

BOARD MEETING DATE: June 3, 2016

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the May 6, 2016 meeting.

RECOMMENDED ACTION:

Approve Minutes of the May 6, 2016 Board Meeting.

Sandra McDaniel,
Clerk of the Boards

SM:dg

FRIDAY, MAY 6, 2016

Notice having been duly given, the regular meeting of the South Coast Air Quality Management District Board was held at District Headquarters, 21865 Copley Drive, Diamond Bar, California. Members present:

William A. Burke, Ed.D., Chairman
Speaker of the Assembly Appointee

Council Member Ben Benoit, Vice Chairman
Cities of Riverside County

Mayor Michael D. Antonovich
County of Los Angeles

Supervisor John J. Benoit
County of Riverside

Council Member Michael A. Cacciotti
Cities of Los Angeles County – Eastern Region

Dr. Joseph K. Lyou
Governor's Appointee

Mayor Larry McCallon
Cities of San Bernardino County

Council Member Judith Mitchell
Cities of Los Angeles County – Western Region

Supervisor Shawn Nelson (arrived at 9:30 a.m.)
County of Orange

Dr. Clark E. Parker, Sr.
Senate Rules Committee Appointee

Council Member Dwight Robinson
Cities of Orange County

Supervisor Janice Rutherford
County of San Bernardino

Member Absent:

Council Member Joe Buscaino
City of Los Angeles

CALL TO ORDER: Chairman Burke called the meeting to order at 9:05 a.m.

- Pledge of Allegiance: Led by Supervisor Benoit.
- Opening Comments

Dr. Parker. Noted that two weeks ago he attended a meeting of the California Fuel Cell Partnership, where CARB Chair Mary Nichols, announced that she would be driving a fuel cell vehicle from Santa Monica to Sacramento accompanied by a few others, including CEC member Janea Scott; and shared pictures taken at a ribbon-cutting ceremony for a new fuel cell station in Santa Monica.

Councilman Cacciotti. Stated that he attended the Advanced Clean Transportation (ACT) Expo in Long Beach; and showed photos, including one of the all-electric Chevy Bolt, one of a heavy-duty vehicle made by Peterbilt that may be available for public safety vehicle use, and a photo of the Zero Emissions Infrastructure Program Manager from the Governor's Office, Tyson Eckerle.

Councilman Benoit. Noted that he also attended the ACT Expo, stating that five or ten years ago these electric vehicles were just great ideas, but are now a reality and actual products available on the market.

Dr. Lyou. Announced that he and Councilman Buscaino also attended the ACT Expo in Long Beach, receiving a check for \$23.6 million from CARB going towards the purchase of 43 electric and plug-in hybrid drayage trucks as part of the greenhouse gas reduction fund money from AB32 being invested in zero emission freight. He also showed pictures from his trip to China, April 9-17, 2016, where he visited the electric vehicle manufacturing sites and infrastructure, noting all forms of electric transportation especially for government agency uses, and the similarities and differences in comparison to our policies.

Supervisor Benoit. Commented on the CARB relocation to the University of California, Riverside, (UCR), thanking the Board for its support, and noting that groundbreaking should occur after the first of 2017.

Chairman Burke. Urged the Acting Executive Officer, Wayne Nastri, to look into a repowering exchange program for the use of cleaner fuel for the many diesel-powered ambulances that are required to be idling at all times throughout the South Coast air basin; and to report back to the Board at its June 3, 2016 meeting.

CONSENT CALENDAR

1. Approve Minutes of April 1, 2016 Board Meeting
2. Set Public Hearings June 3, 2016 to:
 - A. Receive Public Input on Acting Executive Officer's Draft Goals and Priority Objectives for FY 2016-17
 - B. Amend Rule 1110.2 - Emissions from Gaseous- and Liquid-Fueled Engines

Budget/Fiscal Impact

3. Execute Contract to Develop and Demonstrate Fuel Cell Extended-Range Powertrain for Parcel Delivery Trucks **E**
4. Recognize and Appropriate Funds and Execute and Amend Contracts for EV Charger Stations and Installation Services at SCAQMD Headquarters **E**
5. Approve Trucks, Transport Refrigeration Units and Infrastructure Projects Under Proposition 1B-Goods Movement Program **E**
6. Execute Contract for Landscape Maintenance at Diamond Bar Headquarters
7. Authorize Purchase of Audio Visual Enhancements for Conference Room GB and Hearing Board Room
8. Appoint Members to SCAQMD Hearing Board
9. Remove Various Fixed Assets from SCAQMD Inventory
10. Approve Maximum Support Level Expenditures for Board Member Assistants and Board Member Consultants for FY 2016-17
11. Approve Contract Awards and Modification Approved by MSRC

Dr. Lyou announced his abstention on Item No. 3 because UPS and Complete Coach Works are potential sources of income to him; and on Item No. 5 because CVS is a potential source of income to him.

Councilwoman Mitchell announced her abstention on Item No. 5 because CVS is a potential source of income to her.

Supervisor Rutherford and Mayor McCallon announced that they serve as Board Members for the San Bernardino Associated Governments which is involved with Item No. 11.

Supervisor Benoit and Councilman Benoit announced that they serve as Commissioners for the Riverside County Transportation Commission which is involved with Item No. 11.

Agenda Items 2A, 6 and 8 were withheld for comment and discussion. Mr. Nastri noted that staff was requesting that Item No. 16 be continued to the June 3, 2016 meeting to allow for amendments to the report.

MOVED BY J. BENOIT, SECONDED BY CACCIOTTI, AGENDA ITEMS 1, 2B, 3 THROUGH 5, 7, AND 9 THROUGH 11, APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Lyou (*except Items #3 and #5*), McCallon, Mitchell (*except Item #5*), Parker, Robinson and Rutherford.

NOES: None.

ABSTAIN: Lyou (*Items #3 and #5 only*) and Mitchell (*Item #5 only*).

ABSENT: Buscaino and Nelson.

(Supervisor Nelson arrived at 9:30 a.m.)

18. Items Deferred from Consent Calendar

Supervisor Nelson announced that he serves on the Board of Directors of the Orange County Transportation Authority which is involved with Item No. 11.

2. Set Public Hearings June 3, 2016 to:
 - A. Receive Public Input on Acting Executive Officer's Draft Goals and Priority Objectives for FY 2016-17

Supervisor Benoit suggested the addition of a third region to the Clean Communities Plan, noting that the Eastern Coachella Valley is also a prime candidate for this program.

Dr. Lyou noted that perhaps it would be prudent to add a city from the county of Orange as the region's three other counties would then be represented under the Plan.

MOVED BY J. BENOIT, SECONDED BY CACCIOTTI, AGENDA ITEM 2A APPROVED AS RECOMMENDED WITH THE MODIFICATION FOR GOAL II.1 TO INCLUDE EASTERN COACHELLA VALLEY AND AN APPROPRIATE LOCATION IN ORANGE COUNTY IN THE CLEAN COMMUNITIES PLAN PILOT STUDIES, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Lyou, McCallon, Mitchell, Nelson, Parker, Robinson and Rutherford.

NOES: None.

ABSENT: Buscaino.

6. Execute Contract for Landscape Maintenance at Diamond Bar Headquarters

Councilman Cacciotti questioned whether the contract requires the landscaper to utilize electric lawn equipment.

William Johnson, Assistant DEO/Administrative and Human Resources, explained that staff could certainly work with the landscaper to demonstrate cleaner lawn equipment.

Dr. Matt Miyasato, DEO/Science and Technology Advancement, explained that since the requirement to use electric equipment was not included in the original RFP, the District Headquarters could simply be used as a demonstration location for these newer technology products.

Mr. Nastri suggested that staff could review the contract terms more closely and report back to the Board regarding the recourse that may be available to include language regarding the use of low-emission gardening tools.

Councilman Cacciotti requested that the item be continued to the next Board meeting to allow for further work to be done towards including language in the contract that would require the use of electric-powered lawn and garden equipment.

AGENDA ITEM 6 WAS CONTINUED TO THE
JUNE 3, 2016 BOARD MEETING.

8. Appoint Members to SCAQMD Hearing Board

David Holtzman, incumbent Public Member of the Hearing Board addressed the Board expressing his appreciation for having served for the three year term ending June 30th, and noting his willingness to continue to serve for the next term commencing on July 1, 2016.

Written Comments Submitted By:

Cara Horowitz

Elizabeth Wall Ralston, Los Angeles resident

Andy Lipkis, President, TreePeople

Maria Montero, President, League of Women Voters of Los Angeles

Robert Aronson, Marina del Rey resident

Jay Ross, Los Angeles resident

Liz Amsden, Los Angeles resident

Julie Tyler

MOVED BY PARKER, SECONDED BY
B. BENOIT, AGENDA ITEM 8 APPROVED AS
RECOMMENDED, BY THE FOLLOWING
VOTE:

AYES: Antonovich, B. Benoit, J. Benoit,
Burke, Cacciotti, Lyou, McCallon,
Mitchell, Nelson, Parker,
Robinson and Rutherford.

NOES: None.

ABSENT: Buscaino.

Items 12 through 17 - Information Only/Receive and File

12. Legislative and Public Affairs
13. Hearing Board Report
14. Civil Filings and Civil Penalties Report
15. Lead Agency Projects and Environmental Documents Received by SCAQMD
16. Rule and Control Measure Forecast - **Continued to June 3, 2016**
17. Status Report on Major Projects for Information Management Scheduled to Start During Last Six Months of FY 2015-16

BOARD CALENDAR

19. Administrative Committee
20. Legislative Committee
21. Mobile Source Committee
22. Stationary Source Committee
23. Technology Committee
24. Mobile Source Air Pollution Reduction Review Committee
25. California Air Resources Board Monthly Report

MOVED BY MITCHELL, SECONDED BY CACCIOTTI, AGENDA ITEMS 12 THROUGH 15, 17 AND 19 THROUGH 25, APPROVED AS RECOMMENDED, RECEIVING AND FILING THE COMMITTEE, MSRC AND CARB REPORTS, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Lyou, McCallon, Mitchell, Nelson, Parker, Robinson and Rutherford.

NOES: None.

ABSENT: Buscaino.

PUBLIC HEARINGS

26. Adopt Executive Officer's FY 2016-17 SCAQMD Budget and Work Program

Michael O'Kelly, Chief Financial Officer, gave the staff presentation.

Chairman Burke inquired if the annual amount of penalty money for the last five years was under \$5 million.

Mr. O'Kelly replied that about four years ago it was and this current year will be about \$4.9 million; however, on average it has been about \$9 million annually.

Supervisor Rutherford questioned the effects and impacts of the retirement system on the budget, and what is anticipated in regard to the different tiers.

Mr. O'Kelly explained that salary and benefits are about 80 percent of the budget, with retirement cost currently at approximately \$26 million; that number was approximately \$13 million six years ago. As far as the tier rates, out of about 700 employees currently at the District, about 100 of them have started after January 1, 2013; so, there is about \$700,000-800,000 a year savings associated just from the tier difference on the retirement rates. Then, from employees that were hired after 2006 and before 2013, the savings are about \$1 million per year. Once the employee turnover occurs over the next 15-20 years, the turnover from the savings from the tier rates will be about \$4 million per year. In summary, we are seeing a flattening in the contribution rates; and there is probably a higher likelihood that we would see continued increases before we see decreases, if not purely from the Retirement Board's possible decision of reducing their assumed

rate, but also regardless of what they assume, if they do not hit an assumption, that results in additional costs.

Supervisor Nelson inquired what portion of the budget was comprised of fines, as opposed to permit fees and other items.

Mr. O'Kelly replied that about \$5 million are penalties and settlements, and approximately half of that amount would be related to fines and penalties.

Supervisor Nelson noted that the District is fining cities, water districts, and other public agencies that we consider to be our partners; and he encouraged a future agenda or study session to consider the possible need for policy changes.

Dr. Parker questioned the deficit or surplus of past years compared to this year.

Mr. O'Kelly replied that in the past six years, the budget has been about \$3 million on the favorable side; and that amount is what is expected for this year.

Dr. Parker further inquired whether or not the reserve balance was decreasing at the rate projected.

Mr. O'Kelly explained that in the first five-year plan, the unreserved fund balance was projected to dip to about 18 percent of the general fund revenues. Now it is 25-29 percent, which is much better than projected. Expenditures are closely watched, particularly salaries and benefits; the District comes in under budget in that area, and the net result is typically \$1-5 million on the positive side.

Mayor McCallon questioned if the Board received actuals versus the budget on a regular basis, as he has not yet seen one.

Mr. O'Kelly replied that the budget versus the actuals of the general fund are prepared on a quarterly basis and emailed to the Board members and their Board Consultants; the last one being the quarter ending on March 31, 2016.

Chairman Burke inquired about funds designated for a purpose that had not been used over a period of time.

Mr. O'Kelly replied that those designated funds would continue through successive budgets and reflected in the unreserved fund balance as available money.

Mayor McCallon inquired about how the fees are determined and whether or not SCAQMD makes money on the fees or just recovers costs.

Chairman Burke commented that every permit issued is subsidized; and that for more than 20 years, the Board has not been inclined to recover the actual cost of issuing a permit.

Mayor McCallon further inquired, since the fees are subsidized, if there is a report provided on how much is being subsidized.

Mr. O'Kelly stated that this information is in the financial statements, showing a shortfall of about \$5-7 million on an annual basis when you look at the fees versus the services provided.

The public hearing was opened and the following individuals addressed the Board on Agenda Item 26.

BILL LAMARR, California Small Business Alliance

Expressed support for the continued involvement of the Budget Advisory Committee, representatives of the regulated community and other stakeholder in the budget process; and are encouraged that staff will analyze the impacts of broadening the definition of small business, with the intent of making services and fee discounts available to a larger number of small facilities.

HARVEY EDER, Public Solar Power Coalition

Urged for the District to focus on immediate total solar conversion and cautioned against the dangers of climate change.

There being no further public testimony on this item, the public hearing was closed.

Supervisor Benoit acknowledged Mr. O'Kelly for his proficient presentation and also for the time he served as Acting Executive Officer.

MOVED BY J. BENOIT, SECONDED BY
CACCIOTTI, AGENDA ITEM NO. 26
APPROVED AS RECOMMENDED:

- 1) REMOVING FROM RESERVES AND DESIGNATIONS ALL AMOUNTS ASSOCIATED WITH THE FY 2015-16 BUDGET;
- 2) APPROVING TOTAL APPROPRIATIONS OF \$141,527,695;
- 3) APPROVING TOTAL REVENUES OF \$136,446,280;

- 4) APPROVING THE ADDITION OF TEN (10) NET AUTHORIZED/FUNDED POSITIONS AS DETAILED IN THE FY 2016-17 BUDGET; AND
- 5) APPROVING A PROJECTED JUNE 30, 2017 RESERVES AND DESIGNATIONS FUND BALANCE OF \$14,612,899 AND TOTAL UNDESIGNATED FUND BALANCE OF \$28,116,551.

BY THE FOLLOWING VOTE:

AYES: B. Benoit, J. Benoit, Burke, Cacciotti, Lyou, McCallon, Mitchell, Nelson, Parker, Robinson and Rutherford.

NOES: None.

ABSENT: Antonovich and Buscaino.

27. Amend Rule 306 – Plan Fees

Michael O’Kelly, Chief Financial Officer, included information regarding the proposed amendment to Rule 306 along with the staff presentation on Item 26.

The public hearing was opened and the following individuals addressed the Board on Agenda Item 27.

HARVEY EDER, Public Solar Power Coalition

Noted the importance of maintaining a fee waiver provision for those that qualify.

There being no further public testimony on this item, the public hearing was closed.

Councilman Robinson inquired as to whether the District has any sense of the number of businesses that are operating without permits.

Mohsen Nazemi, DEO/Engineering and Compliance, explained that through the new business outreach program, the Public Affairs office assists businesses in learning what they need to do in order to obtain a permit. Compliance staff, while in the field, come across facilities that require permits but do not have them. If there is no prior affiliation with the District’s program, they are generally given a break; however, if they are aware of SCAQMD or have

other permits for equipment, if unpermitted equipment is at the facility and not in operation, a Notice to Comply may be issued for them to apply for a permit. If, however, the equipment is in operation or there is evidence that it recently operated, then a Notice of Violation is issued for them to apply for a permit. The new business outreach program has not been very aggressive in the past few years; but these compliance issues are discovered through field inspections and complaints.

MOVED BY J. BENOIT, DULY SECONDED,
AGENDA ITEM NO. 27 APPROVED AS
RECOMMENDED BY STAFF, ADOPTING
RESOLUTION NO. 16-4 DETERMINING
THAT THE PROPOSED AMENDMENTS TO
RULE 306 ARE EXEMPT FROM CEQA AND
AMENDING RULE 306, BY THE FOLLOWING
VOTE:

AYES: Antonovich, B. Benoit, J. Benoit,
Burke, Cacciotti, Lyou, McCallon,
Mitchell, Nelson, Parker,
Robinson and Rutherford.

NOES: None.

ABSENT: Buscaino.

PUBLIC COMMENT PERIOD – (Public Comment on Non-Agenda Items, Pursuant to
Government Code Section 54954.3)

Harvey Eder, Public Solar Power Coalition, pointed out discrepancies in past AQMPs that should have addressed solar power technologies, but did not.

Miriam Nakamura-Quan, Parent Group – San Marino Unified School District and Dr. Raymond Quan, San Marino Unified School District Cell Tower Advisory Committee, expressed concern with a Verizon Wireless cell tower backup generator that is located in close proximity to classrooms at an elementary school, as well as the HVAC system for those rooms. They noted that children are present before and after traditional school hours and may be exposed to the exhaust from the engine.

In response to Chairman Burke's direction to have staff work with the commenters to address their concerns, Mohsen Nazemi, DEO/Engineering and Compliance, explained that the engine being referenced is exempt from SCAQMD permit requirements, adding that staff did, however, visit the site in response to the complaint. He confirmed that staff would connect with Mr. and Mrs. Quan to continue to evaluate their concerns.

Yvonne Watson, Montebello Resident, expressed appreciation for staff's response to her concerns at the April meeting regarding ongoing effects of the now-decommissioned Montebello oilfields; and noted her continued concern for the lack of transparency on the part of SoCalGas.

CLOSED SESSION

The Board recessed to closed session at 10:45 a.m., pursuant to Government Code sections:

- 54956.9(a) and 54956.9(d)(1) to confer with its counsel regarding pending litigation which has been initiated formally and to which the District is a party, as follows:

People of the State of California, ex rel SCAQMD v. Exide Technologies, Inc., Los Angeles Superior Court Case No. BC533528;

Exide Technologies, Inc., Petition for Variance, SCAQMD Hearing Board Case No. 3151-31;

In the Matter of SCAQMD v. Exide Technologies, Inc., SCAQMD Hearing Board Case No. 3151-29 (Order for Abatement);

In re: Exide Technologies, Inc., U.S. Bankruptcy Court for the District of Delaware Case No. 13-11482 (KJC) (Bankruptcy case);

In the Matter of SCAQMD v. Southern California Gas Company, Aliso Canyon Storage Facility, SCAQMD Hearing Board Case No. 137-76 (Order for Abatement);

People of the State of California, ex rel SCAQMD v. Southern California Gas Company, Los Angeles Superior Court Case No. BC608322; Judicial Council Coordinated Proceeding No. 4861;

Refinery Safety Network v. SCAQMD, Hearing Board of SCAQMD; ExxonMobil Oil Corp., Los Angeles Superior Court Case No. BS161815; and

SCAQMD v. U.S. EPA, U.S. Court of Appeals, Ninth Circuit, Case No. 13-73936 (Morongo Redesignation).

- 54956.9(a) and 54956.9(d)(2) due to significant exposure to litigation (multiple cases).

Following closed session, General Counsel Kurt Wiese announced that there were no reportable actions taken in closed session.

ADJOURNMENT

There being no further business, the meeting was adjourned by Kurt Wiese at 11:15 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on May 6, 2016.

Respectfully Submitted,

Altheresa Rothschild
Deputy Clerk Transcriber

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

AQMP = Air Quality Management Plan
BARCT= Best Available Retrofit Control Technology
CaFCP = California Fuel Cell Partnership
CARB = California Air Resources Board
CEC = California Energy Commission
CEQA = California Environmental Quality Act
EV = Electric Vehicle
FY = Fiscal Year
GHG = Greenhouse Gas
MSRC = Mobile Source Air Pollution Reduction Review Committee
NOx = Oxides of Nitrogen
OEHHA = Office of Environmental Health Hazard Assessment
RFP = Request for Proposals
SIP = State Implementation Plan
U.S. EPA = United States Environmental Protection Agency
VOC = Volatile Organic Compound