent State climate protection activities.

Chair Gayle B. Uilkema will give an oral report of the meeting.

BUDGET CONSIDERATION/FINANCIAL IMPACTS

None

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and
Members of the Ad Hoc Committee on Climate Protection

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 25, 2006

Re: Selection of Contractor for Greenhouse Gas Mitigation Study

RECOMMENDED ACTION

- 1) Recommend Board of Directors approval of URS Corporation as the contractor to conduct a study on Greenhouse Gas Mitigation.
- 2) Recommend Board of Directors authorization for the Executive Officer to execute a contract with the selected contractor for an amount not to exceed \$100,000 to conduct the study.

BACKGROUND

On June 1, 2005 the District Board of Directors adopted a resolution establishing a Climate Protection Program that acknowledges the link between climate change and existing programs designed to reduce air pollution. Since then District staff has identified a number of initiatives designed to reduce greenhouse gas (GHG) emissions in the Bay Area. As part of its future efforts to address climate change, the District intends to gather information regarding currently available or emerging processes or technologies that could reduce greenhouse gas emissions from stationary sources currently subject to the District's permitting requirements. On April 17, 2006, the Air District issued a Request for Proposal (RFP) seeking a contractor to conduct a study on greenhouse gas mitigation measures specific to the types of stationary sources operating in the Bay Area.

DISCUSSION

The overall goal of the study is to provide the District with a comprehensive inventory and evaluation of technologies and processes available for the reduction of greenhouse gas emissions by stationary sources that the District currently regulates. The study will identify additional or alternative processes and technologies that can be implemented to reduce greenhouse gas emissions from stationary sources, and will further evaluate and compare the identified technologies and processes to one another and to the technologies and processes currently in use at stationary sources. The comparison will include: greenhouse gas emission reduction benefit; capital, installation, implementation, operational and maintenance costs; key uncertainties associated with costs analyzed; challenges to

implementation, operation, and maintenance; additional air quality benefits and disbenefits (e.g., decreases or increases in other pollutants) for criteria pollutants and toxics; and any other benefits and/or disbenefits to using said technologies or processes.

On April 17, 2006, the District issued an RFP seeking a contractor to conduct a study on greenhouse gas mitigation. The RFP was mailed to over 100 firms, posted on the Air District’s website, and e-mailed to the California Climate Action Registry’s technical providers and certifiers. A bidder’s conference was held at the District office on May 8, 2006 to respond to questions on the content of the RFP. Sixteen individuals attended the bidder’s conference.

The District received seven proposals in response to the RFP by the May 17, 2006, 5:00 PM deadline. The proposals were submitted by:

<u>Name</u>	<u>Office Location</u>
ICF Consulting	San Francisco, CA
KEMA	Oakland, CA
Ryerson, Master and Associates, Inc.	Santa Barbara, CA
Science Applications International Corp.	Oakland, CA
TETRA TECH EM Inc.	San Francisco, CA
TIAX LLC	Cupertino, CA
URS Corporation	Oakland, CA

Evaluation of Proposals

The RFP set forth technical and cost criteria to be used in evaluating qualifications. A point value was assigned to each criterion or category as indicated below:

- Clarity and comprehensiveness of the proposal 30
- Technical expertise and experience 20
- Project Management Staffing 20
- Previous experience 10
- Cost 20

In addition, companies were encouraged to submit information on their green business practices.

Staff derived a point value for each proposal by considering relevant factors for each category. This involved aspects such as study design and workplan; experience in similar studies; familiarity with local source categories and facilities; program scheduling; project orientation; completeness and timeliness of the submittal; proposal format; project management and staff within the firm and office location; technical expertise and background of the assigned personnel; number of hours assigned to each staff and task; and additional available resources. In addition, staff considered the green business practices of each firm, including participation in the Climate Action Registry, member of EPA’s Green Power Partnership, and registration with the District’s Spare the Air program.

All seven of the firms were well qualified. Based on the scoring system and criteria discussed above, staff ranked the proposals. The table below shows the evaluation criteria

and each firm’s score for each criterion. ICF and URS were closely ranked and consistently scored the highest in all criteria. These two firms were chosen for an interview due to the closeness of their rankings. All firm’s bid came in at under \$100,000. URS received the highest score for cost based on a commitment to attend the additional meetings specified in the RFP and an option to conduct a stakeholder engagement workshop. The costs of the meetings and workshop were included in the bid price. Based on the evaluations of the proposals and the responses to interview questions, URS Corporation was selected as the top candidate.

Scoring of Proposals

CRITERIA	COMPANY						
	ICF International	KEMA	Ryerson, Master and Associates, Inc.	Science Applications International Corp (SAIC)	TETRA TECH EM Inc.	TIAX LLC.	URS
Responsiveness of the proposal clearly stating an understanding of the work to be performed and comprehensiveness of the proposal to address the objective. (30 points):	29	20	20	22	15	24	29
Technical expertise; overall experience and innovative solutions and accomplishments of the consulting team. (20 points):	20	14	14	14	17	16	20
Project management staffing (20 points):	17	15	14	15	14	15	17
Previous experience; past performance of the bidder on work previously done for an air pollution control district or similar governmental agencies. (10 points):	9	8	8	9	8	8	9
Cost (20 points):	18	18	18	18	18	18	20
Total Points	93	75	74	78	72	81	95

BUDGET CONSIDERATION/FINANCIAL IMPACT

The RFP is for a fixed price contract not to exceed \$100,000. On April 5, 2006, the Board of Directors approved an amendment to the FY 2005/2006 Budget by increasing the Penalties and Settlements General Fund Revenue by \$100,000, and by correspondingly increasing the Professional Services & Contracts budget for Climate Protection (Program 608) by \$100,000.

Respectfully submitted,

Jack P. Broadbent
Executive Officer / APCO

Prepared by: Alex Ezersky
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Uilkema and Members
of the Ad Hoc Committee on Climate Protection

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 25, 2006

Re: Status Report on District Climate Protection Activities

RECOMMENDED ACTION

None. For information only.

BACKGROUND

At the February 23 meeting of the Ad Hoc Committee on Climate Protection, staff presented the six initiatives of the District's Climate Protection Leadership Program, designed to reduce greenhouse gas emissions and support climate protection efforts in the Bay Area. These initiatives include:

- Climate Protection Summit
- GHG Technology RFP
- Bay Area GHG Emission Inventory
- Promotion of Energy Efficiency
- In-house GHG Emission Reductions
- Green Schools
- Integration into Existing District Programs

DISCUSSION

Staff will present to the Committee an update on the implementation of the District's Climate Protection initiatives.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ana Sandoval
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Uilkema and Members
of the Ad Hoc Committee on Climate Protection

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 25, 2006

Re: Report on Recent State Climate Protection Activities

RECOMMENDED ACTION

None. For information only.

BACKGROUND

In June 2005 Governor Schwarzenegger signed an Executive Order establishing greenhouse gas emission reduction targets for the state of California. The Governor also directed Cal/EPA and other State agencies to convene the multi-agency Climate Action Team, which prepared a report outlining strategies to reduce California greenhouse gas emissions.

DISCUSSION

A representative from the Climate Action Team will deliver a presentation on the recommendations in the report and recent State activities, including:

- Background on the Governor's emission reduction targets.
- Highlights of the Climate Action Team Final Report to the Governor.
- Key implementation strategies
- Outreach currently in progress and next steps.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Ana Sandoval
Reviewed by: Henry Hilken

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 30, 2006

Re: Public Hearing to Consider Adoption of Proposed Amendments to Regulation
3: Fees, and Approval of the Filing of a CEQA Notice of Exemption

RECOMMENDED ACTION:

Staff recommends that the Board take the following actions:

- A) Adopt proposed amendments to Regulation 3: Fees; and
- B) Approve the filing of a CEQA Notice of Exemption.

BACKGROUND

The District collects fees to pay for the costs of implementing and enforcing regulatory programs to reduce air pollution from stationary sources. A study of fee revenue, and regulatory program activity costs, was completed for the District last year by the accounting firm Stonefield Josephson, Inc. (*Bay Area Air Quality Management District Cost Recovery Study, Final Report; March 30, 2005*). This 2005 Cost Recovery Study concluded that, on an overall basis, existing fee revenue is far less than regulatory program activity costs. For example, for FY 2003-04, the deficit between costs and revenue, after allocation of direct and indirect expenses, was approximately \$13 million. The Study recommended that, if this revenue gap is to be reduced, fees should be increased by more than annual cost of living adjustments over a period of time.

Staff has proposed amendments to the District's fee regulation for the upcoming FY 2006-07 that are similar to those that were adopted by the Board last year following completion of the 2005 Cost Recovery Study. The proposed amendments would enable the District to address increasing regulatory program activity costs, reduce the cost recovery gap, and more equitably collect fee revenue amongst fee payers.

DETAILS OF PROPOSED FEE AMENDMENTS

The proposed fee amendments would increase projected revenue for FY 2006-07 by approximately \$1.8 million relative to the current fiscal year, representing an increase in overall fee revenue of about 8½ percent. (For reference, there was a 2.1 percent increase in the annual Consumer Price Index for the California Bay Area from calendar year 2004 to 2005, as reported by the California Department of Industrial Relations, Division on Labor

Statistics and Research). Staff requests that the proposed fee amendments be made effective on July 1, 2006.

Individual Fee Schedules would be amended based on the magnitude of the cost recovery gap identified in the 2005 Cost Recovery Study. Fee Schedules with the largest cost recovery gaps would be increased by 15 percent; Schedules with less significant gaps, and most administrative fees, would be increased by five percent; Schedules with no cost recovery gaps would not be increased. The proposed changes in each Fee Schedule are listed as follows.

Fee Schedule	Title	Fee Change
Schedule A	Hearing Board	15% increase
Schedule B	Combustion of Fuels	5% increase
Schedule C	Stationary Containers for the Storage of Organic Liquids	No change
Schedule D	Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants and Terminals	15% increase
Schedule E	Solvent Evaporating Sources	15% increase
Schedule F	Miscellaneous Sources	15% increase
Schedule G1	Miscellaneous Sources	15% increase
Schedule G2	Miscellaneous Sources	5% increase
Schedule G3	Miscellaneous Sources	No change
Schedule G4	Miscellaneous Sources	No change
Schedule H	Semiconductor and Related Operations	15% increase
Schedule I	Dry Cleaners	15% increase
Schedule K	Solid Waste Disposal Sites	15% increase
Schedule L	Asbestos Operations	No change
Schedule M	Major Stationary Source Fees	15% increase
Schedule N	Toxic Inventory Fees	5% increase
Schedule P	Major Facility Review Fees	15% increase
Schedule Q	Excavation of Contaminated Soil and Removal of Underground Storage Tanks	No change

BUDGET CONSIDERATION/FINANCIAL IMPACTS

The proposed fee amendments would increase projected revenue for FY 2006-07 by approximately \$1.8 million relative to the current fiscal year. With these increased revenues, the District has prepared a balanced budget for FY 2006-07, which does not require transfers from the Undesignated Reserve Fund.

Respectfully submitted,

Jack P. Broadbent
Executive Officer / APCO

Prepared by: Brian Bateman
Reviewed by: Peter Hess



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

STAFF REPORT
JUNE 2006

**PROPOSED AMENDMENTS TO
BAAQMD REGULATION 3: FEES**

**Engineering Division
Bay Area Air Quality Management District**

1. EXECUTIVE SUMMARY

The Bay Area Air Quality Management District (“the District”) is continuing an annual process of realigning fees to more fully recover the District’s costs of regulatory programs. A Cost Recovery Study completed last year indicates that a significant cost recovery gap still exists. For example, for fiscal year (FY) 2003-04, fee revenue covered only about 60 percent of the direct and indirect costs of air quality programs related to regulated sources, leaving a gap of approximately \$13 million to be filled with property tax revenue. Projections for the upcoming FY 2006-07 indicate that the cost recovery gap has increased to about \$17 million.

For FY 2006-07, the staff is proposing amendments to the fee regulation that would increase revenue to enable the District to address increasing regulatory program activity costs, and reduce the cost recovery gap. The District also will continue to identify and implement measures to improve efficiency and contain costs. On an overall basis, the proposed fee amendments would increase fee revenue by approximately \$1.8 million from projected revenue levels in the current fiscal year, representing an increase of about 8½ percent. For reference, the increase in the Consumer Price Index (CPI) that occurred in the Bay Area from 2004 to 2005 was 2.1 percent.

The District is proposing to amend a number of individual Fee Schedules based on the magnitude of the cost recovery gap identified in the Cost Recovery Study in a manner that mirrors the amendments that were adopted last year for fees collected for the fiscal year beginning July 1, 2005. Fee Schedules with the largest cost recovery gaps would be increased by 15 percent; schedules with less significant gaps, along with most administrative fees, would be increased by five percent; schedules with no cost recovery gaps would not be increased. The proposed effective date of the amendments to the District’s fee regulation is July 1, 2006.

2. BACKGROUND

State law authorizes the District to assess fees to generate revenue to cover regulatory program activity costs (i.e., the District’s direct and indirect expenditures for personnel, services and supplies, and capital outlay, related to implementing and enforcing air quality programs affecting stationary sources of air pollution). The largest portion of fees is collected under provisions that allow the District to impose permit fees sufficient to cover the full costs of programs related to permitted sources. (Health and Safety Code section 42311(a) and (f).) The District has established, and regularly updates, a fee regulation (District Regulation 3: Fees) under these authorities. Currently, approximately one-third of the District’s general fund operating budget is derived from fees imposed in accordance with this regulation.

From time to time, the District has considered whether these fees result in the collection of a sufficient and appropriate amount of revenue in comparison to the cost of related program activities. In 1999, a comprehensive review of the District's fee structure and revenues was completed by the firm KPMG Peat Marwick LLP (*Bay Area Air Quality Management District Cost Recovery Study, Final Report: Phase One – Evaluation of Fee Revenues and Activity Costs; February 16, 1999*). The 1999 Cost Recovery Study indicated that fee revenue did not nearly offset the full costs of program activities associated with sources subject to fees as authorized by State law. Property tax revenue (and in some years, fund balances) had consistently been used to close this cost recovery gap.

The District approved an across-the-board fee increase of 15 percent – the maximum allowed by law – for FY 1999-00 as a step toward more complete cost recovery. In each of the next five years, the District adjusted fees only to account for inflation. For FY 2004-05, the District also approved further increases in Title V fees, and a new processing fee for renewals of permits to operate.

In 2004, the District's Board of Directors approved funding for an updated Cost Recovery Study. The accounting firm Stonefield Josephson, Inc. completed this study in March 2005 (*Bay Area Air Quality Management District Cost Recovery Study, Final Report; March 30, 2005*). The 2005 Cost Recovery Study indicated that a significant cost recovery gap still exists. In fact, the study showed that for the most recent year analyzed (FY 2003-04), fee revenue covered only about 60 percent of direct and indirect program activity costs, leaving a gap of approximately \$13 million to be filled with property tax revenue.

It should be noted that, for each of the years analyzed in the 2005 Cost Recovery Study (i.e., FY 2001-02, FY 2002-03, and FY 2003-04), the personnel costs associated with the District's PERS pension plan were very low as excess assets were being used for the payment of employer contributions (i.e., "superfunding" status). The average annual District PERS costs during this three-year period was only about \$15,000. Due to the end of superfunding status, the District's PERS-related costs increased significantly in FY 2004-05 to about \$1.7 million, and to an estimated \$4.7 million in FY 2005-06. For the upcoming FY 2006-07, the District's PERS-related costs are expected to be \$4.5 million.

These increased personnel costs have had the effect of increasing the cost recovery gap in recent years, in dollar-terms, beyond what was indicated in the 2005 Cost Recovery Study. District staff has recently estimated the cost recovery gap for the three years following FY 2003-04, including projections for FY 2005-06 and FY 2006-07. For the current FY 2005-06, the cost recovery gap is estimated to be about \$17 million. For the upcoming FY 2006-07, the cost recovery gap is estimated to be slightly lower than in the current fiscal year, assuming that the fee increases that are proposed by staff are adopted. On a percentage basis, the projected FY 2006-07 cost recovery gap would be about the same as it was in FY 2003-04 (i.e., fee revenue would cover just under 60 percent of program activity costs).

For FY 2006-07, District staff is proposing amendments to Regulation 3 that would increase fee revenue to enable the District to address increasing regulatory program activity costs, and to reduce the cost recovery gap. The District also recognizes the need to take steps on a continuous basis to improve efficiency and contain costs, and has included a number of such measures in the proposed FY 2006-07 budget. Overall the proposed fee amendments would increase fee revenue by approximately \$1.8 million from projected revenue levels in the current fiscal year, representing an increase of about 8½ percent. For reference, the increase in the CPI that occurred in the Bay Area from 2004 to 2005 was 2.1 percent.

Projected fee revenue for FY 2006-07 is provided in Table 1. These figures are approximations, as accurate projections of fee revenues are very difficult because of many factors including fluctuations in industrial activities.

Table 1. Projected Fee Revenue for FY 2006-07

Permit Fees	
New & Modified Permit Fees, Permit to Operate Renewal Fees, Title V Fees	\$20,843,000
Other Fees	
AB 2588 Fees (excluding State pass-through)	\$525,000
Asbestos, Soil Excavation, and Landfill Notification Fees	\$1,617,000
Hearing Board Fees	\$70,000
Total	\$23,055,000

2. PROPOSED FEE AMENDMENTS FOR FY 2006-07

2.1 OVERVIEW OF PROPOSED AMENDMENTS

The District's fee proposal is based largely on the results and recommendations of the 2005 Cost Recovery Study. The details are summarized as follows.

1. The following Fee Schedules, which the Cost Recovery Study indicates have the largest revenue gaps (i.e., costs exceeding revenue by more than 50 percent for the period July 1, 2001 – June 30, 2004), would be increased by 15 percent:

Schedule A: Hearing Board

Schedule D: Gasoline Transfer at Gasoline Dispensing Facilities, Bulk Plants and Terminals

Schedule E: Solvent Evaporating Sources
Schedule F: Miscellaneous Sources
Schedule G1: Miscellaneous Sources
Schedule H: Semiconductor and Related Operations
Schedule I: Dry Cleaners
Schedule K: Solid Waste Disposal Sites (except for fees for Evaluation of Reports and Questionnaires, which would not be increased)
Schedule P: Major Facility Review Fees

2. The following Fee Schedules, which the Cost Recovery Study indicates have less significant revenue gaps (i.e., costs exceeding revenue by between 15 and 50 percent for the period July 1, 2001 – June 30, 2004), would be increased by 5 percent:

Schedule B: Combustion of Fuels
Schedule G2: Miscellaneous Sources
Schedule N: Toxic Inventory Fees

3. The following Fee Schedules, which the Cost Recovery Study indicates have no revenue gaps (for the period July 1, 2001 – June 30, 2004), would not be increased:

Schedule C: Stationary Containers for the Storage of Organic Liquids
Schedule G3: Miscellaneous Sources
Schedule G4: Miscellaneous Sources
Schedule L: Asbestos Operations
Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks

4. The fees in Schedule M: Major Stationary Source Fees, would be increased by 15 percent. This will partially compensate for emissions inventory reductions at affected facilities that do not necessarily manifest themselves in less costly programs, but which have resulted in decreasing fee revenue from this emissions-based Fee Schedule.

5. The following administrative fees would be increased by 5 percent:

Section 3-302: New and modified source filing fee
Section 3-309: Duplicate permit fee
Section 3-311: Banking filing fee and withdrawal fee
Section 3-312: Regulation 2, Rule 9 Alternative Compliance Plan fee
Section 3-327: Permit to Operate renewal processing fee
Section 3-329: Fee for Risk Screening (base fee for each application specified in the applicable Fee Schedule)

6. The fees in Section 3-405: Fees Not Paid would be reduced to match the late payment fees that the District has been charging for many years as a matter of

administrative policy. That is, an additional 10 percent of the invoice amount if payment is made not more than 30 days after the due date, and an additional 50 percent thereafter.

2.2 PROPOSED RULE AMENDMENTS

The complete text of the proposed changes to District Regulation 3: Fees, has been prepared in strikethrough (deletion of existing text) and underline (new text) format, and is included in Appendix A. A description of the proposed amendments follows.

- **Section 3-302: Fees for New and Modified Sources**

The proposed amendment for Section 3-302 is a 5 percent increase in the filing fee for permit applications (rounded to the nearest whole dollar), which would be increased from \$272 to \$286.

- **Section 3-309: Duplicate Permit**

The proposed amendment for Section 3-309 is a 5 percent increase in the fee for a duplicate Permit to Operate (rounded to the nearest whole dollar), which would be increased from \$55 to \$58 per permit.

- **Section 3-311: Banking**

The proposed amendment for Section 3-311 is a 5 percent increase in the filing fee for banking applications (rounded to the nearest whole dollar), which would be increased from \$272 to \$286.

- **Section 3-312: Emission Caps and Alternative Compliance Plans**

No change in regulatory language is proposed for Subsection 312.1, which requires an additional annual fee equal to 15 percent of the facility's Permit to Operate fee for facilities that elect to use an Alternative Compliance Plan (ACP) for compliance with Regulation 8, or Regulation 2, Rule 2. These ACP fees would increase along with any increase in a facility's Permit to Operate renewal fees for sources in Schedules B, D, E, F, G-1, G-2, H, K, and I.

The proposed amendment for Subsection 3-312.2 is a 5 percent increase in the annual fee (rounded to the nearest whole dollar) for a facility that elects to use an Alternative Compliance Plan (ACP) contained in Regulation 2, Rule 9: Interchangeable Emission Reduction Credits. The fee for each source included in the ACP would be increased from \$687 to \$721, and the maximum fee would be increased from \$6,869 to \$7,212.

- Section 3-320: Toxic Inventory Fees

The maximum toxic inventory fee specified in Subsection 3-320.1 would be increased by 5 percent (rounded to the nearest whole dollar) from \$6,251 to \$6,564.

- Section 3-327: Permit to Operate, Renewal Fees

The proposed amendment for Section 3-327 is a 5 percent increase in the processing fee (rounded to the nearest whole dollar) for a facility for renewal of Permits to Operate.

- Section 3-329: Fee for Risk Screening

No change in regulatory language is proposed for Section 3-329, Fee for Risk Screening. Increases in risk screening fees are instead specified in Schedules B, C, D, E, F, G-1, G-2, H, I, and K. For each applicable fee schedule, the base fee for each application that requires a Health Risk Screening Analysis would be increased by 5 percent. The portion of the risk screening fee that is based on the type of source involved would be increased by 5 percent for sources covered by Schedules B and G-2 and by 15 percent for sources covered by Schedules D, E, F, G-1, H, I, and K. There would be no increase for sources covered by Schedules C, G-3, and G-4.

- Section 3-405: Fees Not Paid

In the early 1990's, the District had plans to establish a facility account system that would allow fee payers to maintain a balance in an account that could be debited for payment of fees or other types of payments due to the District. At that time, the late fees resulting from delinquent payment of invoices was increased substantially in Section 3-405. As a matter of administrative policy, the District chose to not charge these increased late fees until a facility account system could be implemented.

The District has never established a facility account system, and is now proposing to change the fees resulting from late payment of invoices back to what they were prior to being increased. Subsections 405.2.1 and 405.3.1 would require a 10 percent late fee for fees paid during the first 30 days following the invoice due date. Subsections 405.2.2 and 405.3.2 would require a 50 percent late fee for fees paid more than 30 days following the invoice due date. Subsection 405.3.3, which currently specifies a reinstatement fee of 150 percent for fees paid more than one year following the invoice due date, would be deleted.

- Fee Schedules

The fees contained in each Fee Schedule in Regulation 3 would be increased by either 5 percent or 15 percent (rounded to the nearest whole dollar, in most cases)

as summarized in Section 2.1 of this report, with the exception of the following fee schedules, which would have no increase in fees: Schedule C: Stationary Containers for the Storage of Organic Liquids, Schedule G3: Miscellaneous Sources, Schedule G4: Miscellaneous Sources, Schedule L: Asbestos Operations, and Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks.

Fees for Schedule N: Toxic Inventory Fees, are calculated by a formula that includes the fee revenue that is to be collected for District purposes, as well as the fee revenue that is to be passed through to the State to recover State agency costs related to the Air Toxics Hot Spots Program. The District portion of variable F_T , the total amount of fees to be collected, used to calculate fees for Schedule N is proposed to be increased by 5 percent. This change does not require any modifications to the language of Schedule N. (The smaller State portion of F_T established by the California Air Resources Board is expected to be unchanged in FY 2006-07).

3. PROJECTED FEE REVENUE AND COSTS OF PROGRAM ACTIVITIES

With the proposed fee amendments, the District's total projected fee revenue for FY 2006-07 is about \$23 million. The 2005 Cost Recovery Study indicated that, for the last complete fiscal year analyzed (FY 2003-04), the District's total regulatory program activity costs were approximately \$32.5 million (\$21.8 million in direct costs, and \$10.7 million in indirect costs). District staff has projected the regulatory program activity costs for FY 2006-07 to be about \$40 million. This includes the increased costs associated with the District's pension plan that were described in Section 2 of this report.

4. STATUTORY AUTHORITY FOR PROPOSED FEE INCREASES

State law authorizes air districts to adopt fee schedules to cover the costs of various air pollution programs. Health & Safety Code section 42311(a) provides authority for an air district to collect permit fees to cover the costs of district programs related to permitted stationary sources. These fees may not exceed the actual cost of permit programs in the preceding year with an adjustment for an increase in the CPI. Subject to similar limitations, Health & Safety Code section 42311(f) further authorizes the District to assess additional permit fees to cover the costs of programs related to toxic air contaminants. Health & Safety Code section 41512.7 limits the allowable percentage increase in fees for authorities to construct and permits to operate (i.e., operating/new and modified permit fees) to 15 percent per year.

Health & Safety Code section 42311(g) authorizes air districts to adopt a schedule of fees to be assessed on areawide or indirect sources of emissions, which are regulated but for which permits are not issued by the district, to recover the costs of

district programs related to these sources. This section provides the authority for the District to collect asbestos, soil excavation and landfill fees.

Health & Safety Code section 44380(a) authorizes the air district to adopt a fee schedule, which recovers the costs to the district and the State of the Air Toxics Hot Spots Program (AB 2588).

Health & Safety Code section 42311(h) authorizes air districts to adopt a schedule of fees to cover the reasonable costs of the Hearing Board incurred as a result of appeals from district decisions on the issuance of permits. Section 42364(a) provides similar authority to collect fees for the filing of applications for variances or to revoke or modify variances.

The proposed fee amendments are in accordance with all applicable authorities provided in the California Health and Safety Code. Based on the results of the 2005 Cost Recovery Study, permit fee revenue following the proposed amendments would still be far below the District's direct and indirect program activity costs associated with regulatory programs covering permitted sources. Similarly, Hearing Board fee revenue will still be far below the District's program activity costs associated with Hearing Board activities related to variances and permit appeals. No increases in fees are proposed for those asbestos, soil excavation and landfill regulatory activities that are not permitted.

5. ASSOCIATED IMPACTS AND OTHER RULE DEVELOPMENT REQUIREMENTS

5.1 EMISSIONS IMPACTS

There will be no direct air emission increases or decreases as a result of the proposed fee amendments.

5.2 ECONOMIC IMPACTS

The District must, in some cases, consider the socioeconomic impacts and incremental costs of proposed rules or amendments. Section 40728.5(a) of the California Health and Safety Code requires that socioeconomic impacts be analyzed whenever a district proposes the adoption, amendment, or repeal of a rule or regulation that will significantly affect air quality or emissions limitations. The proposed fee amendments will not significantly affect air quality or emissions limitations, and so a socioeconomic impact analysis is not required.

Section 40920.6 of the California Health and Safety Code specifies that a district is required to perform an incremental cost analysis for a proposed rule, if the purpose of the rule is to meet the requirement for best available retrofit control technology or for a feasible measure. The proposed fee amendments are not best available

retrofit control technology requirements, nor are they a feasible measure required under the California Clean Air Act. Therefore, an incremental cost analysis is not required.

The impact of the proposed fee amendments on small businesses is expected to be minimal. Many small businesses operate only one or two sources, and generally pay only the minimum permit renewal fees. Table 2 provides a summary of typical annual permit renewals fees projected for FY 2006-07 for various size dry cleaners, auto body shops, and gasoline stations, along with the increase in renewal fees relative to the current FY 2005-06.

Table 2. Projected Typical Annual Permit Renewal Fees for FY 2006-07, and Increases in Renewal Fees Relative to the Current Fiscal Year

	Small		Medium		Large	
Permit Fees	Total Fee	Increase	Total Fee	Increase	Total Fee	Increase
Dry Cleaner	\$371	\$28	\$486	\$39	\$1784	\$118
Auto Body Shop	\$229	\$26	\$229	\$26	\$456	\$51
Gasoline Station	\$577	\$68	\$1099	\$134	\$1620	\$199

5.3 ENVIRONMENTAL IMPACTS

The California Environmental Quality Act (CEQA), Public Resources Code section 21000 et seq., and the CEQA Guidelines, 14 CCR 15000 et seq., require a government agency that undertakes or approves a discretionary project to prepare documentation addressing the potential impacts of that project on all environmental media. Certain types of agency actions are, however, exempt from CEQA requirements. The proposed fee amendments are exempt from the requirements of the CEQA under Section 15273 of the CEQA Guidelines, which state: "CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies..." (See also Public Resources Code Section 21080(b)(8)).

Section 40727.2 of the Health and Safety Code imposes requirements on the adoption, amendment, or repeal of air district regulations. It requires a district to identify existing federal and district air pollution control requirements for the equipment or source type affected by the proposed change in district rules. The district must then note any differences between these existing requirements and the requirements imposed by the proposed change. This fee proposal does not impose a new standard, make an existing standard more stringent, or impose new or more stringent administrative requirements. Therefore, section 40727.2 does not apply.

5.4 STATUTORY FINDINGS

Pursuant to Health and Safety Code, section 40727, regulatory amendments must meet findings of necessity, authority, clarity, consistency, non-duplication, and reference. The proposed amendments to Regulation 3 are:

- Necessary to fund the District's efforts to attain and maintain federal and state air quality standards, and to reduce public exposure to toxic air contaminants;
- Authorized by Health and Safety Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9;
- Clear, in that the amendments are written so that the meaning can be understood by the affected parties;
- Consistent with other District rules, and not in conflict with any state or federal law;
- Not duplicative of other statutes, rules or regulation; and
- Implements and references Health and Safety Code sections 42311, 42311.2, 41512.7, 42364, 44380 and 40 CFR Part 70.9.

6. RULE DEVELOPMENT PROCESS

On March 30, 2006, the District issued a notice for a public workshop to discuss with interested parties an initial proposal to increase District fees. Distribution of this notice included all District-permitted facilities.

The workshop was held on April 21, 2006. Five members of the public attended. On May 8, 2006, the District issued a Public Hearing Notice. The Public Hearing to consider adoption of the regulation amendments is scheduled for June 7, 2006.

Under State law, amendments to fees for non-permitted sources require two public hearings that are held at least 30 days apart from one another. This provision applies to Schedule L: Asbestos Operations, and Schedule Q: Excavation of Contaminated Soil and Removal of Underground Storage Tanks. Because the District is not proposing to amend these Fee Schedules, adoption of the proposed amendments can occur on June 7, 2006 at the conclusion of the Public Hearing.

7. PUBLIC COMMENTS

No written comments have been received regarding the proposed fee amendments as of the date of this report. Two individuals attending the workshop made similar oral comments regarding the proposed fee increases for the emissions-based

Schedule M: Major Stationary Source Fees. The comments suggested that increasing emissions-based fees removed an incentive to reduce emissions, or was otherwise not equitable.

District staff believes that it is appropriate to increase Schedule M fees for the following reasons:

- (1) The revenue is needed to decrease the cost recovery gap. Schedule M fees currently account for about \$2 million in fee revenue. This is the District's second highest revenue-generating fee schedule (Schedule B: Combustion of Fuel, is the highest). The proposed 15 percent fee increase would yield an estimated \$300,000 in additional fee revenue. The proposed fee increase would, in part, recover fee revenue that has declined due to decreasing emissions. For example, Schedule M revenue has been as high as \$2.8 million per year (in FY 2000-01).
- (2) Increasing the Schedule M fee should not reduce their financial incentive to reduce emissions. If a facility reduces emissions below the 50 ton per year (TPY) threshold, no Schedule M fees would apply. Even with emissions above 50 TPY, a facility that reduces emissions would pay fewer fees than they would if emissions had not been reduced.
- (3) Facilities that reduce emissions do not necessarily result in lower program activity costs for the District. Where emission reductions are achieved by air pollution control equipment, the District's costs related to enforcement and technical programs actually often increase.
- (4) With emissions-based fees, fees increase in proportion to the air pollution emissions burden that a facility creates and that District programs must address. This is an established component of fee equity, in addition to the costs that the regulatory agency incurs in implementing and enforcing its programs.

8. CONCLUSION

District staff recommends that the District's Board of Directors adopt the proposed amendments to Regulation 3 with an effective date of July 1, 2006, and approve the filing of a CEQA notice of exemption.



BAY AREA
AIR QUALITY
MANAGEMENT
DISTRICT

STAFF REPORT
JUNE 2006

**PROPOSED AMENDMENTS TO
BAAQMD REGULATION 3: FEES**

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PROPOSED REGULATORY LANGUAGE

REGULATION 3 FEES

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REGULATION 3 FEES

(Adopted June 18, 1980)

3-100 GENERAL

3-101 Description: This regulation establishes fees to be charged for Hearing Board filings, for permits, banking, experimental exemptions, renewal of permits, costs of environmental documentation, asbestos operations, air toxics inventories, and soil excavation and underground tank removals.

(Amended 7/6/83; 11/2/83; 2/21/90; 12/16/92; 8/2/95; 12/2/98; 5/21/03)

3-102 Deleted July 12, 1989

3-103 Exemption, Abatement Devices: Installation, modification, or replacement of abatement devices on existing sources are subject to fees pursuant to Section 3-302.3. All abatement devices are exempt from annual permit renewal fees. However, emissions from abatement devices, including any secondary emissions, shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, and P.

(Amended 6/4/86; 7/1/98; 6/7/00)

3-104 Deleted August 2, 1995

3-105 Exemption, Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees: Fees shall not be required, pursuant to Section 3-322, for operations associated with the excavation of contaminated soil and the removal of underground storage tanks if one of the following is met:

105.1 The tank removal operation is being conducted within a jurisdiction where the APCO has determined that a public authority has a program equivalent to the District program and persons conducting the operations have met all the requirements of the public authority.

105.2 Persons submitting a written notification for a given site have obtained an Authority to Construct or Permit to Operate in accordance with Regulation 2, Rule 1, Section 301 or 302. Evidence of the Authority to Construct or the Permit to Operate must be provided with any notification required by Regulation 8, Rule 40.

(Adopted 1/5/94; Amended 5/21/03)

3-106 Deleted December 2, 1998

3-107 Exemption, Sources Exempt from Permit Requirements: Any source that is exempt from permit requirements pursuant to Regulation 2, Rule 1, Sections 103 through 128 is exempt from permit fees. However, emissions from exempt sources shall be included in facility-wide emissions calculations when determining the applicability of and the fees associated with Schedules M, N, and P.

(Adopted June 7, 2000)

3-200 DEFINITIONS

3-201 Cancelled Application: Any application which has been withdrawn by the applicant or cancelled by the APCO for failure to pay fees or to provide the information requested to make an application complete.

(Amended 6/4/86; 4/6/88)

3-202 Gasoline Dispensing Facility: Any stationary facility which dispenses gasoline directly into the fuel tanks of vehicles, such as motor vehicles, aircraft or boats. The facility shall be treated as a single source which includes all necessary equipment for the exclusive use of the facility, such as nozzles, dispensers, pumps, vapor return lines, plumbing and storage tanks.

(Amended February 20, 1985)

3-203 Filing Fee: A fixed fee for each source in an authority to construct.

(Amended June 4, 1986)

3-204 Initial Fee: The fee required for each new or modified source based on the type and size of the source. The fee is applicable to new and modified sources seeking to

obtain an authority to construct. Operation of a new or modified source is not allowed until the permit to operate fee is paid.

(Amended June 4, 1986)

3-205 Authority to Construct: Written authorization from the APCO, pursuant to Section 2-1-301, for a source to be constructed or modified or for a source whose emissions will be reduced by the construction or modification of an abatement device.

(Amended June 4, 1986)

3-206 Modification: See Section 1-217 of Regulation 1.

3-207 Permit to Operate Fee: The fee required for the annual renewal of a permit to operate or for the first year of operation (or prorated portion thereof) of a new or modified source which received an authority to construct.

(Amended 6/4/86; 7/15/87; 12/2/98; 6/7/00)

3-208 Deleted June 4, 1986

3-209 Small Business: A business with no more than 10 employees and gross annual income of no more than \$600,000 that is not an affiliate of a non-small business.

(Amended 6/4/86; 6/6/90; 6/7/00; 6/15/05)

3-210 Solvent Evaporating Source: Any source utilizing organic solvent, as part of a process in which evaporation of the solvent is a necessary step. Such processes include, but are not limited to, solvent cleaning operations, painting and surface coating, rotogravure coating and printing, flexographic printing, adhesive laminating, etc. Manufacture or mixing of solvents or surface coatings is not included.

(Amended July 3, 1991)

3-211 Source: See Section 1-227 of Regulation 1.

3-212 Deleted August 2, 1995

3-213 Major Stationary Source: For the purpose of Schedule M, a major stationary source shall be any District permitted plant, building, structure, stationary facility or group of facilities under the same ownership, leasehold, or operator which, in the base calendar year, emitted to the atmosphere organic compounds, oxides of nitrogen (expressed as nitrogen dioxide), oxides of sulfur (expressed as sulfur dioxide), or PM₁₀ in an amount calculated by the APCO equal to or exceeding 50 tons per year.

(Adopted 11/2/83; Amended 2/21/90; 6/6/90; 8/2/95; 6/7/00)

3-214 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-215 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-216 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-217 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-218 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-219 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-220 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-221 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-222 Deleted effective March 1, 2000 *(Amended 10/20/99)*

3-223 Start-up Date: Date when new or modified equipment under an authority to construct begins operating. The holder of an authority to construct is required to notify the APCO of this date at least 3 days in advance. For new sources, or modified sources whose authorities to construct have expired, operating fees are charged from the startup date.

(Adopted 6/4/86; Amended 6/6/90)

3-224 Permit to Operate: Written authorization from the APCO pursuant to Section 2-1-302.

(Adopted 6/4/86; Amended 6/7/00)

3-225 Minor Modification: Any physical change or alteration to a source listed on Schedules G-3 or G-4 that will not increase emissions of any air contaminant. Such modifications may include alterations to improve energy and operational efficiency and those that reduce emissions. Alterations to increase actual or maximum production capacity shall not be considered minor modifications. Final determination of the applicability of this section shall be made by the APCO.

(Adopted June 6, 1990)

3-226 Air Toxics "Hot Spots" Information and Assessment Act of 1987: The Air Toxics "Hot Spots" Information and Assessment Act of 1987 directs the California Air Resources Board and the Air Quality Management Districts to collect information

from industry on emissions of potentially toxic air contaminants and to inform the public about such emissions and their impact on public health. It also directs the Air Quality Management District to collect fees sufficient to cover the necessary state and District costs of implementing the program.

(Adopted 10/21/92; Amended 6/15/05)

3-227 Toxic Air Contaminant, or TAC: An air pollutant that may cause or contribute to an increase in mortality or in serious illness or that may pose a present or potential hazard to human health. For the purposes of this rule, TACs consist of the substances listed in Table 2-5-1 of Regulation 2, Rule 5.

(Adopted 10/21/92; Amended 6/15/05)

3-228 Deleted December 2, 1998

3-229 Deleted December 2, 1998

3-230 Deleted December 2, 1998

3-231 Deleted December 2, 1998

3-232 Deleted December 2, 1998

3-233 Deleted December 2, 1998

3-234 Deleted December 2, 1998

3-235 Deleted December 2, 1998

3-236 Deleted December 2, 1998

3-237 PM₁₀: See Section 2-1-229 of Regulation 2, Rule 1.

(Adopted June 7, 2000)

3-238 Risk Screening Fee: Fee for a new or modified source of toxic air contaminants for which a health risk screening analysis (HRSA) is required under Regulation 2-5-401, or for an HRSA prepared for other purposes (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402).

(Adopted June 15, 2005)

3-239 Toxic Surcharge: Fee paid in addition to the permit to operate fee for a source that emits one or more toxic air contaminants at a rate which exceeds a chronic trigger level listed in Table 2-5-1.

(Adopted June 15, 2005)

3-300 STANDARDS

3-301 Hearing Board Fees: Applicants for variances or appeals or those seeking to revoke or modify variances or abatement orders or to rehear a Hearing Board decision shall pay the applicable fees, including excess emission fees, set forth in Schedule A.

(Amended June 7, 2000)

3-302 Fees for New and Modified Sources: Applicants for authorities to construct and permits to operate new sources shall pay for each new source: a filing fee of \$ ~~272~~~~\$286~~, the initial fee, the risk screening fee, the permit to operate fee, and toxic surcharge (given in Schedules B, C, D, E, F, H, I or K). Applicants for authorities to construct and permits to operate modified sources shall pay for each modified source, a filing fee of ~~\$272~~~~\$286~~, the initial fee, the risk screening fee, and any incremental increase in permit to operate and toxic surcharge fees. Where more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. Except for gasoline dispensing facilities (Schedule D) and semiconductor facilities (Schedule H), the size to be used for a source when applying the schedules shall be the maximum size the source will have after the construction or modification. Where applicable, fees for new or modified sources shall be based on maximum permitted usage levels or maximum potential to emit including any secondary emissions from abatement equipment.

302.1 **Small Business Discount:** If an applicant qualifies as a small business and the source falls under schedules B, C, D (excluding gasoline dispensing facilities), E, F, H, I or K, the filing fee, initial fee, and risk screening fee shall be reduced by 50%. All other applicable fees shall be paid in full.

302.2 Deleted July 3, 1991

- 302.3 Fees for Abatement Devices: Applicants for an authority to construct and permit to operate abatement devices where there is no other modification to the source shall pay a ~~\$272~~\$286 filing fee and initial and risk screening fees that are equivalent to 50% of the initial and risk screening fees for the source being abated. For abatement devices abating more than one source, the initial fee shall be 50% of the initial fee for the source having the highest initial fee.
- 302.4 Fees for Reactivated Sources: Applicants for a Permit to Operate reactivated, previously permitted equipment shall pay the full filing, initial, risk screening, permit, and toxic surcharge fees.
- 302.5 Schedule G Fees: Applicants for minor modifications to permitted sources subject to Schedules G-3 or G-4 shall pay filing, initial, risk screening, permit to operate, and toxic surcharge fees specified under Schedule G-2. Permit renewal fees will continue to be charged under Schedules G-3 and G-4.

(Amended 5/19/82; 7/6/83; 6/4/86; 7/15/87; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05)

3-303 Back Fees: An applicant required to obtain a permit to operate existing equipment in accordance with District regulations shall pay back fees equal to the permit to operate fees and toxic surcharges given in the appropriate Schedule (B, C, D, E, F, H, I or K) prorated from the effective date of permit requirements. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. The applicant shall also pay back fees equal to toxic inventory fees pursuant to Section 3-320 and Schedule N. The maximum back fee shall not exceed a total of five years' permit, toxic surcharge, and toxic inventory fees.

(Amended 5/19/82; 7/6/83; 6/4/86; 7/15/87, 6/6/90; 7/3/91; 10/8/97; 6/15/05)

3-304 Alteration: An applicant to alter an existing permitted source shall pay only the filing fee, provided that the alteration does not result in an increase in emissions of any regulated air pollutant.

(Amended 6/4/86; 11/15/00; 6/2/04)

3-305 Cancellation or Withdrawal: There will be no refund of initial, risk screening, and filing fees if an application is cancelled or withdrawn. However, if an application for identical equipment is submitted within six months of the date of cancellation or withdrawal, the initial fee will be credited in full against the fee for the new application.

(Amended 7/6/83; 4/6/88; 10/8/97; 6/15/05)

3-306 Change in Conditions: If an applicant applies to change the conditions on an existing authority to construct or permit to operate, the applicant will pay the following fees. There will be no change in anniversary date.

306.1 Administrative Condition Changes: An applicant applying for an administrative change in permit conditions shall pay a fee equal to the filing fee for a single source, provided the following criteria are met:

- 1.1 The condition change applies to a single source or a group of sources with shared permit conditions.
- 1.2 The condition change does not subject the source(s) to any District Regulations or requirements that were not previously applicable.
- 1.3 The condition change does not result in any increase in emissions of POC, NPOC, NO_x, CO, SO₂, or PM₁₀ at any source or the emission of a toxic air contaminant above the trigger levels identified in Table 2-5-1
- 1.4 The condition change does not require a public notice.

306.2 Other Condition Changes: Applicant shall pay the filing, initial, and risk screening fees required for new and modified equipment under Section 3-302. If the condition change will result in higher permit to operate fees, the applicant shall also pay any incremental increases in permit to operate fees and toxic surcharges.

(Amended 7/6/83; 6/4/86; 6/6/90; 10/8/97; 6/7/00; 6/15/05)

3-307 Transfers: The owner/operator of record is the person to whom a permit is issued or, if no permit has yet been issued to a facility, the person who applied for a permit. Permits are valid only for the owner/operator of record. Permits are re-issued to the new owner/operator of record with no change in expiration dates.

(Amended 2/20/85; 6/4/86; 11/5/86; 4/6/88; 10/8/97, 5/1/02; 5/21/03; 6/02/04)

- 3-308 Change of Location:** An applicant who wishes to move an existing source, which has a permit to operate, shall pay no fee if the move is on the same facility. If the move is not on the same facility, the source shall be considered a new source and subject to Section 3-302. This section does not apply to portable permits meeting the requirements of Regulation 2-1-220 and 413.
(Amended 7/6/83; 6/4/86; 6/15/05)
- 3-309 Duplicate Permit:** An applicant for a duplicate permit to operate shall pay a fee of ~~\$55~~\$58 per permit.
(Amended 5/19/99, 5/1/02; 5/21/03; 6/02/04; 6/15/05)
- 3-310 Fee for Constructing Without a Permit:** An applicant for an authority to construct and a permit to operate a source, which has been constructed or modified without an authority to construct, shall pay the following fees:
- 310.1 Sources subject to permit requirements on the date of initial operation shall pay fees for new construction pursuant to Section 3-302, any back fees pursuant to Section 3-303, a late fee equal to 100% of the initial fee, plus the risk screening fee. A modified gasoline dispensing facility subject to Schedule D that is not required to pay an initial fee shall pay back fees, a late fee equal to 100% of the filing fee, plus the risk screening fee.
 - 310.2 Sources previously exempt from permit requirements that lose their exemption due to changes in District, state, or federal regulations shall pay a permit to operate fee and toxic surcharge for the coming year and any back fees pursuant to Section 3-303.
 - 310.3 Sources previously exempt from permit requirements that lose their exemption due to a change in the manner or mode of operation, such as an increased throughput, shall pay fees for new construction pursuant to Section 3-302. In addition, sources applying for permits after commencing operation in a non-exempt mode shall also pay a late fee equal to 100% of the initial fee plus the risk screening fee and any back fees pursuant to Section 3-303.
 - 310.4 Sources modified without a required authority to construct shall pay fees for modification pursuant to Section 3-302 and a late fee equal to 100% of the initial fee.
(Amended 7/6/83; 4/18/84; 6/4/86; 6/6/90; 7/3/91; 8/2/95; 10/8/97; 6/02/04; 6/15/05)
- 3-311 Banking:** Any applicant who wishes to bank emissions for future use, or convert an ERC into an IERC, shall pay a filing fee of ~~\$272~~\$286 per source plus the initial fee given in Schedules B, C, D, E, F, H, I or K. Where more than one of these schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. Any applicant for the withdrawal of banked emissions shall pay a fee of ~~\$272~~\$286.
(Amended 7/6/83; 6/4/86; 7/15/87; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/02/04; 6/15/05)
- 3-312 Emission Caps and Alternative Compliance Plans:** Any facility which elects to use an alternative compliance plan contained in:
- 312.1 Regulation 8 ("bubble") to comply with a District emission limitation or to use an annual or monthly emission limit to acquire a permit in accordance with the provisions of Regulation 2, Rule 2, shall pay an additional annual fee equal to fifteen percent of the total plant permit to operate fee.
 - 312.2 Regulation 2, Rule 9 shall pay an annual fee of ~~\$687~~\$721 for each source included in the alternative compliance plan, not to exceed ~~\$6869~~\$7,212.
(Adopted 5/19/82; Amended 6/4/86; 5/19/99; 6/7/00; 6/6/01; 5/1/02; 5/21/03; 6/2/04; 6/15/05)
- 3-313 Deleted May 19, 1999**
- 3-314 Deleted August 2, 1995**
- 3-315 Costs of Environmental Documentation:** An applicant for an Authority to Construct a project which is subject to review under the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.) shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, the District's costs of performing all environmental evaluation required pursuant to the California Environmental Quality Act, the District's costs in preparing any environmental study or Environmental Impact Report (including the costs of any outside consulting assistance which the District may employ in connection with the preparation of any

such study or report), as well as the District's reasonable internal costs (including overhead) of processing and reviewing the required environmental documentation.

(Adopted 12/18/85; Amended 5/1/02)

3-316 Deleted June 6, 1990

3-317 Asbestos Operation Fees: After July 1, 1988, persons submitting a written plan, as required by Regulation 11, Rule 2, Section 401, to conduct an asbestos operation shall pay the fee given in Schedule L.

(Adopted 7/6/88; Renumbered 9/7/88; Amended 8/2/95)

3-318 Public Notice Fee, Schools: Pursuant to Section 42301.6(b) of the Health and Safety Code, an applicant for an authority to construct or permit to operate subject to the public notice requirements of Regulation 2-1-412 shall pay, in addition to the fees required under Section 3-302 and in any applicable schedule, a fee to cover the expense of preparing and distributing the public notices to the affected persons specified in Regulation 2-1-412 as follows:

318.1 A fee of \$2000 per application, and

318.2 The District's cost exceeding \$2000 of preparing and distributing the public notice.

318.3 The District shall refund to the applicant the portion of any fee paid under this Section that exceeds the District's cost of preparing and distributing the public notice.

(Adopted 11/1/89; Amended 10/8/97; 7/1/98; 5/19/99; 6/7/00; 5/21/03; 6/2/04)

3-319 Major Stationary Source Fees: Any major stationary source emitting 50 tons per year of organic compounds, sulfur oxides, nitrogen oxides, or PM₁₀ shall pay a fee based on Schedule M. This fee is in addition to permit and other fees otherwise authorized to be collected from such facilities and shall be included as part of the annual permit renewal fees.

(Adopted 6/6/90; Amended 8/2/95; 6/7/00)

3-320 Toxic Inventory Fees: Any facility that emits one or more toxic air contaminants in quantities above a minimum threshold level shall pay an annual fee based on Schedule N. This fee will be in addition to permit to operate, toxic surcharge, and other fees otherwise authorized to be collected from such facilities.

320.1 An applicant who qualifies as a small business under Regulation 3-209 shall pay a Toxic Inventory Fee as set out in Schedule N up to a maximum fee of \$~~6,254~~\$6,564 per year.

(Adopted 10/21/92; Amended 5/19/99; 5/21/03; 6/2/04; 6/15/05)

3-321 Deleted December 2, 1998

3-322 Excavation of Contaminated Soil and Removal of Underground Storage Tank Operation Fees: Persons submitting a written notification for a given site to conduct either excavation of contaminated soil or removal of underground storage tanks as required by Regulation 8, Rule 40, Section 401, 402, 403 or 405 shall pay a fee based on Schedule Q.

(Adopted 1/5/94; Amended 8/2/95; 5/21/03)

3-323 Pre-Certification Fees: An applicant seeking to pre-certify a source, in accordance with Regulation 2, Rule 1, Section 415, shall pay the filing fee, initial fee and permit to operate fee given in the appropriate schedule.

(Adopted June 7, 1995)

3-324 Deleted June 7, 2000

3-325 Deleted December 2, 1998

3-326 Deleted December 2, 1998

3-327 Permit to Operate, Renewal Fees: After the expiration of the initial permit to operate, the permit to operate shall be renewed on an annual basis or other time period as approved by the APCO. The fee required for the renewal of a permit to operate is the permit to operate fee and toxic surcharge listed in Schedules B, C, D, E, F, H, I, and K, prorated for the period of coverage. When more than one of the schedules is applicable to a source, the fee paid shall be the highest of the applicable schedules. This renewal fee is applicable to all sources required to obtain permits to operate in accordance with District regulations. The permit renewal invoice shall also specify any applicable major stationary source fees based on Schedule M, toxic inventory fees based on Schedule N, and major facility review fees based on Schedule P. Where applicable, renewal fees shall be based on actual usage or

emission levels that have been reported to or calculated by the District. In addition to these renewal fees for the sources at a facility, the facility shall also pay a processing fee at the time of renewal as follows:

- 327.1 ~~\$53-\$56~~ for facilities with one permitted source, including gasoline dispensing facilities,
- 327.2 ~~\$105-\$110~~ for facilities with 2 to 5 permitted sources,
- 327.3 ~~\$210-\$221~~ for facilities with 6 to 10 permitted sources,
- 327.4 ~~\$315-\$331~~ for facilities with 11 to 15 permitted sources,
- 327.5 ~~\$420-\$441~~ for facilities with 16 to 20 permitted sources,
- 327.6 ~~\$525-\$551~~ for facilities with more than 20 permitted sources.

(Adopted 6/7/00; Amended 6/2/04; 6/16/04; 6/15/05)

3-328 Fee for OEHHA Risk Assessment Reviews: Any facility that submits a health risk assessment to the District in accordance with Section 44361 of the California Health and Safety Code shall pay any fee requested by the State Office of Environmental Health Hazard Assessment (OEHHA) for reimbursement of that agency's costs incurred in reviewing the risk assessment.

(Adopted June 7, 2000)

3-329 Fee for Risk Screening: A health risk screening analysis (HRSA) required pursuant to Regulation 2, Rule 5 shall be subject to an appropriate Risk Screening Fee pursuant to Regulation 3-302 and Schedules B, C, D, E, F, H, I or K. In addition, any person that requests that the District prepare or review an HRSA (e.g., for determination of permit exemption in accordance with Regulations 2-1-316, 2-5-301 and 2-5-302; or for determination of exemption from emission control requirements pursuant to Regulation 8-47-113 and 8-47-402) shall pay a Risk Screening Fee.

(Adopted June 15, 2005)

3-330 Fee for Renewing an Authority to Construct: An applicant seeking to renew an authority to construct in accordance with Regulation 2-1-407 shall pay a fee of 50% of the initial fee in effect at the time of the renewal. If the District determines that an authority to construct cannot be renewed, any fees paid under this section shall be credited in full against the fee for a new authority to construct for functionally equivalent equipment submitted within six months of the date the original authority to construct expires.

(Adopted June 15, 2005)

3-400 ADMINISTRATIVE REQUIREMENTS

3-401 Permits: Definitions, standards, and conditions contained in Regulation 2, Permits, are applicable to this regulation.

3-402 Single Anniversary Date: The APCO may assign a single anniversary date to a facility on which all its renewable permits to operate expire and will require renewal. Fees will be prorated to compensate for different time periods resulting from change in anniversary date.

3-403 Change in Operating Parameters: See Section 2-1-404 of Regulation 2, Rule 1.

3-404 Deleted June 7, 2000

3-405 Fees Not Paid: If an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the following procedure(s) shall apply:

405.1 Authority to Construct: The application will be cancelled, but can be reactivated upon payment of fees.

405.2 New Permit to Operate: The Permit to Operate shall not be issued, and the facility will be notified that operation, including startup, is not authorized.

2.1 Fees received during the first 30 days following the due date must include an additional late fee equal to ~~50~~10 percent of all fees specified on the invoice.

2.2 Fees received more than 30 days after the due date must include an additional late fee equal to ~~40~~50 percent of all fees specified on the invoice.

405.3 Renewal of Permit to Operate: The facility will be notified that the permit has lapsed and that further operation is no longer authorized. Reinstatement of lapsed Permits to Operate will require the payment of reinstatement fees in

addition to all fees specified on the invoice. Fees shall be calculated using fee schedules in effect at either the time of reinstatement or at the time additional fees are assessed under subsection 3-405.2.

3.1 Fees received during the first 30 days following the due date must include all fees specified on the invoice plus a reinstatement fee equal to ~~50~~10 percent of all fees specified on the invoice.

3.2 Fees received more than 30 days after the due date, but less than one year after the due date, must include all fees specified on the invoice plus a reinstatement fee equal to ~~40~~50 percent of all fees specified on the invoice.

~~3.3 Fees received more than one year after the due date must include all fees specified on the invoice, prorated from the date the permit expired to the current permit anniversary date, plus a reinstatement fee equal to 150 percent of all fees specified on the invoice.~~

405.4 Other Fees: Persons who have not paid the fee by the invoice due date, shall pay a late fee in addition to the original invoiced fee. Fees shall be calculated using fee schedules in effect at the time of the fees' original determination.

4.1 Fees received more than 30 days after the invoice due date must include a late fee of 10 percent of the original invoiced fee.

(Amended 7/6/83; 6/4/86; 11/5/86; 2/15/89; 6/6/90; 7/3/91; 8/2/95; 12/2/98; 6/15/05)

3-406 Deleted June 4, 1986

3-407 Deleted August 2, 1995

3-408 Permit to Operate Valid for 12 Months: A Permit to Operate is valid for 12 months from the date of issuance or other time period as approved by the APCO.

(Amended 6/4/86; Amended 6/7/00)

3-409 Deleted June 7, 2000

3-410 Deleted August 2, 1995

3-411 Advance Deposit of Funds: The APCO may require that at the time of the filing of an application for an Authority to Construct for a project for which the District is a lead agency under the California Environmental Quality Act (Public Resources Code, Section 21000, et seq.), the applicant shall make an advance deposit of funds, in an amount to be specified by the APCO, to cover the costs which the District estimates to incur in connection with the District's performance of its environmental evaluation and the preparation of any required environmental documentation. In the event the APCO requires such an estimated advance payment to be made, the applicant will be provided with a full accounting of the costs actually incurred by the District in connection with the District's performance of its environmental evaluation and the preparation of any required environmental documentation.

(Adopted 12/18/85; Amended 8/2/95)

3-412 Deleted December 2, 1998

3-413 Toxic "Hot Spots" Information and Assessment Act Revenues: No later than 120 days after the adoption of this regulation, the APCO shall transmit to the California Air Resources Board, for deposit into the Air Toxics "Hot Spots" Information and Assessment Fund, the revenues determined by the ARB to be the District's share of statewide Air Toxics "Hot Spot" Information and Assessment Act expenses.

(Adopted October 21, 1992)

3-414 Deleted December 2, 1998

3-415 Failure to Pay - Further Actions: When an applicant or owner/operator fails to pay the fees specified on the invoice by the due date, the APCO may take the following actions against the applicant or owner/operator:

415.1 Issuance of a Notice to Comply.

415.2 Issuance of a Notice of Violation.

415.3 Revocation of an existing Permit to Operate. The APCO shall initiate proceedings to revoke permits to operate for any person who is delinquent for more than one month. The revocation process shall continue until payment in full is made or until permits are revoked.

415.4 The withholding of any other District services as deemed appropriate until

payment in full is made.

(Adopted 8/2/95; Amended 12/2/98; 6/15/05)

3-416

Adjustment of Fees: The APCO or designees may, upon finding administrative error by District staff in the calculation, imposition, noticing, invoicing, and/or collection of any fee set forth in this rule, rescind, reduce, increase, or modify the fee. A request for such relief from an administrative error, accompanied by a statement of why such relief should be granted, must be received within two years from the date of payment.

(Adopted October 8, 1997)

**SCHEDULE A
HEARING BOARD FEES¹**

Established by the Board of Directors December 7, 1977 Resolution No. 1046
(Code section references are to the California Health & Safety Code, unless otherwise indicated)

		Large Companies	Small Business	Third Party
1.	For each application for variance exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application in accordance with §42350, the additional sum of	\$1310 <u>\$1507</u> \$656 <u>\$754</u>	\$196 <u>\$225</u> \$66 <u>\$76</u>	
2.	For each application for variance not exceeding 90 days, in accordance with §42350, including applications on behalf of a class of applicants, which meet the requirements of the Hearing Board Rules for a valid and proper class action for variance Plus, for each hearing in addition to the first hearing necessary to dispose of said variance application, in accordance with §42350, the additional sum of	\$787 <u>\$905</u> \$392 <u>\$451</u>	\$196 <u>\$225</u> \$66 <u>\$76</u>	
3.	For each application to modify a variance in accordance with §42356 ... Plus, for each hearing in addition to the first hearing on said application to modify a variance, in accordance with §42345, necessary to dispose of the application, the additional sum of.....	\$523 <u>\$601</u> \$392 <u>\$451</u>	\$66 <u>\$76</u> \$66 <u>\$76</u>	
4.	For each application to extend a variance, in accordance with §42357 .. Plus, for each hearing in addition to the first hearing on an application to extend a variance, in accordance with §42357, necessary to dispose of the application, the additional sum of.....	\$523 <u>\$601</u> \$392 <u>\$451</u>	\$66 <u>\$76</u> \$66 <u>\$76</u>	
5.	For each application to revoke a variance	\$787 <u>\$905</u>	\$66 <u>\$76</u>	
6.	For each application for approval of a Schedule of Increments of Progress in accordance with §41703.....	\$523 <u>\$601</u>	\$66 <u>\$76</u>	
7.	For each application for variance in accordance with §41703, which exceeds 90 days Plus, for each hearing in addition to the first hearing on said application for variance in accordance with §41703, the additional sum of	\$1310 <u>\$1507</u> \$656 <u>\$754</u>	\$196 <u>\$225</u> \$66 <u>\$76</u>	
8.	For each application for variance in accordance with §41703, not to exceed 90 days Plus, for each hearing in addition to the hearing on said application for a variance in accordance with §41703, the additional sum of	\$787 <u>\$905</u> \$392 <u>\$451</u>	\$196 <u>\$225</u> \$66 <u>\$76</u>	

		Large Companies	Small Business	Third Party
9.	For each Appeal (Permit, Banking, Title V).....	\$1310 <u>\$1507</u> per hearing day	\$656 <u>\$754</u> per hearing day	\$656 <u>\$754</u> for entire appeal period
10.	For each application for intervention in accordance with Hearing Board Rules §§2.3, 3.6 & 4.6.....	\$656 <u>\$754</u>	\$131 <u>\$151</u>	
11.	For each application to Modify or Terminate an abatement order	\$1310 <u>\$1507</u> per hearing day	\$656 <u>\$754</u> per hearing day	
12.	For each application for an interim variance in accordance with §42351	\$656 <u>\$754</u>	\$131 <u>\$151</u>	
13.	For each application for an emergency variance in accordance with §42359.5.....	\$327 <u>\$376</u>	\$66 <u>\$76</u>	
14.	For each application to rehear a Hearing Board decision in accordance with §40861	100% of previous fee charged	100% of previous fee charged	
15.	Excess emission fees.....	See Attachment I	See Attachment I	
16.	Miscellaneous filing fee for any hearing not covered above	\$656 <u>\$754</u>	\$196 <u>\$225</u>	\$196 <u>\$225</u>
17.	For each published Notice of Public Hearing.....	Cost of Publication	\$0	\$0
18.	Court Reporter Fee (to be paid only if Court Reporter required for hearing)	\$131 <u>\$151</u> or cost per day if hearing solely dedicated to one Docket	\$0	\$131 <u>\$151</u> or cost per day if hearing solely dedicated to one Docket

NOTE 1 Any person who certifies under penalty of perjury that payment of the foregoing fees will cause an unreasonable hardship, may be excused from the payment of fees by order of the Hearing Board on that account.
(Amended 10/8/97; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05)

**SCHEDULE A
ATTACHMENT I
EXCESS EMISSION FEE**

A. General

- (1) Each applicant or petitioner for a variance from these Rules and Regulations shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the other filing fees required in Schedule A, an emission fee based on the total weight of emissions discharged, per source or product, other than those described in division (B) below, during the variance period in excess of that allowed by these rules in accordance with the schedule set forth in Table I.
- (2) Where the total weight of emission discharged cannot be easily calculated, the petitioner shall work in concert with District staff to establish the amount of excess emissions to be paid.
- (3) In the event that more than one rule limiting the discharge of the same contaminant is violated, the excess emission fee shall consist of the fee for violation which will result in the payment of the greatest sum. For the purposes of this subdivision, opacity rules and particulate mass emissions shall not be considered rules limiting the discharge of the same contaminant.

B. Excess Visible Emission Fee

Each applicant or petitioner for a variance from Regulation 6 or Health and Safety Code Section 41701 shall pay to the Clerk or Deputy Clerk of the Hearing Board, in addition to the filing fees required in Schedule A and the excess emission fees required in (A) above (if any), an emission fee based on the difference between the percent opacity allowed by Regulation 6 and the percent opacity of the emissions allowed from the source or sources operating under the variance, in accordance with the schedule set forth in Table II.

In the event that an applicant or petitioner is exempt from the provisions of Regulation 6, the applicant or petitioner shall pay a fee calculated as described herein above, but such fee shall be calculated based upon the difference between the opacity allowed under the variance and the opacity allowed under the provisions of Health and Safety Code Section 41701, in accordance with the schedule set forth in Table II.

C. Applicability

The provisions of subdivision (A) shall apply to all variances that generate excess emissions.

D. Fee Determination

- (1) The excess emission fees shall be calculated by the petitioner based upon the requested number of days of operation under variance multiplied by the expected excess emissions as set forth in subdivisions (A) and (B) above. The calculations and proposed fees shall be set forth in the petition.
- (2) The Hearing Board may adjust the excess emission fee required by subdivisions (A) and (B) of this rule based on evidence regarding emissions presented at the time of the hearing.

E. Small Businesses

- (1) A small business shall be assessed twenty percent (20%) of the fees required by subdivisions (A) and (B), whichever is applicable. "Small business" is defined in the Fee Regulation.
- (2) Request for exception as a small business shall be made by the petitioner under penalty of perjury on a declaration form provided by the Executive Officer which shall be submitted to the Clerk or Deputy Clerk of the Hearing Board at the time of filing a petition for variance.

F. Group, Class and Product Variance Fees

Each petitioner included in a petition for a group, class or product variance shall pay the filing fee specified in Schedule A, and the excess emission fees specified in subdivisions (A) and (B), whichever is applicable.

G. Adjustment of Fees

If after the term of a variance for which emission fees have been paid, petitioner can establish, to the satisfaction of the Executive Officer/APCO, that emissions were actually less than those upon which the fee was based, a pro rata refund shall be made.

H. Fee Payment/Variance Invalidation

- (1) Excess emission fees required by subdivisions (A) and (B), based on an estimate provided during the variance Hearing, are due and payable within fifteen (15) days of the granting of the variance. The petitioner shall be notified in writing of any adjustment to the amount of excess emission fees due, following District staff's verification of the estimated emissions. Fee payments to be made as a result of an adjustment are due and payable within fifteen (15) days of notification of the amount due.
- (2) Failure to pay the excess emission fees required by subdivisions (A) and (B) within fifteen (15) days of notification that a fee is due shall automatically invalidate the variance. Such notification may be given by personal service or by deposit, postpaid, in the United States mail and shall be due fifteen (15) days from the date of personal service or mailing. For the purpose of this rule, the fee payment shall be considered to be received by the District if it is postmarked by the United States Postal Service on or before the expiration date stated on the billing notice. If the expiration date falls on a Saturday, Sunday, or a state holiday, the fee payment may be postmarked on the next business day following the Saturday, Sunday, or the state holiday with the same effect as if it had been postmarked on the expiration date.

**TABLE I
SCHEDULE OF EXCESS EMISSIONS FEES**

Air Contaminants	All at \$1.25 <u>\$1.44</u> Per Pound
Organic gases, except methane and those containing sulfur Carbon Monoxide Oxides of nitrogen (expressed as nitrogen dioxide) Gaseous sulfur compounds (expressed as sulfur dioxide) Particulate matter	
Toxic Air Contaminants	All at \$6.24 <u>\$7.18</u> Per Pound
Asbestos Benzene Cadmium Carbon tetrachloride Chlorinated dioxins and dibenzofurans (15 species) Ethylene dibromide Ethylene dichloride Ethylene oxide Formaldehyde Hexavalent chromium Methylene chloride Nickel Perchloroethylene 1,3-Butadiene Inorganic arsenic Beryllium Polynuclear aromatic hydrocarbons (PAH) Vinyl chloride Lead 1,4-Dioxane Trichloroethylene	

**TABLE II
SCHEDULE OF EXCESS VISIBLE EMISSION FEE**

For each source with opacity emissions in excess of twenty percent (20%), but less than forty percent (40%) (where the source is in violation of Regulation 6, the fee is calculated as follows:

	$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 20) \times \text{number of days allowed in variance} \times \text{\$} \text{ 1.40 1.61 }$
--	--

For each source with opacity emissions in excess of forty percent (40%) (where the source is in violation of Regulation 6 and California Health and Safety Code Section 41701), the fee is calculated as follows:

	$\text{Fee} = (\text{Opacity}^* \text{ equivalent} - 40) \times \text{number of days allowed by variance} \times \text{\$} \text{ 1.40 1.61 }$
--	--

* Where "Opacity" equals maximum opacity of emissions in percent (not decimal equivalent) allowed by the variance. Where the emissions are darker than the degree of darkness equivalent to the allowed Ringelmann number, the percentage equivalent of the excess degree of darkness shall be used as "opacity."

(Adopted 6/7/00; Amended 5/1/02; 5/21/03; 6/2/04; 6/15/05)

SCHEDULE B COMBUSTION OF FUEL

(Adopted June 18, 1980)

For each source that burns fuel, which is not a flare and not exempted by Regulation 2, Rule 1, the fee shall be computed based on the maximum gross combustion capacity (expressed as higher heating value, HHV) of the source.

1. INITIAL FEE: ~~\$35.87~~ \$37.66 per MM BTU/HOUR
 - a. The minimum fee per source is: ~~\$191~~ \$201
 - b. The maximum fee per source is: ~~\$66,920~~ \$70,266

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$272~~ \$286 plus ~~\$35.87~~ \$37.66 per MM BTU/hr
 - b. Minimum RSF for first TAC source: ~~\$463~~ \$487
 - c. RSF for each additional TAC source: ~~\$35.87~~ \$37.66 per MM BTU/Hr *
 - d. Minimum RSF per additional TAC source: ~~\$191~~ \$201 *
 - e. Maximum RSF per source is: ~~\$66,920~~ \$70,266
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: ~~\$17.93~~ \$18.83 per MM BTU/HOUR
 - a. The minimum fee per source is: ~~\$137~~ \$144
 - b. The maximum fee per source is: ~~\$33,459~~ \$35,132

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. ROUNDING: Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

6. Applicants for an authority to construct and permit to operate a project, which burns municipal waste or refuse-derived fuel, shall pay in addition to all required fees, an additional fee to cover the costs incurred by the State Department of Health Services, and/or a qualified contractor designated by the State Department of Health Services, in reviewing a risk assessment as required under H&S Code Section 42315. The fee shall be transmitted by the District to the Department of Health Services and/or the qualified contractor upon completion of the review and submission of comments in writing to the District.

7. A surcharge equal to 100% of all required initial and permit to operate fees shall be charged for sources permitted to burn one or more of the following fuels: coke, coal, wood, tires, black liquor, and municipal solid waste.

NOTE: MM BTU is million BTU of higher heat value
One MM BTU/HR = 1.06 gigajoules/HR

*(Amended 6/5/85; 6/4/86; 3/4/87; 6/6/90; 7/3/91; 6/15/94; 10/8/97;
7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05)*

SCHEDULE C
STATIONARY CONTAINERS FOR THE STORAGE OF ORGANIC LIQUIDS
 (Adopted June 18, 1980)

For each stationary container of organic liquids which is not exempted from permits by Regulation 2 and which is not part of a gasoline dispensing facility, the fee shall be computed based on the container volume, as follows:

1. INITIAL FEE: 0.165 cents per gallon
 - a. The minimum fee per source is: \$182
 - b. The maximum fee per source is: \$24,806

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$272-\$286~~ plus 0.165 cents per gallon
 - b. Minimum RSF for first TAC source: ~~\$454~~\$468
 - c. RSF for each additional TAC source: 0.165 cents per gallon *
 - d. Minimum RSF per additional TAC source: \$182 *
 - e. Maximum RSF per source is: \$24,806

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: 0.083 cents per gallon
 - a. The minimum fee per source is: \$130
 - b. The maximum fee per source is: \$12,403

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. ROUNDING: Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

*(Amended 2/20/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 7/1/98; 5/19/99;
 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05)*

SCHEDULE D
GASOLINE TRANSFER AT GASOLINE DISPENSING FACILITIES,
BULK PLANTS AND TERMINALS
(Adopted June 18, 1980)

A.. All gasoline dispensing facilities shall pay the following fees:

1. INITIAL FEE: ~~\$94.88~~ ~~\$109.11~~ per single product nozzle (spn)
~~\$94.88~~ ~~\$109.11~~ per product for each multi-product nozzle (mpn)
2. PERMIT TO OPERATE FEE: ~~\$36.34~~ ~~\$41.79~~ per single product nozzle (spn)
~~\$36.34~~ ~~\$41.79~~ per product for each multi-product nozzle (mpn)
3. Initial fees and permit to operate fees for hardware modifications at a currently permitted gasoline dispensing facility shall be consolidated into a single fee calculated according to the following formula:

$$\begin{aligned}
 & \text{\$131.22} \text{--} \text{\$150.90} \times \{[(mpn_{\text{proposed}})(\text{products per nozzle}) + spn_{\text{proposed}}] - \\
 & \qquad \qquad \qquad [(mpn_{\text{existing}})(\text{products per nozzle}) + spn_{\text{existing}}]\} \\
 & mpn = \text{multi-product nozzles} \\
 & spn = \text{single product nozzles}
 \end{aligned}$$

The above formula includes a toxic surcharge.

If the above formula yields zero or negative results, no initial fees or permit to operate fees shall be charged.

For the purposes of calculating the above fees, a fuel blended from two or more different grades shall be considered a separate product.

Other modifications to facilities' equipment, including but not limited to tank addition/replacement/conversion, vapor recovery piping replacement, moving or extending pump islands, will not be subject to initial fees or permit to operate fees.

4. RISK SCREENING FEE (RSF) of ~~\$272~~ ~~\$286~~ per application is only applicable to projects for which a health risk screening analysis is required under Regulation 2-5-401 [including increases in permitted throughput for which a health risk screening analysis is required.]
 5. Nozzles used exclusively for the delivery of diesel fuel or other fuels exempt from permits shall pay no fee. Multi-product nozzles used to deliver both exempt and non-exempt fuels shall pay fees for the non-exempt products only.
- B. All bulk plants, terminals or other facilities using loading racks to transfer gasoline or gasohol into trucks, railcars or ships shall pay the following fees:

1. INITIAL FEE: ~~\$1,247~~ ~~\$1,434~~ per single product loading arm
~~\$1,247~~ ~~\$1,434~~ per product for multi-product arms
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$1,519~~ ~~\$1,720~~
 - b. RSF for each additional TAC source: ~~\$1,247~~ ~~\$1,434~~ *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: ~~\$348~~ ~~\$400~~ per single product loading arm
~~\$348~~ ~~\$400~~ per product for multi-product arms

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.
- C. Fees in (A) above are in lieu of tank fees. Fees in (B) above are in addition to tank fees.
- D. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

*(Amended 2/20/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98;
5/19/99; 6/7/00; 6/6/01, 5/1/02; 5/21/03; 6/2/04; 6/15/05)*

SCHEDULE E
SOLVENT EVAPORATING SOURCES
(Adopted June 18, 1980)

For each solvent evaporating source, as defined in Section 3-210 except for dry cleaners, the fee shall be computed based on the net amount of organic solvent processed through the sources on an annual basis (or anticipated to be processed, for new sources) including solvent used for the cleaning of the sources.

1. INITIAL FEE:
 - a. The minimum fee per source is: ~~\$209~~\$240
 - b. If usage is not more than 1,000 gallons/year: ~~\$209~~\$240
 - c. If usage is more than 1,000 gallons/year: ~~\$420~~\$483 per 1,000 gallons
 - d. The maximum fee per source is: ~~\$16,687~~\$19,190

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$272~~\$286 plus initial fee
 - b. Minimum RSF for first TAC source: ~~\$481~~\$526
 - c. RSF for each additional TAC source: equal to initial fee *
 - d. Minimum RSF per additional TAC source: ~~\$209~~\$240 *
 - e. Maximum RSF per source is: ~~\$16,687~~\$19,190

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:
 - a. The minimum fee per source is: ~~\$150~~\$173
 - b. If usage is not more than 1,000 gallons/year: ~~\$150~~\$173
 - c. If usage is more than 1,000 gallons/year: ~~\$209~~\$240 per 1,000 gallons
 - d. The maximum fee per source is: ~~\$8,343~~\$9,594

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

(Amended 5/19/82; 10/17/84; 6/5/85; 6/4/86; 10/8/87; 7/3/91; 6/15/94; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05)

SCHEDULE F
MISCELLANEOUS SOURCES
(Adopted June 18, 1980)

For each source not governed by Schedules B, C, D, E, H or I, (except for those sources in the special classification lists, G1-G4) the fees are:

1. INITIAL FEE: ~~\$200~~\$240
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$481~~\$526
 - b. RSF for each additional TAC source: ~~\$200~~\$240 *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: ~~\$150~~\$173
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1. List of special classifications requiring graduated fees is shown in Schedules G-1, G-2, G-3, and G-4.

List of special classifications requiring graduated fees is shown in Schedules G-1, G-2, G-3, and G-4.

G-1. FEES FOR SCHEDULE G-1, For each source in a G-1 classification, fees are:

1. INITIAL FEE: ~~\$1,250~~\$1,438
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$1,522~~\$1,724
 - b. RSF for each additional TAC source: ~~\$1,250~~\$1,438 *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: ~~\$624~~\$718
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-2. FEES FOR SCHEDULE G-2, For each source in a G-2 classification, fees are:

1. INITIAL FEE: ~~\$2,284~~\$2,398
2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$2,556~~\$2,684
 - b. RSF for each additional TAC source: ~~\$2,284~~\$2,398 *
 - * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1
3. PERMIT TO OPERATE FEE: ~~\$1,141~~\$1,198
4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate

fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

a. Toxic surcharge: _____ \$114

G-3. FEES FOR SCHEDULE G-3, For each source in a G-3 classification, fees are:

1. INITIAL FEE: \$16,565

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.

a. RSF for first TAC source in application: ~~\$16,837~~ \$16,851

b. RSF for each additional TAC source: \$16,565 *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: \$8,282

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

G-4. FEES FOR SCHEDULE G-4, For each source in a G-4 classification, fees are:

1. INITIAL FEE: \$47,335

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.

a. RSF for first TAC source in application: ~~\$47,607~~ \$47,621

b. RSF for each additional TAC source: \$47,335 *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE: \$23,667

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

(Amended 5/19/82; 6/5/85; 6/4/86; 6/6/90; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05)

SCHEDULE G-1
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Dipping	Asphalt Roofing or Related Materials
Calcining Kilns, excluding those processing cement, lime, or coke (see G-4 for cement, lime, or coke Calcining Kilns)	Any Materials except cement, lime, or coke
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 1000 Gallons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Inorganic Materials
Chemical Manufacturing, Inorganic – Reactors with a Capacity of 1000 Gallons or more	Any Inorganic Materials
Chemical Manufacturing, Organic - Latex Dipping	Any latex materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 1000 Gallons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Processing Units with a Capacity of 5 Tons/Hour or more	Any Organic Materials
Chemical Manufacturing, Organic – Reactors with a Capacity of 1000 Gallons or more	Any Organic Materials
Crushers	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Electroplating Equipment	Hexavalent Decorative Chrome with permitted capacity greater than 500,000 amp-hours per year or Hard Chrome
Foil Manufacturing – Any Converting or Rolling Lines	Any Metal or Alloy Foils
Galvanizing Equipment	Any
Glass Manufacturing – Batching Processes including storage and weigh hoppers or bins, conveyors, and elevators	Any Dry Materials
Glass Manufacturing – Mixers	Any Dry Materials
Glass Manufacturing – Molten Glass Holding Tanks	Any molten glass

Equipment or Process Description	Materials Processed or Produced
Grinders	Any minerals or mineral products such as rock, aggregate, cement, concrete, or glass; waste products such as building or road construction debris; and any wood, wood waste, green waste; or similar materials
Incinerators – Crematory	Human and/or animal remains
Incinerators – Flares	Any waste gases
Incinerators – Other (see G-2 for hazardous or municipal solid waste incinerators, see G-3 for medical or infectious waste incinerators)	Any Materials except hazardous wastes, municipal solid waste, medical or infectious waste
Incinerators – Pathological Waste (see G-3 for medical or infectious waste incinerators)	Pathological waste only
Loading and/or Unloading Operations – Bulk Plants and Bulk Terminals, excluding those loading gasoline or gasohol (see Schedule D for Bulk Plants and Terminals loading gasoline or gasohol)	Any Organic Materials except gasoline or gasohol
Petroleum Refining – Alkylation Units	Any Hydrocarbons
Petroleum Refining – Asphalt Oxidizers	Any Hydrocarbons
Petroleum Refining – Benzene Saturation Units/Plants	Any Hydrocarbons
Petroleum Refining – Catalytic Reforming Units	Any Hydrocarbons
Petroleum Refining – Chemical Treating Units including alkane, naphthenic acid, and naptha merox treating, or similar processes	Any Hydrocarbons
Petroleum Refining – Converting Units including Dimersol Plants, Hydrocarbon Splitters, or similar processes	Any Hydrocarbons
Petroleum Refining – Distillation Units, excluding crude oil units with capacity > 1000 barrels/hour (see G-3 for > 1000 barrels/hour crude distillation units)	Any Hydrocarbons
Petroleum Refining – Hydrogen Manufacturing	Hydrogen or Any Hydrocarbons
Petroleum Refining – Hydrotreating or Hydrofining	Any Hydrocarbons
Petroleum Refining – Isomerization	Any Hydrocarbons
Petroleum Refining – MTBE Process Units/Plants	Any Hydrocarbons
Petroleum Refining – Sludge Converter	Any Petroleum Waste

Equipment or Process Description	Materials Processed or Produced
	Materials
Petroleum Refining – Solvent Extraction	Any Hydrocarbons
Petroleum Refining – Sour Water Stripping	Any Petroleum Process or Waste Water
Petroleum Refining – Storage (enclosed)	Petroleum Coke or Coke Products
Petroleum Refining – Waste Gas Flares (not subject to Regulation 12, Rule 11)	Any Petroleum Refining Gases
Petroleum Refining – Miscellaneous Other Process Units	Any Hydrocarbons
Remediation Operations, Groundwater – Strippers	Contaminated Groundwater
Remediation Operations, Soil - Any Equipment	Contaminated Soil
Spray Dryers	Any Materials
Sterilization Equipment	Ethylene Oxide
Wastewater Treatment, Industrial – Oil-Water Separators, excluding oil-water separators at petroleum refineries (see G-2 for Petroleum Refining - Oil-Water Separators)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Industrial – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment and excluding strippers at petroleum refineries (see G-2 for Petroleum Refining – Strippers)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Industrial - Storage Ponds, excluding storage ponds at petroleum refineries (see G-2 for Petroleum Refining – Storage Ponds)	Wastewater from any industrial facilities except petroleum refineries
Wastewater Treatment, Municipal – Preliminary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Primary Treatment	Municipal Wastewater
Wastewater Treatment, Municipal – Digesters	Municipal Wastewater
Wastewater Treatment, Municipal – Sludge Handling Processes, excluding sludge incinerators (see G-2 for sludge incinerators)	Sewage Sludge

(Amended 6/4/86; 6/6/90; 5/19/99; 6/7/00; 6/2/04; 6/15/05)

SCHEDULE G-2
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Asphalt Roofing Manufacturing – Asphalt Blowing	Asphalt Roofing or Related Materials
Asphaltic Concrete Manufacturing – Aggregate Dryers	Any Dry Materials
Asphaltic Concrete Manufacturing – Batch Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Drum Mixers	Any Asphaltic Concrete Products
Asphaltic Concrete Manufacturing – Other Mixers and/or Dryers	Any Dry Materials or Asphaltic Concrete Products
Concrete or Cement Batching Operations – Mixers	Any cement, concrete, or stone products or similar materials
Furnaces – Electric	Any Mineral or Mineral Product
Furnaces – Electric Induction	Any Mineral or Mineral Product
Furnaces – Glass Manufacturing	Soda Lime only
Furnaces – Reverberatory	Any Ores, Minerals, Metals, Alloys, or Related Materials
Incinerators – Hazardous Waste including any unit required to have a RCRA permit	Any Liquid or Solid Hazardous Wastes
Incinerators – Solid Waste, excluding units burning human/animal remains or pathological waste exclusively (see G-1 for Crematory and Pathological Waste Incinerators)	Any Solid Waste including Sewage Sludge (except human/animal remains or pathological waste)
Metal Rolling Lines, excluding foil rolling lines (see G-1 for Foil Rolling Lines)	Any Metals or Alloys
Petroleum Refining – Stockpiles (open)	Petroleum Coke or coke products only
Petroleum Refining, Wastewater Treatment – Oil-Water Separators	Wastewater from petroleum refineries only
Petroleum Refining, Wastewater Treatment – Strippers including air strippers, nitrogen strippers, dissolved air flotation units, or similar equipment	Wastewater from petroleum refineries only
Petroleum Refining, Wastewater Treatment – Storage Ponds	Wastewater from petroleum refineries only
Pickling Lines or Tanks	Any Metals or Alloys
Sulfate Pulping Operations – All Units	Any
Sulfite Pulping Operations – All Units	Any

(Amended June 7, 2000)

SCHEDULE G-3
(Adopted June 18, 1980)

Equipment or Process Description	Materials Processed or Produced
Furnaces – Electric Arc	Any Metals or Alloys
Furnaces – Electric Induction	Any Metals or Alloys
Incinerators – Medical Waste, excluding units burning pathological waste exclusively (see G-1 for Pathological Waste Incinerators)	Any Medical or Infectious Wastes
Loading and/or Unloading Operations – Marine Berths	Any Organic Materials
Petroleum Refining – Waste Gas Flares (subject to Regulation 12, Rule 11)	Any Petroleum Refining Gases
Petroleum Refining – Cracking Units including hydrocrackers and excluding thermal or fluid catalytic crackers (see G-4 for Thermal Crackers and Catalytic Crackers)	Any Hydrocarbons
Petroleum Refining – Distillation Units (crude oils) including any unit with a capacity greater than 1000 barrels/hour (see G-1 for other distillation units)	Any Petroleum Crude Oils
Phosphoric Acid Manufacturing – All Units (by any process)	Phosphoric Acid

(Amended 5/19/82; Amended and renumbered 6/6/90; Amended 6/7/00; 6/15/05)

SCHEDULE G-4
(Adopted June 6, 1990)

Equipment or Process Description	Materials Processed or Produced
Acid Regeneration Units	Sulfuric or Hydrochloric Acid only
Annealing Lines (continuous only)	Metals and Alloys
Calcining Kilns (see G-1 for Calcining Kilns processing other materials)	Cement, Lime, or Coke only
Fluidized Bed Combustors	Solid Fuels only
Nitric Acid Manufacturing – Any Ammonia Oxidation Processes	Ammonia or Ammonia Compounds
Petroleum Refining - Coking Units including fluid cokers, delayed cokers, flexicokers, and coke kilns	Petroleum Coke and Coke Products
Petroleum Refining - Cracking Units including fluid catalytic crackers and thermal crackers and excluding hydrocrackers (see G-3 for Hydrocracking Units)	Any Hydrocarbons
Petroleum Refining - Sulfur Removal including any Claus process or any other process requiring caustic reactants	Any Petroleum Refining Gas
Sulfuric Acid Manufacturing – Any Chamber or Contact Process	Any Solid, Liquid or Gaseous Fuels Containing Sulfur

(Amended June 7, 2000)

SCHEDULE H
SEMICONDUCTOR AND RELATED OPERATIONS
(Adopted May 19, 1982)

All of the equipment within a semiconductor fabrication area will be grouped together and considered one source. The fee shall be as indicated:

1. INITIAL FEE:

- a. The minimum fee per source is: ~~\$209~~\$240
 - b. The maximum fee per source is: ~~\$16,688~~\$19,191
- The initial fee shall include the fees for each type of operation listed below, which is performed at the fabrication area:

- c. SOLVENT CLEANING OPERATIONS, such as usage of:
Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);
Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).
The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):
 - i. If gross throughput is not more than 3,000 gal/yr: ~~\$209~~\$240
 - ii. If gross throughput is more than 3,000 gallons/year: ~~\$141~~ \$162 per 1,000 gallon
- d. COATING OPERATIONS, such as application of:
Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219); and other miscellaneous solvent usage.
The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):
 - i. If gross throughput is not more than 1,000 gal/yr: ~~\$209~~\$240
 - ii. If gross throughput is more than 1,000 gallons/year: ~~\$420~~ \$483 per 1,000 gallon

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.

- a. RSF for first TAC source in application: ~~\$272~~\$286 plus initial fee
 - b. Minimum RSF for first TAC source: ~~\$481~~\$526
 - c. RSF for each additional TAC source: equal to initial fee *
 - d. Minimum RSF per additional TAC source: ~~\$209~~\$240 *
 - e. Maximum RSF per source is: ~~\$16,688~~\$19,191
- * RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE:

- a. The minimum fee per source is: ~~\$150~~\$173
 - b. The maximum fee per source is: ~~\$8,343~~\$9,594
- The permit to operate fee shall include the fees for each type of operation listed below, which is performed at the fabrication area:
- c. SOLVENT CLEANING OPERATIONS, such as usage of:
Solvent Sinks (as defined in Regulation 8-30-214);
Solvent Spray Stations (as defined in Regulation 8-30-221);

Solvent Vapor Stations (as defined in Regulation 8-30-222); and
Wipe Cleaning Operation (as defined in Regulation 8-30-225).

The fee is based on the gross throughput of organic solvent processed through the solvent cleaning operations on an annual basis (or anticipated to be processed, for new sources):

- i. If gross throughput is not more than 3,000 gal/yr: ~~\$150~~\$173
- ii. If gross throughput is more than 3,000 gallons/year: ~~\$70~~\$81 per 1,000 gallon

d. COATING OPERATIONS, such as application of:

Photoresist (as defined in Regulation 8-30-215); other wafer coating;
Solvent-Based Photoresist Developer (as defined in Regulation 8-30-219);
and other miscellaneous solvent usage.

The fee is based on the gross throughput of organic solvent processed through the coating operations on an annual basis (or anticipated to be processed, for new sources):

- i. If gross throughput is not more than 1,000 gal/yr: ~~\$150~~\$173
- ii. If gross throughput is more than 1,000 gallons/year: ~~\$209~~\$240 per 1,000 gallon

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. The fee for each source will be rounded to the whole dollar. Fees for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

*(Amended 1/9/85; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99;
10/20/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05)*

**SCHEDULE I
 DRY CLEANERS**
 (Adopted July 6, 1983)

For dry cleaners, the fee shall be computed based on each cleaning machine, except that machines with more than one drum shall be charged based on each drum, regardless of the type or quantity of solvent, as follows:

1. INITIAL FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: ~~\$209~~\$240
 - b. If the washing or drying capacity exceeds 100 pounds: ~~\$209~~\$240 plus
 For that portion of the capacity exceeding 100 pounds: ~~\$6.23~~\$7.16 per
 pound

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$272~~\$286 plus initial fee
 - b. Minimum RSF for first TAC source: ~~\$481~~\$526
 - c. RSF for each additional TAC source: equal to initial fee *
 - d. Minimum RSF per additional TAC source: ~~\$209~~\$240 *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

3. PERMIT TO OPERATE FEE FOR A DRY CLEANING MACHINE (per drum):
 - a. If the washing or drying capacity is no more than 100 pounds: ~~\$150~~\$173
 - b. If the washing or drying capacity exceeds 100 pounds: ~~\$150~~\$173 plus
 For that portion of the capacity exceeding 100 pounds: ~~3.12~~\$3.59 per
 pound

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Fees for each source will be rounded to the nearest dollar. The fee for sources will be rounded up to the nearest dollar for 51 cents and above, and amounts 50 cents and lower will be rounded down to the nearest dollar.

*(Amended 10/17/84; 6/5/85; 6/4/86; 7/3/91; 6/15/94; 10/8/97; 7/1/98;
 5/19/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/02/04; 6/15/05)*

SCHEDULE K
SOLID WASTE DISPOSAL SITES
(Adopted July 15, 1987)

1. INITIAL FEE:
 - a. Inactive or Closed Solid Waste Disposal Sites \$1250\$1,438
 - b. Active Solid Waste Disposal Sites \$2501\$2,876

2. RISK SCREENING FEE (RSF) is only applicable for new and modified sources of toxic air contaminants (TACs) for which a health risk screening analysis is required under Regulation 2-5-401.
 - a. RSF for first TAC source in application: ~~\$272~~-\$286 plus initial fee
 - b. RSF for each additional TAC source: equal to initial fee *

* RSF for additional TAC sources is only applicable to those sources that emit one or more TACs at a rate that exceeds a trigger level listed in Table 2-5-1

2. PERMIT TO OPERATE FEE:
 - a. Inactive or Closed Solid Waste Disposal Sites \$624\$718
 - b. Active Solid Waste Disposal Sites \$1250\$1,438

4. TOXIC SURCHARGE is only applicable for a source that emits one or more TACs at a rate that exceeds a chronic trigger level listed in Table 2-5-1: the permit to operate fee shall be raised by ten percent. This fee shall not be assessed for TACs not listed in Table 2-5-1.

5. Evaluation of Reports and Questionnaires:
 - a. Evaluation of Solid Waste Air Assessment Test Report as required by Health & Safety Code Section 41805.5(g) \$864
 - b. Inactive Site Questionnaire evaluation as required by Health & Safety Code Section 41805.5(b) \$433
 - c. Evaluation of Solid Waste Air Assessment Test report in conjunction with evaluation of Inactive Site Questionnaire as required by Health & Safety Code Section 41805.5(b) \$433
 - d. Evaluation of Initial or Amended Design Capacity Reports as required by Regulation 8, Rule 34, Section 405 \$318
 - e. Evaluation of Initial or Periodic NMOC Emission Rate Reports as required by Regulation 8, Rule 34, Sections 406 or 407 \$911
 - f. Evaluation of Closure Report as required by Regulation 8, Rule 34, Section 409 \$318
 - g. Evaluation of Annual Report as required by Regulation 8, Rule 34, Section 411 \$797

6. Fees for each source will be rounded off to the nearest dollar. The fee for sources will be rounded up or down to the nearest dollar.

7. For the purposes of this fee schedule, a solid waste disposal site shall be considered active, if it has accepted solid waste for disposal at any time during the previous 12 months or has plans to accept solid waste for disposal during the next 12 months.

(Amended 7/3/91; 6/15/94; 10/8/97; 7/1/98; 5/19/99; 10/6/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05)

SCHEDULE L
ASBESTOS OPERATIONS
(Adopted July 6, 1988)

1. Asbestos Operations conducted at single family dwellings are subject to the following fees:
 - a. OPERATION FEE: \$89 for amounts 100 to 500 square feet or linear feet.
 \$327 for amounts 501 square feet or linear feet to 1000 square feet or linear feet.
 \$475 for amounts 1001 square feet or liner feet to 2000 square feet or linear feet.
 \$653 for amounts greater than 2000 square feet or linear feet.
 - b. Cancellation: \$43 of above amounts non-refundable, for notification processing.

2. Asbestos Operations, other than those conducted at single family dwellings, are subject to the following fees:
 - a. OPERATION FEE: \$251 for amounts 100 to 159 square feet or 100 to 259 linear feet or 35 cubic feet
 \$364 for amounts 160 square feet or 260 linear feet to 500 square or linear feet or greater than 35 cubic feet.
 \$529 for amounts 501 square feet or linear feet to 1000 square feet or linear feet.
 \$779 for amounts 1001 square feet or liner feet to 2500 square feet or linear feet.
 \$1111 for amounts 2501 square feet or linear feet to 5000 square feet or linear feet.
 \$1526 for amounts 5001 square feet or linear feet to 10000 square feet or linear feet.
 \$1941 for amounts greater than 10001 square feet or linear feet.
 - b. Cancellation: \$120 of above amounts non-refundable for notification processing.

3. Demolitions (including zero asbestos demolitions) conducted at a single-family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$43
 - b. Cancellation: \$43 (100% of fee) non-refundable, for notification processing.

4. Demolitions (including zero asbestos demolitions) other than those conducted at a single family dwelling are subject to the following fee:
 - a. OPERATION FEE: \$179
 - b. Cancellation: \$120 of above amount non-refundable for notification processing.

5. Asbestos operations with less than 10 days prior notice (excluding emergencies) are subject to the following additional fee:
 - a. OPERATION FEE: \$297

6. Asbestos demolition operations for the purpose of fire training are exempt from fees.

7. Floor mastic removal using mechanical buffers and solvent is subject to the following fee:
 - a. OPERATION FEE: \$179
 - b. Cancellation: \$120 of above amount non-refundable for notification processing.

(Amended 9/5/90; 1/5/94; 8/20/97; 10/7/98; 7/19/00; 8/1/01, 6/5/02, 7/2/03; 6/2/04)

SCHEDULE M
MAJOR STATIONARY SOURCE FEES
(Adopted June 6, 1990)

For each major stationary source emitting 50 tons per year or more of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, and/or PM₁₀, the fee shall be based on the following:

	1.	Organic Compounds	\$62.51 <u>\$71.89</u> per ton
	2.	Sulfur Oxides	\$62.51 <u>\$71.89</u> per ton
	3.	Nitrogen Oxides	\$62.51 <u>\$71.89</u> per ton
	4.	PM ₁₀	\$62.51 <u>\$71.89</u> per ton

Emissions calculated by the APCO shall be based on the data reported for the most recent 12-month period prior to billing. In calculating the fee amount, emissions of Organic Compounds, Sulfur Oxides, Nitrogen Oxides, or PM₁₀, if occurring in an amount less than 50 tons per year, shall not be counted.

(Amended 7/3/91; 6/15/94; 7/1/98; 5/9/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05)

SCHEDULE N
TOXIC INVENTORY FEES
(Adopted October 21, 1992)

For each stationary source emitting substances covered by California Health and Safety Code Section 44300 *et seq.*, the Air Toxics "Hot Spots" Information and Assessment Act of 1987, which have trigger levels listed in Table 2-5-1, a fee based on the weighted emissions of the facility shall be assessed based on the following formulas:

1. A fee of \$5 for each gasoline product dispensing nozzle in the facility, if the facility is a Gasoline Dispensing Facility; or
2. A fee of \$125 if the facility has emissions in the current Toxic Emissions Inventory which are greater than or equal to 50 weighted pounds per year and less than 1000 weighted pounds per year; or
3. A fee of \$125 + $S_L \times (w_j - 1000)$ if the facility has emissions in the current Toxic Emissions Inventory which are greater than or equal to 1000 weighted pounds per year;

where the following relationships hold:

w_j = facility weighted emissions for facility j; where the weighted emission for the facility shall be calculated as a sum of the individual emissions of the facility multiplied by either the Unit Risk Factor (URF) for the substance times one hundred thousand (in cubic meters/microgram) if the emission is a carcinogen, or by the reciprocal of the chronic reference exposure level (REL_c) for the substance (in cubic meters/microgram) if the emission is not a carcinogen [use URF and REL_c as listed in Table 2-5-1]:

w_j = Facility Weighted Emission = $\sum_{i=1}^n E_i * Q_i$ where

n = number of toxic substances emitted by facility

E_j = amount of substance i emitted by facility in lbs/year

Q_j = URF * 10⁵, if i is a carcinogen; or

Q_j = [REL_c]⁻¹, if i is not a carcinogen

F_T = Total amount of fees to be collected by the District to cover District and State of California AB 2588 costs as most recently adopted by the Board of Directors of the California Environmental Protection Agency, Air Resources Board, and set out in the most recently published "Amendments to the Air Toxics "Hot Spots" Fee Regulation," published by that agency.

N_L = Number of facilities with emissions in current District Toxic Emissions Inventory greater than 1000 weighted pounds per year.

N_S = Number of facilities with emissions in current District Toxic Emissions Inventory greater than 50 weighted pounds per year and less than 1000 weighted pounds per year.

N_{NOZ} = Number of gasoline-product-dispensing nozzles in currently permitted Gasoline Dispensing Facilities.

S_L = Surcharge per pound of weighted emissions for each pound in excess of 1000 weighted pounds per year, where s_L is given by the following formula:

$$S_L = \frac{F_T - (125 \times N_S) - (125 \times N_L) - 5 \times N_{NOZ}}{\sum_{j=1}^{N_L} (w_j - 1000)}$$

(Amended 12/15/93; 6/15/05)

SCHEDULE P
MAJOR FACILITY REVIEW FEES
(Adopted November 3, 1993)

1. MFR / SYNTHETIC MINOR ANNUAL FEES

Each facility, which is required to undergo major facility review in accordance with the requirements of Regulation 2, Rule 6, shall pay annual fees (1a and 1b below) for each source holding a District Permit to Operate. These fees shall be in addition to and shall be paid in conjunction with the annual renewal fees paid by the facility. However, these MFR permit fees shall not be included in the basis to calculate Alternative Emission Control Plan (bubble) or toxic air contaminant surcharges. If a major facility applies for and obtains a synthetic minor operating permit, the requirement to pay the fees in 1a and 1b shall terminate as of the date the APCO issues the synthetic minor operating permit.

a. MFR SOURCE FEE ~~\$214~~ \$246 per source

b. MFR EMISSIONS FEE ~~\$8.42~~ \$9.68 per ton of regulated air pollutants emitted

Each MFR facility and each synthetic minor facility shall pay an annual monitoring fee (1c below) for each pollutant measured by a District-approved continuous emission monitor or a District-approved parametric emission monitoring system.

c. MFR/SYNTHETIC MINOR MONITORING FEE ~~\$2,137~~ \$2,458 per monitor per pollutant

2. SYNTHETIC MINOR APPLICATION FEES

Each facility that applies for a synthetic minor operating permit or a revision to a synthetic minor operating permit shall pay application fees according to 2a and either 2b (for each source holding a District Permit to Operate) or 2c (for each source affected by the revision). If a major facility applies for a synthetic minor operating permit prior to the date on which it would become subject to the annual major facility review fee described above, the facility shall pay, in addition to the application fee, the equivalent of one year of annual fees for each source holding a District Permit to Operate.

a. SYNTHETIC MINOR FILING FEE ~~\$298~~ \$343 per application

b. SYNTHETIC MINOR INITIAL PERMIT FEE ~~\$209~~ \$240 per source

c. SYNTHETIC MINOR REVISION FEE ~~\$209~~ \$240 per source modified

3. MFR APPLICATION FEES

Each facility that applies for or is required to undergo: an initial MFR permit, an amendment to an MFR permit, a minor or significant revision to an MFR permit, a reopening of an MFR permit or a renewal of an MFR permit shall pay, with the application and in addition to any other fees required by this regulation, the applicable fees according to 3a-h below. The fees in 3b and 3g apply to each source in the initial or renewal permit, while the fees in 3d-f apply to each source affected by the revision or reopening.

a. MFR FILING FEE ~~\$298~~ \$343 per application

b. MFR INITIAL PERMIT FEE ~~\$288~~ \$331 per source

c. MFR ADMINISTRATIVE AMENDMENT FEE ~~\$84~~ \$97 per application

d. MFR MINOR REVISION FEE ~~\$423~~ \$486 per source modified

e. MFR SIGNIFICANT REVISION FEE ~~\$789~~ \$907 per source modified

f. MFR REOPENING FEE ~~\$258~~ \$297 per source modified

g. MFR RENEWAL FEE ~~\$125~~ \$144 per source

Each facility that requests a permit shield or a revision to a permit shield under the provisions of Regulation 2, Rule 6 shall pay the following fee for each source (or group of sources, if the requirements for these sources are grouped together in a single table in the MFR permit) that is covered by the requested shield. This fee shall be paid in addition to any other applicable fees.

- h. MFR PERMIT SHIELD FEE~~\$444~~\$511 per shielded source or group of sources
- 4. MFR PUBLIC NOTICE FEES
Each facility that is required to undergo a public notice related to any permit action pursuant to Regulation 2-6 shall pay the following fee upon receipt of a District invoice.
MFR PUBLIC NOTICE FEE Cost of Publication
- 5. MFR PUBLIC HEARING FEES
If a public hearing is required for any MFR permit action, the facility shall pay the following fees upon receipt of a District invoice.
 - a. MFR PUBLIC HEARING FEECost of Public Hearing not to exceed ~~\$5,750~~\$6,613
 - b. NOTICE OF PUBLIC HEARING FEECost of distributing Notice of Public Hearing
- 6. POTENTIAL TO EMIT DEMONSTRATION FEE
Each facility that makes a potential to emit demonstration under Regulation 2-6-312 in order to avoid the requirement for an MFR permit shall pay the following fee:
 - a. PTE DEMONSTRATION FEE ~~\$50~~\$58 per source, not to exceed ~~\$5,000~~\$5,750

(Amended 6/15/94; 10/8/97; 7/1/98; 5/19/99; 6/7/00; 6/6/01, 5/1/02, 5/21/03; 6/2/04; 6/15/05)

SCHEDULE Q
EXCAVATION OF CONTAMINATED SOIL AND
REMOVAL OF UNDERGROUND STORAGE TANKS
(Adopted January 5, 1994)

1. Persons excavating contaminated soil or removing underground storage tanks subject to the provisions of Regulation 8, Rule 40, Section 401, 402, 403 or 405 are subject to the following fee:
 - a. OPERATION FEE: \$120

(Amended 7/19/00; 8/1/01, 6/5/02, 7/2/03; 6/2/04)

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
Memorandum

To: Chair Gayle B. Uilkema and Members
of the Board of Directors

From: Jack P. Broadbent
Executive Officer/APCO

Date: May 30, 2006

Re: Final Public Hearing and Adoption of the Proposed District Budget
for Fiscal Year 2006/2007

RECOMMENDED ACTION:

Adopt proposed District Budget for Fiscal Year 2006/2007 and the attached resolution reflecting actions of the Board in adopting the proposed budget.

BACKGROUND

The District Budget for FY 2006/2007 represents input from staff, Board members, and the public over the past several months. The Budget and Finance Committee reviewed the Budget at its April 26, 2006 and May 10, 2006 meetings. The Committee discussed and accepted the budget, but due to lack of a quorum, the Committee determined to forward the proposed fiscal year 2006/2007 Budget to the Board of Directors without a recommendation. The first public hearing, held for the exclusive purpose of receiving public comment on, and reviewing the proposed Budget was conducted at a Board of Directors' meeting on May 17, 2006.

DISCUSSION

At the June 7, 2006 meeting, staff will address follow-up items on information requested at the May 17, 2006 public hearing. Specifically, staff will provide further information on enhanced security services for the District.

Respectfully submitted,

Jack P. Broadbent
Executive Officer/APCO

Prepared by: Jeff McKay

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

Resolution No. 2006-___

**A Resolution to Approve the Budget for the Fiscal Year Ending June 30, 2007
(FY 2006-2007) and Various Budget Related Actions**

WHEREAS, the Board of Directors has the statutory authority and direction to set the District's financial budget pursuant to Health & Safety Code Sections 40130-40131 and 40270-40276;

WHEREAS, by Resolution No. 2005-10, the Board of Directors adopted the District budget for Fiscal Year (FY) 2005-2006 on June 15, 2005, pursuant to the above-mentioned statutory authority;

WHEREAS, the Board of Directors, in connection with that action, approved the following budget related actions:

- A. Transfer Funds from Unencumbered Balance of Appropriations to the General Reserve
- B. Fund Contingency Reserve
- C. Fund The General Reserve from Year to Year
- D. Authorize Modification to Name and Purpose of certain Designated Reserve Funds
- E. Authorize Disposal of Surplus Government Property
- F. Salary Ranges for District Employees
- G. Approve Proposed District Budget for FY 2006-2007;

WHEREAS, District staff has determined through its annual budget review and analysis that similar actions are necessary in connection with the adoption of a budget for FY 2006-2007 and that all of these actions be incorporated into a single resolution;

WHEREAS, the Budget & Finance Committee of the Board of Directors reviewed the proposed FY 2006-2007 District Budget at public meetings held on April 26, 2006, and May 10, 2006, and following that review, the Committee accepted the budget, but due to lack of a quorum, the Committee determined to forward the proposed fiscal year 2006/2007 Budget to the Board of Directors without a recommendation.

WHEREAS, an initial public hearing was duly noticed and held on May 17, 2006, at a Meeting of the Board of Directors held pursuant to Health & Safety Code Section 40131, for the exclusive purpose of reviewing the District's proposed FY 2006-2007 Budget and of providing the public with an opportunity to comment upon the proposed District budget;

WHEREAS, at the May 17, 2006, Regular Meeting of the Board of Directors the Proposed FY 2006-2007 District Budget was set for further hearing and proposed adoption of the FY 2006-2007 District Budget at the Regular Meeting of the Board of Directors to be held on June 7, 2006;

WHEREAS, in connection with the public hearing and consideration of the Proposed FY 2006-2007 District Budget on June 7, 2006, the Board of Directors decided to take the following actions related to the FY 2005-2006 District Budget:

A. TRANSFER FUNDS FROM UNENCUMBERED BALANCE OF APPROPRIATIONS TO THE GENERAL RESERVE

WHEREAS, the Proposed District Budget provides sufficient funds for the operation of the District for FY 2006-2007;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby directs District staff, that in the event there is an unencumbered balance of appropriations from FY 2005-2006, to transfer such excess balance to the General Reserve.

B. FUND CONTINGENCY RESERVE

WHEREAS, the Board of Directors by Resolution No. 161, adopted on August 7, 1985, created a Reserve for Contingencies by transferring to this Reserve from the General Reserve in order to pay for unforeseen District expenditures;

WHEREAS, the Board of Directors continued to include the Reserve for Contingencies in subsequent fiscal year budgets, and by Resolution No. 2218, adopted on June 14, 1994, established a Reserve for Contingency level of Four Hundred Thousand Dollars (\$400,000.00) for that FY 1994-95;

WHEREAS, District staff has determined that there is still a need to continue funding this reserve for contingencies;

WHEREAS, District staff recommends that this Reserve for Contingencies remain in the 2006-2007 fiscal year budget and that it be funded to a level of Four Hundred Thousand Dollars (\$400,000.00) by a transfer from the General Reserve;

WHEREAS, the Board of Directors concurs with these District staff recommendations regarding the transfer of funds to fund the Reserve for Contingencies;

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Reserve for Contingencies be continued for FY 2006-2007 and be funded in the amount of Four Hundred Thousand Dollars (\$400,000.00).

C. FUND THE GENERAL RESERVE FROM YEAR TO YEAR

WHEREAS, the Board of Directors on June 12, 1958, created a General Reserve in the District's budget and transferred certain funds into it;

WHEREAS, the District has operated for much of its existence with a General Reserve in its fiscal year budget;

WHEREAS, the District retained the consulting firm of KPMG LLP in 1998-99 to conduct a permit fee cost recovery study of the District;

WHEREAS, KPMG determined through their study of District finances that the General Reserve was inadequately funded and therefore recommended that the General Reserve be funded to a level consistent with generally accepted governmental practices;

WHEREAS, District staff concurred with this finding and recommendation from KPMG LLP;

WHEREAS, the Board of Directors concurs with the recommendation of KPMG LLP, District staff and its Budget & Finance Committee that maintaining a healthy and properly funded General Reserve in the District's budget is a prudent and financially sound decision;

NOW THEREFORE, BE IT FURTHER RESOLVED that the General Reserve be continued for FY 2006-2007, and thereafter until discontinued by resolution of the Board of Directors.

D. AUTHORIZE DISPOSAL OF SURPLUS GOVERNMENT PROPERTY

WHEREAS, the District Budget for FY 2006-2007 provides for the replacement of certain equipment and other property that has either become obsolete and surplus or will become obsolete and surplus;

WHEREAS, District staff has determined that certain equipment or other property will no longer be economically feasible to maintain or repair, and that some equipment will become obsolete and not useful for District purposes;

WHEREAS, from time to time during the course of the coming fiscal year it may be advantageous to the District to sell or dispose of such equipment or other property;

WHEREAS, the Board of Directors desires to authorize the Executive Officer/APCO, or his or her designee, to sell or dispose of such surplus or obsolete equipment or other property pursuant the requirements and guidelines of Government Code Sections 25363 and 25504.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Board of Directors hereby authorizes the Executive Officer/APCO, or his or her designee, to sell or dispose of surplus or obsolete equipment or other property during FY 2006-2007.

E. SALARY RANGES FOR DISTRICT EMPLOYEES

WHEREAS, the Board of Directors of the Bay Area Air Quality Management District established Salary Ranges and Classifications on June 10, 1962, pursuant to Resolution No. 270 and has from time to time amended those Salary Ranges and Classifications;

WHEREAS, management employees and confidential employees are not represented by a recognized employee organization;

WHEREAS, the approved District Budget for FY 2006-2007 includes funds for Board of Director discretionary use in adjusting salaries and fringe benefits for District employees;

WHEREAS, on May 15, 2002, by Resolution No. 2002-05, the Board of Directors approved a Memorandum of Understanding (the "MOU") with the employees represented by the recognized employee organization Bay Area Air Quality Management District Employees Association ("EA") which MOU had been previously ratified by the EA;

WHEREAS, the MOU provides, among other things, for certain adjustments to the salary and fringe benefits for EA members for FY 2006-2007 including a cost of living adjustment ("COLA");

WHEREAS, on October 16, 2002, by Resolution No. 2002-17, the Board of Directors approved certain adjustments to salary and fringe benefits for non-Board of Director appointed management and confidential employees who are not represented by a recognized employee organization;

WHEREAS, by Resolution No. 2003-04, on June 18, 2003, the Board of Directors approved adjustments to the salaries for non-Board of Director appointed management and confidential employees to reflect the same COLA as provided for in the MOU; and

WHEREAS, salaries adjusted in accordance with the provisions of the MOU for Represented Classes and salaries for non-Board of Director appointed Management and Confidential employees in accordance with Resolution Nos. 2002-17, 2003-04 and 2005-02, the proposed FY 2006-2007 budget, and with contracts with Board appointed management employees are reflected in the salary schedules attached hereto.

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Board of Directors approves the revised salary schedules attached hereto which, consistent with the MOU and Resolution Nos. 2002-17, 2003-04 and 2005-02, the proposed FY2006-2007 budget, and with contracts with Board appointed management employees provide salary increases effective July 1, 2006.

F. APPROVE PROPOSED DISTRICT BUDGET FOR FY 2006-2007

WHEREAS, on May 17, 2006, and June 7, 2006, public proceedings have been held in a manner and form required by Health & Safety Code Section 40131 for the adoption of the FY 2006-2007 Budget of the Bay Area Air Quality Management District;

WHEREAS, the Board of Directors has considered the Proposed Budget for the fiscal year ending June 30, 2007, as well as the report on this proposed budget from the Budget & Finance Committee of the Board of Directors which considered the Proposed FY 2006-2007 District Budget at their meetings of April 26, 2006, and May 10, 2006;

WHEREAS, at the May 17, 2006, Regular Meeting of the Board of Directors, in its report to the Board of Directors, the Budget & Finance Committee of the Board of Directors forwarded the Proposed FY 2006-2007 District Budget to the Board of Directors; and

NOW, THEREFORE, BE IT FURTHER RESOLVED that the Proposed District Budget for FY 2006-2007 in the total consolidated amount of Sixty-Two Million, One Hundred Fifty Two Thousand Seven Hundred Fifty One Dollars, (\$62,152,751.00), specifying by appropriation classification – personnel, services and supplies, and capital outlay – be and hereby is adopted by the Board of Directors of the Bay Area Air Quality Management District to become effective as of July 1, 2006.

The foregoing resolution was duly and regularly introduced, passed and adopted at a regular meeting of the Board of Directors of the Bay Area Air Quality Management District on the Motion of Director _____, seconded by Director _____, on the _____ day of _____ 2006 by the following vote of the Board:

AYES:

NOES:

ABSENT:

GAYLE UILKEMA
Chairperson of the Board of Directors

ATTEST:

JERRY HILL

Secretary of the Board of Directors

BAY AREA AIR QUALITY MANAGEMENT DISTRICT
SALARY SCHEDULE FOR MANAGEMENT AND CONFIDENTIAL CLASSES
Monthly/Bi-weekly/Hourly effective July 1, 2006

ID ID-JDE MANAGEMENT Per Employment Agreement

16	1B101	Executive Officer/Air Pollution Control Officer	16932.17 7814.85 97.69
86	1B102	Counsel	16082.54 7422.71 92.78

ID	ID-JDE MANAGEMENT	Range	Step A	Step B	Step C	Step D	Step E	
15	3M101	Air Monitoring Manager	146M	7864.35 3629.70 45.37	8257.56 3811.18 47.64	8670.44 4001.74 50.02	9103.96 4201.83 52.52	9559.16 4411.92 55.15
21	3M102	Air Quality Engineering Manager	148M	8257.56 3811.18 47.64	8670.44 4001.74 50.02	9103.96 4201.83 52.52	9559.16 4411.92 55.15	10037.12 4632.52 57.91
176	3M103	Air Quality Planning Manager	146M	7864.35 3629.70 45.37	8257.56 3811.18 47.64	8670.44 4001.74 50.02	9103.96 4201.83 52.52	9559.16 4411.92 55.15
178	3M104	Air Quality Program Manager	146M	7864.35 3629.70 45.37	8257.56 3811.18 47.64	8670.44 4001.74 50.02	9103.96 4201.83 52.52	9559.16 4411.92 55.15
29	8M101	Assistant Counsel I	149M	8316.90 3838.57 47.98	8732.75 4030.50 50.38	9169.38 4232.02 52.90	9627.85 4443.62 55.55	10109.25 4665.81 58.32
30	7M101	Assistant Counsel II	153M	9328.79 4305.59 53.82	9795.23 4520.87 56.51	10284.99 4746.92 59.34	10799.24 4984.26 62.30	11339.20 5233.48 65.42
32	3M105	Business Manager	140M	6793.52 3135.47 39.19	7133.19 3292.24 41.15	7489.85 3456.86 43.21	7864.35 3629.70 45.37	8257.56 3811.18 47.64
36	1M101	Deputy Air Pollution Control Officer	158M	10538.98 4864.14	11065.93 5107.35	11619.22 5362.72	12200.18 5630.85	12810.19 5912.40

ID	ID-JDE	MANAGEMENT(CONTINUED)	Range	Step A	Step B	Step C	Step D	Step E
189	2M103	Director of Engineering	154M	9496.05 4382.79 54.78	9970.86 4601.93 57.52	10469.40 4832.03 60.40	10992.87 5073.63 63.42	11542.51 5327.31 66.59
39	2M104	Director of Finance, Administration and Information Services	154M	9496.05 4382.79 54.78	9970.86 4601.93 57.52	10469.40 4832.03 60.40	10992.87 5073.63 63.42	11542.51 5327.31 66.59
125	2M105	Director of Planning and Research	154M	9496.05 4382.79 54.78	9970.86 4601.93 57.52	10469.40 4832.03 60.40	10992.87 5073.63 63.42	11542.51 5327.31 66.59
41	2M106	Director of Outreach and Incentives	154M	9496.05 4382.79 54.78	9970.86 4601.93 57.52	10469.40 4832.03 60.40	10992.87 5073.63 63.42	11542.51 5327.31 66.59
42	2M107	Director of Technical Services	154M	9496.05 4382.79 54.78	9970.86 4601.93 57.52	10469.40 4832.03 60.40	10992.87 5073.63 63.42	11542.51 5327.31 66.59
206	3M113	Executive Office Manager	134M	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24	6595.65 3044.15 38.05	6925.43 3196.35 39.95
187	3M107	Finance Manager	146M	7864.35 3629.70 45.37	8257.56 3811.18 47.64	8670.44 4001.74 50.02	9103.96 4201.83 52.52	9559.16 4411.92 55.15
49	3M106	Fleet and Facilities Manager	132M	5589.04 2579.56 32.24	5868.50 2708.54 33.86	6161.92 2843.96 35.55	6470.02 2986.16 37.33	6793.52 3135.47 39.19
175	3M108	Human Resources Officer	154M	9496.05 4382.79 54.78	9970.86 4601.93 57.52	10469.40 4832.03 60.40	10992.87 5073.63 63.42	11542.51 5327.31 66.59
193	3M109	Information Systems Manager	146M	7864.35 3629.70 45.37	8257.56 3811.18 47.64	8670.44 4001.74 50.02	9103.96 4201.83 52.52	9559.16 4411.92 55.15
52	3M110	Laboratory Services Manager	146M	7864.35 3629.70 45.37	8257.56 3811.18 47.64	8670.44 4001.74 50.02	9103.96 4201.83 52.52	9559.16 4411.92 55.15
57	3M111	Meteorology and Data	147M	8058.56	8461.49	8884.56	9328.79	9795.23

ID	ID-JDE	CONFIDENTIAL	Range	Step A	Step B	Step C	Step D	Step E
89	5C101	Clerk of the Boards	132	5426.26 2504.43 31.31	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24	6595.65 3044.15 38.05
116	7C001	Executive Secretary	125	4574.44 2111.28 26.39	4803.16 2216.84 27.71	5043.32 2327.69 29.10	5295.48 2444.07 30.55	5560.26 2566.27 32.08
204	8C101	Human Resources Analyst I	129	5043.32 2327.69 29.10	5295.48 2444.07 30.55	5560.26 2566.27 32.08	5838.27 2694.59 33.68	6130.19 2829.32 35.37
205	7C103	Human Resources Analyst II	133	5560.26 2566.27 32.08	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13	6758.53 3119.32 38.99
182	8C001	Human Resources Technician I	116	3672.70 1695.09 21.19	3856.34 1779.85 22.25	4049.16 1868.84 23.36	4251.61 1962.28 24.53	4464.20 2060.40 25.75
183	7C002	Human Resources Technician II	120	4049.16 1868.84 23.36	4251.61 1962.28 24.53	4464.20 2060.40 25.75	4687.40 2163.42 27.04	4921.78 2271.59 28.39
170	7C003	Legal Office Services Specialist	124	4464.20 2060.40 25.75	4687.40 2163.42 27.04	4921.78 2271.59 28.39	5167.86 2385.17 29.81	5426.26 2504.43 31.31
54	8C002	Legal Secretary I	116	3672.70 1695.09 21.19	3856.34 1779.85 22.25	4049.16 1868.84 23.36	4251.61 1962.28 24.53	4464.20 2060.40 25.75
55	7C004	Legal Secretary II	120	4049.16 1868.84 23.36	4251.61 1962.28 24.53	4464.20 2060.40 25.75	4687.40 2163.42 27.04	4921.78 2271.59 28.39
199	8C003	Office Assistant I (HR)	104	2740.63 1264.91 15.81	2877.66 1328.15 16.60	3021.54 1394.56 17.43	3172.62 1464.29 18.30	3331.25 1537.50 19.22
200	7C005	Office Assistant II (HR)	108	3021.54	3172.62	3331.25	3497.81	3672.70

**BAY AREA AIR QUALITY MANAGEMENT DISTRICT
SALARY SCHEDULE FOR TECHNICAL/GENERAL AND PROFESSIONAL EMPLOYEES**

Effective July 1, 2006 per Memorandum of Understanding dated May 15, 2002

ID	ID-JDE	PROFESSIONAL	Range	Step A	Step B	Step C	Step D	Step E
97	7P001	Accountant	123	4356.61 2010.74 25.13	4574.44 2111.28 26.39	4803.16 2216.84 27.71	5043.32 2327.69 29.10	5295.48 2444.07 30.55
72	7P002	Advanced Projects Advisor	144	7271.70 3356.17 41.95	7635.29 3523.98 44.05	8017.05 3700.18 46.25	8417.91 3885.19 48.56	8838.80 4079.45 50.99
17	8P001	Air Quality Chemist I	127	4803.16 2216.84 27.71	5043.32 2327.69 29.10	5295.48 2444.07 30.55	5560.26 2566.27 32.08	5838.27 2694.59 33.68
18	7P003	Air Quality Chemist II	131	5295.48 2444.07 30.55	5560.26 2566.27 32.08	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13
19	8P002	Air Quality Engineer I	132	5426.26 2504.43 31.31	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24	6595.65 3044.15 38.05
20	7P004	Air Quality Engineer II	136	5982.45 2761.13 34.51	6281.57 2899.19 36.24	6595.65 3044.15 38.05	6925.43 3196.35 39.95	7271.70 3356.17 41.95
25	8P003	Air Quality Meteorologist I	131	5295.48 2444.07 30.55	5560.26 2566.27 32.08	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13
26	7P005	Air Quality Meteorologist II	135	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13	6758.53 3119.32 38.99	7096.46 3275.29 40.94
135	7P006	Atmospheric Modeler	140	6595.65 3044.15 38.05	6925.43 3196.35 39.95	7271.70 3356.17 41.95	7635.29 3523.98 44.05	8017.05 3700.18 46.25

ID	ID-JDE	PROFESSIONAL(continued)	Range	Step A	Step B	Step C	Step D	Step E
56	7P009	Library Specialist	120	4049.16 1868.84 23.36	4251.61 1962.28 24.53	4464.20 2060.40 25.75	4687.40 2163.42 27.04	4921.78 2271.59 28.39
186	4P001	Principal Accountant	131	5295.48 2444.07 30.55	5560.26 2566.27 32.08	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13
192	4P002	Principal Air and Meteorological Monitoring Specialist	143	7096.46 3275.29 40.94	7451.28 3439.05 42.99	7823.84 3611.00 45.14	8215.03 3791.55 47.39	8625.79 3981.13 49.76
203	4P005	Principal Air Quality Chemist	139	6436.69 2970.78 37.13	6758.53 3119.32 38.99	7096.46 3275.29 40.94	7451.28 3439.05 42.99	7823.84 3611.00 45.14
168	4P003	Principal Air Quality Engineer	144	7271.70 3356.17 41.95	7635.29 3523.98 44.05	8017.05 3700.18 46.25	8417.91 3885.19 48.56	8838.80 4079.45 50.99
169	4P004	Principal Environmental Planner	142	6925.43 3196.35 39.95	7271.70 3356.17 41.95	7635.29 3523.98 44.05	8017.05 3700.18 46.25	8417.91 3885.19 48.56
105	7P010	Research Analyst	130	5167.86 2385.17 29.81	5426.26 2504.43 31.31	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24
154	6P001	Senior Advanced Projects Advisor	148	8017.05 3700.18 46.25	8417.91 3885.19 48.56	8838.80 4079.45 50.99	9280.74 4283.42 53.54	9744.78 4497.59 56.22
68	6P002	Senior Air Quality Chemist	135	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13	6758.53 3119.32 38.99	7096.46 3275.29 40.94
122	6P003	Senior Air Quality Engineer	140	6595.65 3044.15 38.05	6925.43 3196.35 39.95	7271.70 3356.17 41.95	7635.29 3523.98 44.05	8017.05 3700.18 46.25
70	6P004	Senior Air Quality Meteorologist	139	6436.69 2970.78 37.13	6758.53 3119.32 38.99	7096.46 3275.29 40.94	7451.28 3439.05 42.99	7823.84 3611.00 45.14

ID	ID-JDE	PROFESSIONAL(continued)	Range	Step A	Step B	Step C	Step D	Step E
144	5P001	Supervising Air Quality Engineer	144	7271.70 3356.17 41.95	7635.29 3523.98 44.05	8017.05 3700.18 46.25	8417.91 3885.19 48.56	8838.80 4079.45 50.99
145	5P002	Supervising Air Quality Meteorologist	143	7096.46 3275.29 40.94	7451.28 3439.05 42.99	7823.84 3611.00 45.14	8215.03 3791.55 47.39	8625.79 3981.13 49.76
161	5P003	Supervising Environmental Planner	142	6925.43 3196.35 39.95	7271.70 3356.17 41.95	7635.29 3523.98 44.05	8017.05 3700.18 46.25	8417.91 3885.19 48.56
91	7P012	Toxicologist	144	7271.70 3356.17 41.95	7635.29 3523.98 44.05	8017.05 3700.18 46.25	8417.91 3885.19 48.56	8838.80 4079.45 50.99

ID	ID-JDE	TECHNICAL/GENERAL	Range	Step A	Step B	Step C	Step D	Step E
112	8T001	Accounting Assistant I	106	2877.66 1328.15 16.60	3021.54 1394.56 17.43	3172.62 1464.29 18.30	3331.25 1537.50 19.22	3497.81 1614.38 20.18
113	7T001	Accounting Assistant II	110	3172.62 1464.29 18.30	3331.25 1537.50 19.22	3497.81 1614.38 20.18	3672.70 1695.09 21.19	3856.34 1779.85 22.25
109	7T002	Administrative Analyst	131	5295.48 2444.07 30.55	5560.26 2566.27 32.08	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13
147	7T003	Administrative Secretary	118	3856.34 1779.85 22.25	4049.16 1868.84 23.36	4251.61 1962.28 24.53	4464.20 2060.40 25.75	4687.40 2163.42 27.04
201	8T002	Air Quality Case Settlement Specialist I	126	4687.40 2163.42 27.04	4921.78 2271.59 28.39	5167.86 2385.17 29.81	5426.26 2504.43 31.31	5697.57 2629.65 32.87
202	7T004	Air Quality Case Settlement Specialist II	130	5167.86 2385.17 29.81	5426.26 2504.43 31.31	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24
23	8T003	Air Quality Inspector I	124	4464.20	4687.40	4921.78	5167.86	5426.26

ID	ID-JDE	TECHNICAL/GENERAL(cont'd)	Range	27.04	28.39	29.81	31.31	32.87
				Step A	Step B	Step C	Step D	Step E
164	8T005	Air Quality Laboratory Technician I	122	4251.61 1962.28 24.53	4464.20 2060.40 25.75	4687.40 2163.42 27.04	4921.78 2271.59 28.39	5167.86 2385.17 29.81
165	7T007	Air Quality Laboratory Technician II	126	4687.40 2163.42 27.04	4921.78 2271.59 28.39	5167.86 2385.17 29.81	5426.26 2504.43 31.31	5697.57 2629.65 32.87
166	8T006	Air Quality Permit Technician I	122	4251.61 1962.28 24.53	4464.20 2060.40 25.75	4687.40 2163.42 27.04	4921.78 2271.59 28.39	5167.86 2385.17 29.81
167	7T008	Air Quality Permit Technician II	126	4687.40 2163.42 27.04	4921.78 2271.59 28.39	5167.86 2385.17 29.81	5426.26 2504.43 31.31	5697.57 2629.65 32.87
179	8T004	Air Quality Specialist I	130	5167.86 2385.17 29.81	5426.26 2504.43 31.31	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24
180	7T009	Air Quality Specialist II	134	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24	6595.65 3044.15 38.05	6925.43 3196.35 39.95
177	7T010	Air Quality Technical Assistant	118	3856.34 1779.85 22.25	4049.16 1868.84 23.36	4251.61 1962.28 24.53	4464.20 2060.40 25.75	4687.40 2163.42 27.04
117	8T008	Air Quality Technician I	122	4251.61 1962.28 24.53	4464.20 2060.40 25.75	4687.40 2163.42 27.04	4921.78 2271.59 28.39	5167.86 2385.17 29.81
118	7T011	Air Quality Technician II	126	4687.40 2163.42 27.04	4921.78 2271.59 28.39	5167.86 2385.17 29.81	5426.26 2504.43 31.31	5697.57 2629.65 32.87
123	7T012	Building Maintenance Mechanic	114	3497.81 1614.38 20.18	3672.70 1695.09 21.19	3856.34 1779.85 22.25	4049.16 1868.84 23.36	4251.61 1962.28 24.53
34	7T013	Data Entry Operator	111	3250.97 1500.45 18.76	3413.52 1575.47 19.69	3584.19 1654.24 20.68	3763.40 1736.95 21.71	3951.57 1823.80 22.80

ID	ID-JDE	TECHNICAL/GENERAL (cont'd)	Range	Step A	Step B	Step C	Step D	Step E
130	7T016	Mechanic II	125	4574.44 2111.28 26.39	4803.16 2216.84 27.71	5043.32 2327.69 29.10	5295.48 2444.07 30.55	5560.26 2566.27 32.08
114	8T010	Office Assistant I	104	2740.63 1264.91 15.81	2877.66 1328.15 16.60	3021.54 1394.56 17.43	3172.62 1464.29 18.30	3331.25 1537.50 19.22
115	7T017	Office Assistant II	108	3021.54 1394.56 17.43	3172.62 1464.29 18.30	3331.25 1537.50 19.22	3497.81 1614.38 20.18	3672.70 1695.09 21.19
151	5T001	Office Services Supervisor	116	3672.70 1695.09 21.19	3856.34 1779.85 22.25	4049.16 1868.84 23.36	4251.61 1962.28 24.53	4464.20 2060.40 25.75
106	7T018	Permit Coordinator	134	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24	6595.65 3044.15 38.05	6925.43 3196.35 39.95
173	4T001	Principal Air Quality Specialist	142	6925.43 3196.35 39.95	7271.70 3356.17 41.95	7635.29 3523.98 44.05	8017.05 3700.18 46.25	8417.91 3885.19 48.56
140	8T011	Programmer Analyst I	127	4803.16 2216.84 27.71	5043.32 2327.69 29.10	5295.48 2444.07 30.55	5560.26 2566.27 32.08	5838.27 2694.59 33.68
141	7T019	Programmer Analyst II	131	5295.48 2444.07 30.55	5560.26 2566.27 32.08	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13
131	8T012	Public Information Officer I	127	4803.16 2216.84 27.71	5043.32 2327.69 29.10	5295.48 2444.07 30.55	5560.26 2566.27 32.08	5838.27 2694.59 33.68
132	7T020	Public Information Officer II	131	5295.48 2444.07 30.55	5560.26 2566.27 32.08	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13
126	7T021	Radio/Telephone Operator	113	3413.52 1575.47 19.69	3584.19 1654.24 20.68	3763.40 1736.95 21.71	3951.57 1823.80 22.80	4149.15 1914.99 23.94

ID	ID-JDE	TECHNICAL/GENERAL (cont'd)	Range	Step A	Step B	Step C	Step D	Step E
153	6T001	Senior Accounting Assistant	114	3497.81 1614.38 20.18	3672.70 1695.09 21.19	3856.34 1779.85 22.25	4049.16 1868.84 23.36	4251.61 1962.28 24.53
155	6T002	Senior Air Quality Inspector	132	5426.26 2504.43 31.31	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24	6595.65 3044.15 38.05
156	6T003	Senior Air Quality Instrument Specialist	130	5167.86 2385.17 29.81	5426.26 2504.43 31.31	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24
184	6T004	Senior Air Quality Specialist	138	6281.57 2899.19 36.24	6595.65 3044.15 38.05	6925.43 3196.35 39.95	7271.70 3356.17 41.95	7635.29 3523.98 44.05
160	6T005	Senior Public Information Officer	135	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13	6758.53 3119.32 38.99	7096.46 3275.29 40.94
80	5T003	Supervising Air Quality Inspector	136	5982.45 2761.13 34.51	6281.57 2899.19 36.24	6595.65 3044.15 38.05	6925.43 3196.35 39.95	7271.70 3356.17 41.95
150	5T004	Supervising Air Quality Instrument Specialist	134	5697.57 2629.65 32.87	5982.45 2761.13 34.51	6281.57 2899.19 36.24	6595.65 3044.15 38.05	6925.43 3196.35 39.95
188	5T005	Supervising Air Quality Specialist	142	6925.43 3196.35 39.95	7271.70 3356.17 41.95	7635.29 3523.98 44.05	8017.05 3700.18 46.25	8417.91 3885.19 48.56
196	5T006	Supervising Public Information Officer	139	6436.69 2970.78 37.13	6758.53 3119.32 38.99	7096.46 3275.29 40.94	7451.28 3439.05 42.99	7823.84 3611.00 45.14
162	5T007	Supervising Systems Analyst	139	6436.69 2970.78 37.13	6758.53 3119.32 38.99	7096.46 3275.29 40.94	7451.28 3439.05 42.99	7823.84 3611.00 45.14
83	7T024	Systems Analyst	135	5838.27 2694.59 33.68	6130.19 2829.32 35.37	6436.69 2970.78 37.13	6758.53 3119.32 38.99	7096.46 3275.29 40.94