



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
(909) 396-2000 • www.aqmd.gov

ADMINISTRATIVE COMMITTEE MEETING

Committee Members

Dr. William A. Burke, Chair
Council Member Ben Benoit, Vice Chair
Mayor Judith Mitchell
Council Member Michael Cacciotti

**December 13, 2019 ♦ 10:00 a.m. ♦ Conference Room CC-8
21865 Copley Drive, Diamond Bar, CA 91765**

Teleconference Locations

11461 West Sunset Boulevard
The Brentwood Room 1
Los Angeles, CA 90049

Caltrans
100 South Main St.
Los Angeles, CA 90012
Room #01.038

(The public may attend at any location listed above.)

Call-in for listening purposes only is available by dialing:

Toll Free: 866-244-8528

Listen Only Passcode: 5821432

In addition, a webcast is available for viewing and listening at:

<http://www.aqmd.gov/home/library/webcasts>

AGENDA

Members of the public may address this body concerning any agenda item before or during consideration of that item (Gov't. Code Section 54854.3(a)). Please provide a Request to Address the Committee card to the Committee Secretary if you wish to address the Committee on an agenda item. If no cards are available, please notify South Coast AQMD staff or a Board Member of your desire to speak. All agendas for regular meetings are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the regular meeting. Speakers may be limited to three (3) minutes each.

CALL TO ORDER

DISCUSSION ITEMS – Items 1 through 7:

1. Board Members' Concerns (***No Motion Required***)
Any member of the Governing Board, on his or her own initiative may raise a concern to the Administrative Committee regarding any South Coast AQMD items or activities.

Dr. William A. Burke
Committee Chair

- | | | | |
|----|---|--|------------|
| 2. | Chairman's Report of Approved Travel (<i>No Motion Required</i>) | Dr. Burke | pg. 1 |
| 3. | Report of Approved Out-of-Country Travel
(<i>No Motion Required</i>) | Wayne Nastri
Executive Officer | pgs. 2-3 |
| 4. | Review January 10, 2020 Governing Board Agenda | Wayne Nastri | pgs. 4-10 |
| 5. | Approval of Compensation for Board Member Assistant(s)/
Consultant(s) (Any material, if submitted, will be distributed at
the meeting.) (<i>Motion Requested if Proposal Made</i>) | Dr. Burke | |
| 6. | Status Report on Major Ongoing and Upcoming Projects for
Information Management (<i>No Motion Required</i>)
<i>Information Management is responsible for data systems management
services in support of all South Coast AQMD operations. This action is
to provide the monthly status report on major automation contracts and
planned projects.</i> | Ron Moskowitz
Chief Information
Officer, Information
Management | pgs. 11-19 |
| 7. | Report of RFPs/RFQs Scheduled for Release in January
(<i>No Motion Required</i>)
<i>This report summarizes the RFPs/RFQs for budgeted services over
\$75,000 scheduled to be released for advertisement for the month of
January.</i> | Sujata Jain
Chief Financial Officer,
Finance | pgs. 20-22 |

ACTION ITEMS – Items 8 through 12:

JANUARY ITEMS

- | | | | |
|-----|---|--------------|------------|
| 8. | Revise Procurement Policy and Procedure (<i>Motion Requested</i>)
<i>This action is to approve revisions to the South Coast Air Quality
Management District Procurement Policy and Procedure to increase
the Executive Officer's Procurement Signature Authority Delegation
and update terminology to be consistent with Governmental Accounting
Standards Board Pronouncements.</i> | Sujata Jain | pgs. 23-47 |
| 9. | Approve Transfer of Monies from General Fund to Health Effects
Research Fund (<i>Motion Requested</i>)
<i>In 2008, the Board established a Health Effects Research Fund initially
funded at \$1.5 million from the BP Arco Settlement Fund. The Board
further authorized, upon annual Board approval, the transfer of 20
percent of annual penalty money received that exceeds \$4 million in
receipts to the Health Effects Research Fund. This action is to transfer
20 percent of annual penalty money received in FY 2018-19 that
exceeds \$4 million to the Health Effects Research Fund.</i> | Sujata Jain | pgs. 48-49 |
| 10. | Approve Transfer of Monies from Health Effects Research Fund
to Health Effects of Air Pollution Foundation (<i>Motion Requested</i>)
<i>At the June 2008 meeting, the Board established a Health Effects
Research Fund. This fund is designated for the Health Effects of Air
Pollution Foundation's use to support air pollution health effects
research. This action is to transfer \$3,000,000 from the Health Effects
Research Fund to the Foundation to fund additional research and to
achieve the objectives of the Foundation.</i> | Wayne Nastri | pgs. 50-51 |

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|---|--|-------------|
| 11. Reallocate and Appropriate Funds and Execute Purchase Orders for Air Monitoring Programs (<i>Motion Requested</i>)
<i>In 2015, the U.S. EPA awarded \$569,682 to the South Coast AQMD to implement monitoring under the Community-Scale Air Toxics Ambient Monitoring Program. In January, June and December 2018, the Board recognized revenue from CARB to implement the AB 617 program. These actions are to appropriate funds for the Community-Scale Air Toxics Monitoring Program; and to reallocate and appropriate funds and execute purchase orders for the AB 617 program.</i> | Jason Low
ADEO, Science & Technology Advancement | pgs. 52-56 |
| 12. Receive and File Annual Report on 457 Deferred Compensation Plan (<i>Motion Requested</i>)
<i>South Coast AQMD sponsors an IRS-approved 457 deferred compensation program for its employees. The Annual Report addresses the Board's responsibility for monitoring the activities of the Deferred Compensation Plan Committee and ensuring the Committee carries out its fiduciary duties and responsibilities under the Committee Charter. This action is to receive and file the Annual Report.</i> | John Olvera
DEO, Administrative & Human Resources | pgs. 57-101 |

WRITTEN REPORTS:

- | | | |
|---|---|--------------|
| 13. Local Government & Small Business Assistance Advisory Group Minutes for the September 13, 2019 Meeting
(<i>No Motion Required</i>)
<i>Attached for information only are the Local Government & Small Business Assistance Advisory Group minutes for the September 13, 2019 meeting.</i> | Derrick J. Alatorre
DEO, Legislative, Public Affairs & Media | pgs. 102-107 |
| 14. Local Government & Small Business Assistance Advisory Group Minutes for the October 11, 2019 Meeting
(<i>No Motion Required</i>)
<i>Attached for information only are the Local Government & Small Business Assistance Advisory Group minutes for the October 11, 2019 meeting.</i> | Derrick J. Alatorre | pgs. 108-113 |

OTHER MATTERS:

- | | | |
|---|-----------|--|
| 15. Other Business
<i>Any member of the Committee, or its staff, on his or her own initiative or in response to questions posed by the public, may ask a question for clarification, may 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 may take action to direct staff to place a matter of business on a future agenda. (Govt Code Section 54954.2)</i> | Dr. Burke | |
| 16. Public Comment
<i>At the end of the regular meeting agenda, an opportunity is provided for the public to speak on any subject within the Committee's authority that is not on the agenda. Speakers may be limited to three (3) minutes each.</i> | | |
| 17. Next Meeting Date: January 17, 2020 at 10:00 a.m. | | |

ADJOURNMENT

Document Availability

All documents (i) constituting non-exempt public records, (ii) relating to an item on an agenda for a regular meeting, and (iii) having been distributed to at least a majority of the Committee after the agenda is posted, are available prior to the meeting for public review at the South Coast AQMD, Public Information Center, 21865 Copley Drive, Diamond Bar, CA 91765.

Americans with Disabilities Act

The agenda and documents in the agenda packet will be made available, upon request, in appropriate alternative formats to assist persons with a disability (Govt. Code Section 54954.2(a)). Disability-related accommodations will also be made available to allow participation in the Administrative Committee meeting. Any accommodations must be requested as soon as practicable. Requests will be accommodated to the extent feasible. Please contact Nancy Velasquez at 909-396-2557 from 7 a.m. to 5:30 p.m. Tuesday through Friday, or send the request to nvelasquez@aqmd.gov.



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BOARD MEETING DATE: January 10, 2020

REPORT: Administrative Committee

SYNOPSIS: The Administrative Committee met December 13, 2019 and reviewed the proposed agenda for the January 10, 2020 Board meeting. The Committee also discussed various issues detailed in the Committee report. The next Administrative Committee meeting is January 17, 2020, at 10:00 a.m., in CC-8.

RECOMMENDED ACTION:
Approve this report.

Dr. William A. Burke, Chair
Administrative Committee

NV

Attendance:

[Will be inserted subsequent to the December 13, 2019 Administrative Committee meeting.]

Administrative Committee Discussion Items:

[Will be inserted subsequent to the December 13, 2019 Administrative Committee meeting.]

Report on Board Member Travel Authorized by the Chairman at the December 13, 2019 Administrative Committee meeting:

DATE	TRAVELER	DESTINATION	PURPOSE
January 14-15, 2020	Mayor Judith Mitchell	El Centro, CA	Mayor Mitchell will attend AB 617 Programs/CARB Board Meeting as the South Coast AQMD Board Representative.
January 22-24, 2020	Mayor Judith Mitchell	Sacramento, CA	Mayor Mitchell will attend the monthly CARB Board Meeting as the South Coast AQMD Board Representative..
February 12-13, 2020	Mayor Judith Mitchell	Shafter, CA	Mayor Mitchell will attend AB 617 Programs/CARB Board Meeting as the South Coast AQMD Board Representative.
February 26-28, 2020	Mayor Judith Mitchell	Sacramento, CA	Mayor Mitchell will attend the monthly CARB Board Meeting as the South Coast AQMD Board Representative.



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[Back to Agenda](#)

Item 3

BOARD MEETING DATE: January 10, 2020

REPORT: Administrative Committee

SYNOPSIS: The Administrative Committee met December 13, 2019 and reviewed the proposed agenda for the January 10, 2020 Board meeting. The Committee also discussed various issues detailed in the Committee report. The next Administrative Committee meeting is January 17, 2020, at 10:00 a.m., in CC-8.

RECOMMENDED ACTION:

Approve this report.

Dr. William A. Burke, Chair
Administrative Committee

NV

Attendance:

[Will be inserted subsequent to the December 13, 2019 Administrative Committee meeting.]

Administrative Committee Discussion Items:

[Will be inserted subsequent to the December 13, 2019 Administrative Committee meeting.]

Report on Board Member and Staff Out-of-Country Travel Authorized by the Chairman at the December 13, 2019 Administrative Committee meeting:

February 10-21, 2020	Dr. Sarah Rees and Dr. Elaine Shen	China: Shenzhen, Shanghai, Beijing and potentially Ningbo and Xiamen	Staff will travel to China in support of the Pacific Rim Initiative for Maritime Emission Reductions (PRIMER) and to discuss the next steps of building multi-regional partnerships to incentivize the deployment of cleaner ships for trans-Pacific goods movement. This trip is to lay the groundwork for signing a potential MOU with Shenzhen to coordinate efforts in accordance with the PRIMER concept, as well as to
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			gain the interest of officials at the key port of Shanghai and potentially Ningbo and Xiamen. Staff also plan to visit Beijing to present the latest results from technical analyses and projects associated with PRIMER to various government think tanks, NGOs, and academics.
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Item 4

12/6/19 4:10 PM

DRAFT AGENDA

MEETING, JANUARY 10, 2020

A meeting of the South Coast Air Quality Management District Board will be held at 9:00 AM, in the Auditorium at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California.

Questions About an Agenda Item

- The name and telephone number of the appropriate staff person to call for additional information or to resolve concerns is listed for each agenda item.
- In preparation for the meeting, you are encouraged to obtain whatever clarifying information may be needed to allow the Board to move expeditiously in its deliberations.

Meeting Procedures

- The public meeting of the South Coast AQMD Governing Board begins at 9:00 a.m. The Governing Board generally will consider items in the order listed on the agenda. However, any item may be considered in any order.
- After taking action on any agenda item not requiring a public hearing, the Board may reconsider or amend the item at any time during the meeting.

Questions About Progress of the Meeting

- During the meeting, the public may call the Clerk of the Board's Office at (909) 396-2500 for the number of the agenda item the Board is currently discussing.

The agenda and documents in the agenda packet will be made available upon request in appropriate alternative formats to assist persons with a disability. Disability-related accommodations will also be made available to allow participation in the Board meeting. Any accommodations must be requested as soon as practicable. Requests will be accommodated to the extent feasible. Please telephone the Clerk of the Boards Office at (909) 396-2500 from 7:00 a.m. to 5:30 p.m. Tuesday through Friday.

All documents (i) constituting non-exempt public records, (ii) relating to an item on the agenda, and (iii) having been distributed to at least a majority of the Governing Board after the agenda is posted, are available prior to the meeting for public review at the South Coast Air Quality Management District Clerk of the Board's Office, 21865 Copley Drive, Diamond Bar, CA 91765.

The Agenda is subject to revisions. For the latest version of agenda items herein or missing agenda items, check the South Coast AQMD's web page (www.aqmd.gov) or contact the Clerk of the Board, (909) 396-2500. Copies of revised agendas will also be available at the Board meeting.

A webcast of the meeting is available for viewing at:
<http://www.aqmd.gov/home/news-events/webcast>

Cleaning the air that we breathe...

CALL TO ORDER

- Pledge of Allegiance
- Opening Comments: William A. Burke, Ed.D., Chair
Other Board Members
Wayne Nastri, Executive Officer
- Swearing in of Chair and Vice Chair for Terms January 2020 – January 2022

Staff/Phone (909) 396-

CONSENT CALENDAR (Items 1 through XX)

Note: Consent Calendar items held for discussion will be moved to Item No. XX

- | | | |
|---|---|----------------------|
| 10745. | Approve Minutes of December 6, 2019 Board Meeting | Wayman/2500 |
| | | |
| 10743. | Set Public Hearing February 7, 2020 to Consider Adoption of and/or Amendments to South Coast AQMD Rules and Regulations | Nastri/3131 |
| | | |
| 10810. | Set Hearing February 7, 2020 to Determine That Proposed Amendments to Rule 1107 – Coating of Metal Parts and Products, Are Exempt from CEQA and Amend Rule 1107 | Nakamura/3105 |
| | | |
| <p>Rule 1107 was adopted in 1979 and last amended in 2006 and establishes VOC limits for metal coatings operations except those performed on aerospace assembly, magnet wire, marine craft, motor vehicle, metal container, and coil coating operations. Proposed Amended Rule 1107 will be amended to be consistent with Reasonable Available Control Technology requirements as recommended in U.S. EPA's Control Techniques Guidelines for Miscellaneous Metal and Plastic Parts Coatings (September 2008). Proposed Amended Rule 1107 revises exemptions, adds work practices for coating-related activities, updates test methods, removes obsolete provisions, and adds clarifications. This action is to adopt the Resolution: 1) Determining that Proposed Amended Rule 1107 – Coating of Metal Parts and Products, is exempt from the requirements of the California Environmental Quality Act, and 2) Amending Rule 1107 – Coating of Metal Parts and Products. (Review: Stationary Source Committee, January 24, 2020)</p> | | |

Budget/Fiscal Impact

10842. Amend Contract for Kore Infrastructure Project **Miyasato/3249**

In March 2017, the Board approved a contract with Kore Infrastructure LLC (Kore) for a Renewable Natural Gas Commercial Field Test project, including construction of the pyrolysis system on SoCalGas property in Los Angeles. The project is to test various biomass feedstocks for commercial production of renewable natural gas. The project has experienced construction delays, but over the past few months, KORE has continued to make progress. This action is to extend the schedule by six additional months to complete construction, commissioning and testing efforts by June 30, 2020 and amend the contract term extending it through October 9, 2020. (Reviewed: Technology Committee, November 15, 2019; Recommended for Approval)

10729. Reallocate and Appropriate Funds and Execute Purchase Orders for Air Monitoring Programs **Low/2269**

In 2015, the U.S. EPA awarded \$569,682 to the South Coast AQMD to implement monitoring under the Community-Scale Air Toxics Ambient Monitoring Program. In January, June and December 2018, the Board recognized revenue from CARB to implement the AB 617 program. These actions are to appropriate funds for the Community-Scale Air Toxics Monitoring Program; and to reallocate and appropriate funds and execute purchase orders for the AB 617 program. (Reviewed: Administrative Committee, December 13, 2019; Recommended for Approval)

10811. Approve Transfer of Monies from Health Effects Research Fund to Health Effects of Air Pollution Foundation **Nastri/3131**

At the June 2008 meeting, the Board established a Health Effects Research Fund. This fund is designated for the Health Effects of Air Pollution Foundation's use to support air pollution health effects research. This action is to transfer \$3,000,000 from the Health Effects Research Fund to the Foundation to fund additional health research and to achieve the objectives of the Foundation. (Reviewed: Administrative Committee, December 13, 2019; Recommended for Approval)

10751. Approve Transfer of Monies from General Fund to Health Effects Research Fund **Jain/2804**

In 2008, the Board established a Health Effects Research Fund initially funded at \$1.5 million from the BP Arco Settlement Fund. The Board further authorized, upon annual Board approval, the transfer of 20 percent of annual penalty money received that exceeds \$4 million in receipts to the Health Effects Research Fund. This action is to transfer 20 percent of annual penalty money received in FY 2018-19 that exceeds \$4 million to the Health Effects Research Fund. (Reviewed: Administrative Committee, December 13, 2019; Recommended for Approval)

10739. Revise Procurement Policy and Procedure **Jain/2804**

This action is to approve revisions to the South Coast Air Quality Management District Procurement Policy and Procedure to increase the Executive Officer's Procurement Signature Authority Delegation and update terminology to be consistent with Governmental Accounting Standards Board Pronouncements. (Reviewed: Administrative Committee, December 13, 2019; Recommended for Approval)

Items XX through XX - Information Only/Receive and File

10746. Hearing Board Report **Prussack/2500**

This reports the actions taken by the Hearing Board during the period of November 1 through November 30, 2019. (No Committee Review)

10812. Civil Filings and Civil Penalties Report **Gilchrist/3459**

This reports the monthly penalties from November 1, 2019 through November 30, 2019, and legal actions filed by the General Counsel's Office from November 1 through November 30, 2019. An Index of South Coast AQMD Rules is attached with the penalty report. (No Committee Review)

10799. Lead Agency Projects and Environmental Documents Received **Nakamura/3105**

This report provides a listing of CEQA documents received by the South Coast AQMD between November 1, 2019 and November 30, 2019, and those projects for which the South Coast AQMD is acting as lead agency pursuant to CEQA. (No Committee Review)

10764. Rule and Control Measure Forecast **Fine/2239**

This report highlights South Coast AQMD rulemaking activities and public hearings scheduled for 2020. (No Committee Review)

10795. Report of RFPs/RFQs Scheduled for Release in January **Jain/2804**

This report summarizes the RFPs/RFQs for budgeted services over \$75,000 scheduled to be released for advertisement for the month of January. (Reviewed: Administrative Committee, December 13, 2019).

10798. Status Report on Major Ongoing and Upcoming Projects for Information Management **Moskowitz/3329**

Information Management is responsible for data systems management services in support of all South Coast AQMD operations. This action is to provide the monthly status report on major automation contracts and planned projects. (Reviewed: Administrative Committee, December 13, 2019)

10785. Receive and File Annual Report on 457 Deferred Compensation Plan **Olvera/2309**

South Coast AQMD sponsors an IRS-approved 457 deferred compensation program for its employees. The Annual Report addresses the Board's responsibility for monitoring the activities of the Deferred Compensation Plan Committee and ensuring the Committee carries out its fiduciary duties and responsibilities under the Committee Charter. This action is to file the Annual Report. (Reviewed: Administrative Committee, December 13, 2019)

XX. Items Deferred from Consent Calendar

BOARD CALENDAR

Note: The Mobile Source and Technology Committees did not meet in December. The next regular meetings of the Mobile Source, Stationary Source and Technology Committees are scheduled for January 24, 2020. The December meeting of the Mobile Source Air Pollution Reduction Review Committee (MSRC) was canceled. The next meeting of the MSRC is scheduled for January 23, 2020.

10819. Administrative Committee (Receive & File) **Chair: Burke Nastri/3131**
10763. Legislative Committee (Receive & File) **Chair: Mitchell Alatorre/3122**
10748. California Air Resources Board Monthly Report (Receive & File) **Board Rep: Mitchell Wayman/2500**

PUBLIC HEARINGS

10736. Determine That Proposed Amendments to Rule 102 – Definition of Terms, Are Exempt from CEQA and Amend Rule 102 **Nakamura/3105**

Rule 102 defines the terms used in South Coast Air Quality Management District rules and regulations. Staff is proposing to add the "South Coast AQMD" as another abbreviation for the South Coast Air Quality Management District. The use of "South Coast AQMD" instead of "District" as an abbreviation of South Coast Air Quality Management District will be included in new and amended rules; therefore, the new definition must be included in Rule 102. This action is to adopt the Resolution: 1) Determining that the proposed amendments to Rule 102 - Definition of Terms, are exempt from the California Environmental Quality Act, and 2) Amending Rule 102 – Definition of Terms. (No Committee Review)

10818. Determine That Proposed Amendments to Rule 1100 – **Nakamura/3105**
Implementation Schedule for NOx Facilities, Are Exempt from
CEQA and Amend Rule 1100

Proposed Amended Rule 1100 will modify the definition of “industry-specific category” to clarify the applicability as originally intended. This action is to adopt the Resolution: 1) Determining that the proposed amendments to Rule 1100 – Implementation Schedule for NOx Facilities, are Exempt from the California Environmental Quality Act; and 2) Amending Rule 1100 – Implementation Schedule for NOx Facilities. (No Committee Review)

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

BOARD MEMBER TRAVEL – (No Written Material)

Board member travel reports have been filed with the Clerk of the Boards, and copies are available upon request.

CLOSED SESSION - (No Written Material)

Gilchrist/3459

ADJOURNMENT

*****PUBLIC COMMENTS*****

Members of the public are afforded an opportunity to speak on any agenda item before consideration of that item. Please notify the Clerk of the Board, (909) 396-2500, if you wish to do so. All agendas are posted at South Coast AQMD Headquarters, 21865 Copley Drive, Diamond Bar, California, at least 72 hours in advance of the meeting. At the end of the agenda, an opportunity is also provided for the public to speak on any subject within the South Coast AQMD's authority. Speakers will be limited to a total of three (3) minutes for the Consent Calendar and Board Calendar and three (3) minutes or less for other agenda items.

Note that on items listed on the Consent Calendar and the balance of the agenda any motion, including action, can be taken (consideration is not limited to listed recommended actions). Additional matters can be added and action taken by two-thirds vote, or in the case of an emergency, by a majority vote. Matters raised under the Public Comment Period may not be acted upon at that meeting other than as provided above.

Written comments will be accepted by the Board and made part of the record, provided 25 copies are presented to the Clerk of the Board. Electronic submittals to cob@aqmd.gov of 10 pages or less including attachment, in MS WORD, PDF, plain or HTML format will also be accepted by the Board and made part of the record if received no later than 5:00 p.m., on the Tuesday prior to the Board meeting.

ACRONYMS

AQ-SPEC = Air Quality Sensor Performance Evaluation Center	NESHAPS = National Emission Standards for Hazardous Air Pollutants
AQIP = Air Quality Investment Program	NGV = Natural Gas Vehicle
AQMP = Air Quality Management Plan	NOx = Oxides of Nitrogen
AVR = Average Vehicle Ridership	NSPS = New Source Performance Standards
BACT = Best Available Control Technology	NSR = New Source Review
BARCT = Best Available Retrofit Control Technology	OEHA = Office of Environmental Health Hazard Assessment
Cal/EPA = California Environmental Protection Agency	PAMS = Photochemical Assessment Monitoring Stations
CARB = California Air Resources Board	PEV = Plug-In Electric Vehicle
CEMS = Continuous Emissions Monitoring Systems	PHEV = Plug-In Hybrid Electric Vehicle
CEC = California Energy Commission	PM10 = Particulate Matter \leq 10 microns
CEQA = California Environmental Quality Act	PM2.5 = Particulate Matter \leq 2.5 microns
CE-CERT = College of Engineering-Center for Environmental Research and Technology	RECLAIM=Regional Clean Air Incentives Market
CNG = Compressed Natural Gas	RFP = Request for Proposals
CO = Carbon Monoxide	RFQ = Request for Quotations
DOE = Department of Energy	RFQQ=Request for Qualifications and Quotations
EV = Electric Vehicle	SCAG = Southern California Association of Governments
FY = Fiscal Year	SIP = State Implementation Plan
GHG = Greenhouse Gas	SOx = Oxides of Sulfur
HRA = Health Risk Assessment	SOON = Surplus Off-Road Opt-In for NOx
LEV = Low Emission Vehicle	SULEV = Super Ultra Low Emission Vehicle
LNG = Liquefied Natural Gas	TCM = Transportation Control Measure
MATES = Multiple Air Toxics Exposure Study	ULEV = Ultra Low Emission Vehicle
MOU = Memorandum of Understanding	U.S. EPA = United States Environmental Protection Agency
MSERCs = Mobile Source Emission Reduction Credits	VOC = Volatile Organic Compound
MSRC = Mobile Source (Air Pollution Reduction) Review Committee	ZEV = Zero Emission Vehicle
NATTS =National Air Toxics Trends Station	

DRAFT

BOARD MEETING DATE: January 10, 2020

AGENDA NO.

REPORT: Status Report on Major Ongoing and Upcoming Projects for Information Management

SYNOPSIS: Information Management is responsible for data systems management services in support of all South Coast AQMD operations. This action is to provide the monthly status report on major automation contracts and planned projects.

COMMITTEE: Administrative, December 13, 2019, Reviewed

RECOMMENDED ACTION:
Receive and file.

Wayne Nastri
Executive Officer

RMM:MAH:XC:agg

Background

Information Management (IM) provides a wide range of information systems and services in support of all South Coast AQMD operations. IM's primary goal is to provide automated tools and systems to implement Board-approved rules and regulations, and to improve internal efficiencies. The annual Budget and Board-approved amendments to the Budget specify projects planned during the fiscal year to develop, acquire, enhance, or maintain mission-critical information systems.

Summary of Report

The attached report identifies each of the major projects/contracts or purchases that are ongoing or expected to be initiated within the next six months. Information provided for each project includes a brief project description and the schedule associated with known major milestones (issue RFP/RFQ, execute contract, etc.).

Attachment

Information Management Status Report on Major Ongoing and Upcoming Projects During the Next Six Months

ATTACHMENT
January 10, 2020 Board Meeting
Information Management Status Report on Major Ongoing and
Upcoming Projects During the Next Six Months

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
Office 365 Implementation	Acquire and implement Office 365 for South Coast AQMD staff	\$350,000	<ul style="list-style-type: none"> • Pre-assessment evaluation and planning completed • Board approved funding on October 5, 2018 • Developed implementation and migration plan • Acquired Office 365 licenses • Implemented Office 365 email (Exchange) and migrated all users • Trained staff in Office 365 Pro Plus desktop software • 	<ul style="list-style-type: none"> • Implement Office 365 internal website (SharePoint) and migrate existing content
Permitting System Automation Phase 1	New Web application to automate the filing of all permit applications with immediate processing and issuance of permits for specific application types: Dry Cleaners, Gas Stations and Automotive Spray Booths	\$694,705	<ul style="list-style-type: none"> • Automated 400A form filing, application processing, and online permit generation for Dry Cleaner, Automotive Spray Booth and Gas Station Modules deployed to production • Enhanced processing of school locations with associated parcels • Deployed upgraded GIS Map integration and enhanced sensitive receptor identification and distance measurement work 	<ul style="list-style-type: none"> • Continue Phase 1.1 project outreach support

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
Permitting System Automation Phase 2	Enhanced Web application to automate filing process of Permit Applications, Rule 222 equipment, and registration process for IC engines; implement electronic permit folder and workflow for internal South Coast AQMD users	\$525,000	<ul style="list-style-type: none"> • Board approved initial Phase 2 funding December 2017 • Phase 2 project startup and detail planning completed May 2018 • Business process model approved • Board approved remaining Phase 2 funding October 5, 2018 • Application submittals and form filing for 23 types of equipment under Rule 222 • Deployment of all 23 Rule 222 equipment forms to stage for user testing completed • User demo and acceptance testing of all equipment forms completed • Forms modified based on user comments • Permitting Automation Workflow/Engineer shadowing/interviewing completed • Workflow analysis report completed • Report outlining recommendations for automation of Permitting Workflow completed 	<ul style="list-style-type: none"> • Development of application submittals and form filing of two (2) of the remaining twenty-six (26) 400-E forms • Deployment of R222 module to production

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
Information Technology Review Implementation	Complete Board requested Information Technology review and initiate work on implementation of key recommendations	\$75,000 (funding included in \$350,000 Office 365 implementation project)	<ul style="list-style-type: none"> • Initiated Implementation Planning and Resource Requirements for key recommendations • Completed Microsoft Project Plan training for all IM Managers, Supervisors and Secretaries • Established internal Information Technology Steering Committee, members and charter • Configured and deployed Project Management software for IM team 	<ul style="list-style-type: none"> • Office 365 deployment
Permit Application Status and Dashboard Statistics	New Web application to allow engineers to update intermediate status of applications; create dashboard display of status summary with link to FIND for external user review	\$100,000	<ul style="list-style-type: none"> • Board approved funding December 2017 • Project startup and detail planning completed • Development of Release 1 and application search module completed • User Acceptance Testing for data capture and user reports modules completed • Internal deployment of application for engineers to populate application related data completed • Enhancements requested by user completed 	<ul style="list-style-type: none"> • Continue user data input for all open applications • Deployment of external application (and linked to FIND) for regulated community to view application related data

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
Document Conversion Services	Document Conversion Services to convert paper documents stored at South Coast AQMD facilities to electronic storage in OnBase	\$83,000	<ul style="list-style-type: none"> Released RFQ October 5, 2018 Approved qualified vendors January 4, 2019 Executed purchase orders for scanning services Converted over 1,207,500 rule administrative record documents 	<ul style="list-style-type: none"> Convert over 2,000,000 contract documents
Replace Your Ride (RYP)	New Web application to allow residents to apply for incentives to purchase newer, less polluting vehicles	\$301,820	<ul style="list-style-type: none"> Phase 2 Fund Allocation, Administration and Management Reporting modules deployed and in production Final Phase 2 user requested enhancements: VIN Number, Case Manager, Auto e-mail and document library updates deployed to production Phase 3 moved to production Implemented Electric Vehicle Service Equipment and other requested modifications 	<ul style="list-style-type: none"> Implementation of RYP and PeopleSoft Financial integration module
South Coast AQMD Mobile Application Enhancements	Enhancement of Mobile application with addition of advance notification, alternative fuel station search, media integration, infrastructure for hourly migration, and performance improvements	\$100,000	<ul style="list-style-type: none"> Project charter released Task order issued, evaluated and awarded Code development of Phase 1, alternative fuel, media integration, and performance improvements completed User Acceptance Testing of Phase 1 completed 	<ul style="list-style-type: none"> Beta Release Deployment of Phase 1 System development in progress for Phase 2

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
Legal Division New System Development	Develop new web-based case management system for Legal Division to replace existing system	\$500,000	<ul style="list-style-type: none"> • Task order issued, evaluated and awarded • Project charter finalized • Business Process Model completed • Sprint 1, 2 and 3 functional and system design completed • Testing of Sprints 1–3: NOVs, MSPAP, settlements, civil and small claims completed • Sprint 4 functional and design requirements: criminal, bankruptcy, non-NOV cases and check registers completed 	<ul style="list-style-type: none"> • Test Sprint 4 modules and retest updates to Sprints 1, 2, and 3 modules • Sprint 5 development: investigative and legal assignments, OnBase and finance integration • Sprint 6 development: reports and data migration
Flare Event Notification – Rule 1118	Develop new web-based application to comply with Rule 1118 to improve current flare notifications to the public and staff	\$100,000	<ul style="list-style-type: none"> • Project charter released • Task order issued, evaluated and awarded • Requirement gathering and design for Sprint 1, 2, and 3 completed • Sprint 4, Public Portal implementation, completed • Major incident notification deployed • Refinery user training completed • Application demo completed 	<ul style="list-style-type: none"> • Deployment to production

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
VW Environmental Mitigation Action Plan Project	Develop a web application for Zero-Emission Class 8 Freight and Port Drayage Truck Project & Combustion Freight and Marine Project, and incentive programs, and maintain a database that will be queried for reporting to CARB	\$355,000	<ul style="list-style-type: none"> • Project charter document released • Task order issued, evaluated and awarded • Requirement gathering and design for Phase 1 application acceptance completed • System development for Phase 1 completed • Phase 1 User Acceptance Testing completed • Phase 1 Beta testing completed 	<ul style="list-style-type: none"> • Form creation for Class 8 • System deployment to production
AQ-SPEC Cloud Platform	Develop a cloud-based platform to manage and visualize data collected by low-cost sensors	\$385,500	<ul style="list-style-type: none"> • Project charter released • Task order issued, evaluated and awarded • Business requirements gathering completed • System architecture, data storage, and design data ingestion completed • Data transformations, calculations, and averaging completed • Dashboards, microsites, data migration completed • Release 2 User Acceptance Testing completed 	<ul style="list-style-type: none"> • Deployment to production

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
PeopleSoft Electronic Requisition	South Coast AQMD is implementing electronic requisition for PeopleSoft Financials. This will allow submittal of requisitions online, tracking multiple levels of approval, electronic archival, pre-encumbrance of budget, and streamlined workflow	\$75,800	<ul style="list-style-type: none"> • Project charter released • Task order issued, evaluated and awarded • Requirement gathering and system design completed • System setup and code development and user testing for Information Management completed • System setup and code development and user acceptance testing completed for AHR (Administrative and Human Resources) 	<ul style="list-style-type: none"> • Deployment to IM and AHR divisions • Integrated User Testing for other divisions
Data Cable Infrastructure Installation	Vendor to install a full, turnkey data cable infrastructure system with the latest technical specifications that can provide connectivity and a broader network bandwidth	\$273,125	<ul style="list-style-type: none"> • Released RFP July 12, 2019 • Board approved funding on October 4, 2019 • Executed contract 	<ul style="list-style-type: none"> • Complete implementation February 28, 2020
Prequalify Vendor List for PCs, Network Hardware, etc.	Establish list of prequalified vendors to provide customer, network, and printer hardware and software, and to purchase desktop computer hardware upgrades	\$300,000	<ul style="list-style-type: none"> • Released RFQQ November 1, 2019 	<ul style="list-style-type: none"> • Approve Vendors List February 7, 2020

Project	Brief Description	Estimated Project Cost	Completed Actions	Upcoming Milestones
Annual Emission Reporting (AER) enhancement	AER program was developed to track emissions of air contaminants from permitted facilities. Substantial enhancements are required to meet the requirements for Rule 301 and AB617	\$275,800	<ul style="list-style-type: none"> • Project charter released • Task order issued, evaluated and awarded • Business requirements gathering completed • System architecture, system design completed • Development of Phase 1 completed 	<ul style="list-style-type: none"> • System Integration Testing and User Acceptance Testing • Deployment of Phase 1 before January 1, 2020 reporting period
Rule 1403 Enhancements	The Rule 1403 web application automates the Rule 1403 notification process. Enhancements to the system are now required to streamline the process and to meet the new rule requirements	\$68,575	<ul style="list-style-type: none"> • Project charter released • Task order issued, evaluated and awarded • Business requirements gathering completed • Development of Phase 1 completed • Development of Phase 2 completed 	<ul style="list-style-type: none"> • System Integration Testing and User Acceptance Testing • System deployment to production

Projects that have been completed within the last 12 months are shown below.	
Completed Projects	
Project	Date Completed
CLASS Database Software Licensing and Support	November 30, 2019
Office 365 Suite Implementation of File Storage (OneDrive for Business)	November 22, 2019
Ingres Database Migration to Version 11	August 23, 2019
Renewal of OnBase Software Support	July 15, 2019
Telecommunications Service	July 15, 2019
AB 617 – Community Monitoring Data Display Web Application	July 9, 2019
Online filing of Rule 1415 – Reduction of Refrigerant Emissions System	June 5, 2019
South Coast AQMD Mobile Application for Android devices	May 30, 2019
Renewal of HP Server Maintenance & Support	April 30, 2019
Implementation of Enterprise Geographic Information System (EGIS) Phase II	March 11, 2019
FIND (Facility INformation Detail) upgrade	February 21, 2019

DRAFT

BOARD MEETING DATE: January 10, 2020

AGENDA NO.

REPORT: Report of RFPs/RFQs Scheduled for Release in January

SYNOPSIS: This report summarizes the RFPs/RFQs for budgeted services over \$75,000 scheduled to be released for advertisement for the month of January.

COMMITTEE: Administrative, December 13, 2019, Reviewed

RECOMMENDED ACTION:

Approve the release of RFPs for the month of January.

Wayne Nastri
Executive OfficerSJ:tm

Background

At its January 8, 2010 meeting, the Board approved a revised Procurement Policy and Procedure. Under the revised policy, RFPs/RFQs for budgeted items over \$75,000, which follow the Procurement Policy and Procedure, no longer require individual Board approval. However, a monthly report of all RFPs/RFQs over \$75,000 is included as part of the Board agenda package and the Board may, if desired, take individual action on any item. The report provides the title and synopsis of the RFP/RFQ, the budgeted funds available, and the name of the Deputy Executive Officer or Assistant Deputy Executive Officer responsible for that item. Further detail including closing dates, contact information, and detailed proposal criteria will be available online at <http://www.aqmd.gov/grants-bids> following Board approval on January 10, 2020.

Outreach

In accordance with South Coast AQMD's Procurement Policy and Procedure, a public notice advertising the RFPs/RFQs and inviting bids will be published in the Los Angeles Times, the Orange County Register, the San Bernardino Sun, and Riverside County's Press Enterprise newspapers to leverage the most cost-effective method of outreach to the South Coast Basin.

Additionally, potential bidders may be notified utilizing South Coast AQMD's own electronic listing of certified minority vendors. Notice of the RFPs/RFQs will be emailed to the Black and Latino Legislative Caucuses and various minority chambers of commerce and business associations, and placed on the Internet at South Coast AQMD's website (<http://www.aqmd.gov>) where it can be viewed by making the selection "Grants & Bids."

Proposal Evaluation

Proposals received will be evaluated by applicable diverse panels of technically-qualified individuals familiar with the subject matter of the project or equipment and may include outside public sector or academic community expertise.

Attachment

Report of RFPs/RFQs Scheduled for Release in January 2020

**January 10, 2020 Board Meeting
Report on RFPs/RFQs Scheduled for Release on January 10, 2020**

(For detailed information visit South Coast AQMD's website at <http://www.aqmd.gov/nav/grants-bids> following Board approval on January 10, 2020)

RESEARCH AND DEVELOPMENT OR SPECIAL TECHNICAL EXPERTISE

RFP #P2020-06	Issue Request for Proposal for Employment and Labor Relations Legal Services	OLVERA/2309
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South Coast AQMD contracts with outside law firms for employee relations litigation services and for legal counsel on labor and employment law matters. This action is to issue an RFP for the purpose of prequalifying law firms to provide these services as needs arise. Funds for these services are available in the FY 2019-20 Budget and will be requested in successive fiscal years.

REQUEST FOR QUALIFICATION – Prequalified Vendor List

RFQ #Q2020-09	Issue Request for Qualifications to Establish List of Prequalified Vendors for Automotive Mechanical Repair and Service	OLVERA/2309
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South Coast AQMD's vehicle fleet periodically requires mechanical repairs and servicing. This action is to issue an RFQ to establish a list of prequalified vendors for a three-year period. Funds for this service are included in the FY 2019-20 Budget and will be requested in subsequent fiscal years.

DRAFT

BOARD MEETING DATE: January 10, 2020

AGENDA NO.

PROPOSAL: Revise Procurement Policy and Procedure

SYNOPSIS: This action is to approve revisions to the South Coast Air Quality Management District Procurement Policy and Procedure to increase the Executive Officer's Procurement Signature Authority Delegation and update terminology to be consistent with Governmental Accounting Standards Board (GASB) Pronouncements.

COMMITTEE: Administrative, December 13, 2019; Recommended for Approval

RECOMMENDED ACTIONS:

Adopt the revised Procurement Policy and Procedure.

Wayne Nastri
Executive Officer

JW

Background

The South Coast Air Quality Management District's (South Coast AQMD) Procurement Policy and Procedure, adopted January 9, 1998 and last amended May 3, 2019, establishes the Executive Officer's procurement signature authority at \$75,000 for budgeted and \$10,000 for unbudgeted expenditures. This authority level has been unchanged for many years and has been effectively reduced due to inflationary factors. In addition to increasing the Executive Officer's signature authority, there is also a need to increase spending limits if a Continuity of Operations (COOP) plan is implemented during an emergency.

Proposal

It is recommended that South Coast AQMD's Procurement Policy and Procedure, Sections IV, V and VIII be amended to reflect an increase in the Executive Officer's procurement signature authority from \$75,000 to \$100,000 which will reset for each contract, every fiscal year. An increase in purchases of budgeted fixed assets would also be amended to change the range of \$10,000 - \$75,000 to \$10,000 - \$100,000.

Adoption of this proposal will further increase procurement efficiency and will align the Executive Officer's signature authority with some other local agency benchmarks.

The Executive Officer currently has the authority to approve purchases of unbudgeted fixed assets up to \$50,000 in an emergency. However, additional funding may be required for implementing South Coast AQMD's COOP plan in order to ensure the agency is capable of conducting its mission essential functions under all threats and conditions. This proposal would increase the Executive Officer signature authority up to \$500,000, in the aggregate, for fixed assets and contracts for the duration of a COOP event. A report of the expenditures would be provided to the Administrative Committee and the Board should this occur.

Additionally, references to fixed assets throughout the Policy shall now be referred to as capital assets to be consistent with GASB pronouncements.

Resource Impacts

No resource impacts anticipated from these changes.

Attachment

Revised Procurement Policy and Procedure

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

PROCUREMENT POLICY AND PROCEDURE

SECTION I: PURPOSE

- A. It is the policy of the South Coast Air Quality Management District (South Coast AQMD) to make available to all its offices and employees those services, supplies, equipment, materials, and ~~fixed-assets~~capital assets which are essential to the operation of the South Coast AQMD.
- B. The execution of this policy is the function of the responsible officer as set forth herein.
- C. The procedures set forth in this policy govern contracting and/or purchasing of services, materials, equipment, supplies, and ~~fixed-assets~~capital assets by the South Coast AQMD.
- D. The South Coast AQMD Board may contract for services, materials, equipment, supplies, and ~~fixed-assets~~capital assets as may be necessary or convenient for the exercise of duties imposed upon the South Coast AQMD.

SECTION II: GOVERNING BODY AND APPLICABLE LAWS

- A. The South Coast AQMD is organized pursuant to Chapter 5.5, Part 3, Division 26 of the Health and Safety Code.
- B. The governing body of the South Coast AQMD is a Board of Directors composed in accordance with Health and Safety Code Section 40420 ("South Coast AQMD Board").
- C. The South Coast AQMD is required to adopt a purchasing policy pursuant to Government Code Section 54202.

SECTION III: PARTICIPATION IN THE PROCUREMENT PROCESS

A. General

It is the policy of the South Coast AQMD to ensure that all businesses including minority business enterprises, women business enterprises, disabled veteran business enterprises and small businesses have a fair and equitable opportunity to compete for and participate in South Coast AQMD contracts.

B. Definitions

The definition of minority, women and disadvantaged business enterprises set forth below is included for purposes of determining compliance with the affirmative steps requirement described in paragraph (F) below on procurements funded in whole or in part with federal funds which involve the use of subcontractors. The definitions provided for disabled veteran

business enterprise, local business, small business enterprise, zero or near-zero emission vehicle business, off-peak hours delivery business and benefits incentive business are provided for purposes of determining eligibility for point or cost considerations in the evaluation process.

1. "Women business enterprise" (WBE) as used in this policy means a business enterprise that meets all of the following criteria:
 - a. a business that is at least 51 percent owned by one or more women, or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more women.
 - b. a business whose management and daily business operations are controlled by one or more women.
 - c. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
2. "Disabled veteran" as used in this policy is a United States military, naval, or air service veteran with at least 10 percent service-connected disability who is a resident of California.
3. "Disabled veteran business enterprise" (DVBE) as used in this policy means a business enterprise that meets all of the following criteria:
 - a. is a sole proprietorship or partnership of which at least 51 percent is owned by one or more disabled veterans or, in the case of a publicly owned business, at least 51 percent of its stock is owned by one or more disabled veterans; a subsidiary which is wholly owned by a parent corporation but only if at least 51 percent of the voting stock of the parent corporation is owned by one or more disabled veterans; or a joint venture in which at least 51 percent of the joint venture's management and control and earnings are held by one or more disabled veterans.
 - b. the management and control of the daily business operations are by one or more disabled veterans. The disabled veterans who exercise management and control are not required to be the same disabled veterans as the owners of the business.
 - c. is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, firm, or other foreign-based business.
4. "Local business" as used in this policy means a company that has an ongoing business within the South Coast AQMD at the time of bid or proposal submittal and performs 90% of the work related to the contract within the South Coast AQMD and satisfies the requirements of subparagraph H below.

5. "Small business" as used in this policy means a business that meets the following criteria:
- a. 1) an independently owned and operated business; 2) not dominant in its field of operation; 3) together with affiliates is either:
 - A service, construction, or non-manufacturer with 100 or fewer employees, and average annual gross receipts of ten million dollars (\$10,000,000) or less over the previous three years, or
 - A manufacturer with 100 or fewer employees.
 - b. Manufacturer means a business that is both of the following:
 - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products.
 - 2) Classified between Codes 311000 and 339000, inclusive, of the North American Industrial Classification System (NAICS) Manual published by the United States Office of Management and Budget, 2007 edition.
6. "Joint ventures" as defined in this policy pertaining to certification means that one party to the joint venture is a DVBE or small business and owns at least 51 percent of the joint venture.
7. "Zero or Near-Zero Emission Vehicle Business" as used in this policy means a company or contractor that uses zero or near-zero emission vehicles in conducting deliveries to the South Coast AQMD. Zero or near-zero emission vehicles include vehicles powered by electric, compressed natural gas (CNG), liquefied natural gas (LNG), liquefied petroleum gas (LPG), ethanol, methanol, hydrogen and are certified to 90% or lower than the existing standard.
8. "Off-Peak Hours Delivery Business" as used in this policy means a company or contractor that commits to conducting deliveries to the South Coast AQMD during off-peak traffic hours defined as between 10:00 a.m. and 3:00 p.m.
9. "Benefits Incentive Business" as used in this policy means a company or contractor that provides janitorial, security guard or landscaping services to the South Coast AQMD and commits to providing employee health benefits (as defined below in Section VIII.D.2.d) for full time workers with affordable deductible and co-payment terms.
10. "Minority Business Enterprise" as used in this policy means a business that is at least 51 percent owned by one or more minority person(s), or in the case of any business whose stock is publicly held, at least 51 percent of the stock is owned by one or more or minority persons.
- a. a business whose management and daily business operations are controlled by one or more minority persons.

- b. a business which is a sole proprietorship, corporation, or partnership with its primary headquarters office located in the United States, which is not a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.
 - c. "Minority person" for purposes of this policy, means a Black American, Hispanic American, Native-American (including American Indian, Eskimo, Aleut, and Native Hawaiian), Asian-Indian (including a person whose origins are from India, Pakistan, and Bangladesh), Asian-Pacific-American (including a person whose origins are from Japan, China, the Philippines, Vietnam, Korea, Samoa, Guam, the United States Trust Territories of the Pacific, Northern Marianas, Laos, Cambodia, and Taiwan).
11. "Most Favored Customer" as used in this policy means that the South Coast AQMD will receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services.
12. Disadvantaged Business Enterprise" as used in this policy means a business that is an entity owned and/or controlled by a socially and economically disadvantaged individual(s) as described by Title X of the Clean Air Act Amendments of 1990 (42 U.S.C. 7601 note) (10% statute), and Public Law 102-389 (42 U.S.C. 4370d)(8% statute), respectively;
- a Small Business Enterprise (SBE);
 - a Small Business in a Rural Area (SBRA);
 - a Labor Surplus Area Firm (LSAF); or
 - a Historically Underutilized Business (HUB) Zone Small Business Concern, or a concern under a successor program.
- C. Under Request for Quotations (RFQ), DVBEs, DVBE business joint ventures, small businesses, and small business joint ventures shall be granted a preference in an amount equal to 5 percent of the lowest cost responsive bid. Zero or Near-Zero Emission Vehicle Businesses shall be granted a preference in an amount equal to 5 percent of the lowest cost responsive bid. Off-Peak Hours Delivery Businesses shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid. Local businesses (if the procurement is not funded in whole or in part by federal grant funds) shall be granted a preference in an amount equal to 2 percent of the lowest cost responsive bid.
- D. Under Request for Proposals (RFP), DVBEs, DVBE joint ventures, small businesses, small business joint ventures and benefits incentive businesses shall be awarded ten (10) points in the evaluation process. A non-DVBE or large business shall receive seven (7) points for subcontracting at least 25 percent of the total contract value to a DVBE or small business. Zero or Near-Zero Emission Vehicle Businesses shall be awarded five (5) points in the evaluation process. On procurements that are not funded in whole or in part by federal grant funds local businesses shall receive five (5) points. Off-Peak Hours Delivery Businesses shall be awarded two (2) points in the evaluation process.
- E. The South Coast AQMD will ensure that discrimination in the award and performance of contracts does not occur on the basis of race, color, sex, national origin, marital status, sexual preference, creed, ancestry, medical condition, or retaliation for having filed a discrimination complaint in the performance of South Coast AQMD contractual obligations.

- F. When contracts are funded in whole or in part by federal funds, and if subcontracts are to be let, the Contractor must comply with the following, evidencing a good faith effort to solicit disadvantaged businesses. Contractor shall submit a certification signed by an authorized official affirming its status as a MBE or WBE, as applicable, at the time of contract execution. The South Coast AQMD reserves the right to request documentation demonstrating compliance with the following good faith efforts prior to contract execution.
1. Ensure Disadvantaged Business Enterprises (DBEs) are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
 2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
 3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and Local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
 4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
 5. Using the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce.
 6. If the prime contractor awards subcontracts, require the prime contractor to take the above steps.
- G. To the extent that any conflict exists between this policy and any requirements imposed by federal and state law relating to participation in a contract by a MBE, WBE, and/or DVBE as a condition of receipt of federal or state funds, the federal or state requirements shall prevail.
- H. When contracts are not funded in whole or in part by federal funds, a local business preference will be awarded. For such contracts that involve the purchase of commercial off-the-shelf products, local business preference will be given to suppliers or distributors of commercial off-the-shelf products who maintain an ongoing business within the geographical boundaries of the South Coast AQMD. However, if the subject matter of the RFP or RFQ calls for the fabrication or manufacture of custom products, only companies performing 90% of the manufacturing or fabrication effort within the geographical boundaries of the South Coast AQMD shall be entitled to the local business preference.
- I. For federally funded procurements, the South Coast AQMD shall comply, where applicable, with federal fair share requirements set forth in 40 CFR 33, or equivalent federal regulations.

J. It is the policy of the South Coast AQMD to receive at least as favorable pricing, warranties, conditions, benefits and terms as other customers or clients making similar purchases or receiving similar services. To this purpose, formal bidding procedures, sole source awards, and RFP/Rfq processes will include a certification for “most favored customer” status. South Coast AQMD will give preference, where appropriate, to vendors who certify that they will provide “most favored customer” status to the South Coast AQMD.

K. Responsibilities of South Coast AQMD Personnel:

1. The Manager of the Procurement Section shall be responsible for:
 - a. Developing and maintaining South Coast AQMD procedures to ensure proper implementation of this policy.
 - b. Reviewing solicitations to ensure compliance with this policy prior to public release.
 - c. Preparing a monthly report to the South Coast AQMD Board on solicitations scheduled to be released within the next month and preparing a semi-annual report to the South Coast AQMD Board on contract activity.
 - d. Reviewing contracts and purchase orders to ensure compliance with this policy and applicable laws and regulations.
 - e. Providing periodic training to South Coast AQMD personnel on contracting and purchasing policies and procedures.
 - f. Developing and maintaining a database of vendors seeking to do business with the South Coast AQMD.
 - g. Participating at trade fairs and other procurement outreach programs.
 - h. Publication of Notices Inviting Bids or Proposals.
 - i. Maintaining records sufficient to detail the significant elements of the procurement, including, but not limited to: authorizing Board Letter or memorandum to authorizing contract signatory; the Contract Request Authorization Memorandum from the originating organization; the Request for Proposal, if applicable; the contractor’s final proposal; and any miscellaneous South Coast AQMD internal correspondence concerning the terms of the contract.
2. South Coast AQMD Legal Counsel shall be responsible for:
 - a. Representing the South Coast AQMD in all litigation actions involving implementation of this policy.
 - b. Providing legal opinions regarding the interpretation of bid specifications, proposal requirements, and contract provisions.
3. South Coast AQMD staff is responsible for:
 - a. Taking all necessary and reasonable steps in accordance with applicable South Coast AQMD requirements to execute this policy and to ensure that all businesses including MBEs, WBEs, DVBES and small businesses have fair and equitable participation in the solicitation process.

- b. Screening the South Coast AQMD's vendor database to obtain names of companies which have expressed an interest in doing business with the South Coast AQMD.
- c. Ensuring that relevant business enterprises listed in the database will receive copies of solicitations.
- d. Coordinating the advertising of solicitations with the Manager of the Procurement Section or his or her designee in conformance with the policies and procedures of this policy.
- e. Providing the Manager of the Procurement Section with a draft of the solicitation for review prior to public release and issuance of an RFQ or RFP number by the procurement staff.
- f. For contracts funded in whole or in part with federal funds, performing and documenting a cost or price analysis as appropriate, including a lease versus purchase analysis, as set forth in 40 CFR 31.36(f) and 31.36(b)(4). Appropriate staff shall also maintain records sufficient to detail the significant history of a procurement, including the method of procurement, selection of the contract type, contractor selection or rejection, and the basis for the contract price.
- g. Providing the Manager of the Procurement Section with all documents showing the history of the procurement as set forth in Section III(K)(1)(i).

SECTION IV: PURCHASING OF SUPPLIES, SERVICES AND EQUIPMENT

A. Manager of the Procurement Section Authority and Responsibilities

1. The Manager of the Procurement Section may purchase, upon appropriate authorization, services, materials, equipment, supplies, and ~~fixed assets~~capital assets.
2. The Manager of the Procurement Section shall designate those persons who will have authority to make purchases.
3. The Manager of the Procurement Section shall act in the best interests of the South Coast AQMD in negotiating the best price on all goods and services, cost and other factors considered; and in accordance with all rules, regulations, and policies herein set forth, and all applicable provisions of law.
4. For non-consultant services and supplies which can reasonably be expected to exceed \$50,000 on an annual basis, the Manager of the Procurement Section may use a competitive prequalification process. As used in this policy, the term "prequalified vendors" shall be defined as the list of vendors whom the South Coast AQMD has determined to be qualified to provide particular services or supplies. As requirements become identified, competitive bids will be sought only from those vendors on the prequalified vendor list.
5. Whenever possible, to effect economies of scale purchasing, the Manager of the Procurement Section shall pursue the policy of cooperative purchasing, provided that the quality of the available items meets South Coast AQMD requirements. Cooperative or

leveraged purchasing is the policy of utilizing pricing established from competitively bid state or national contracts to procure required materials, i.e., the California Department of General Services sponsored California Multiple Award Schedules (CMAS) or equivalent. This allows the South Coast AQMD to enjoy the same terms, discounts, prices, and availability of items that would not be possible in all cases under small-scale purchasing.

6. The Manager of the Procurement Section shall advertise for public bidding, as set forth in Section VII hereof, any item directed by the South Coast AQMD Board or Executive Officer. In any event, the procedure described in Section VI must be followed for purchases in excess of \$25,000.
7. Subject to the supervision and direction of the Executive Officer, it shall be the duty of the Manager of the Procurement Section to purchase from time to time such quantities of supplies as may be required for official use and keep same in such storeroom or rooms as the South Coast AQMD shall provide. Such supplies shall be disbursed upon receipt of regular requisitions presented to the Manager of the Procurement Section or his or her designee.

B. Purchasing Methods:

The following purchasing methods shall be utilized, as applicable:

1. Formal Bid - A written bid solicited through public advertising and submitted under sealed bid procedures and which is opened and read on a specified date and time. This method is primarily used for equipment or services costing \$25,000 or more.
2. Informal bid – For procurements above \$2,500 and below \$25,000 an unadvertised written bid from a vendor may be utilized when the cost of the equipment or supplies is so low as to not justify the costs of the formal bidding procedure.
3. Telephone Bid – For procurements not to exceed \$2,500, telephone bids may be utilized by the Manager of the Procurement Section or his or her designee when the best interests of the South Coast AQMD may be served due to the need for immediate delivery or for other valid reasons.
4. Sole or Single Source – For procurements in excess of \$10,000, the Executive Officer may approve that the award may be made without a formal bid when the item or service to be purchased may be obtained from only one source and the item or service is one which does not lend itself to substitution. Said bids must be confirmed in writing and justified in accordance with the provisions of Section VIII.(B) using a Single/Sole-Source Procurement Request form approved by the Executive Officer.
5. Prior Bid, Last Price - After confirming the validity of a prior price, an award may be made on the basis of a prior bid or on the basis of a last price, if the conditions of a previous purchase are similar.
6. Request for Quotation - A written request describing materials, equipment, ~~fixed assets~~capital assets, supplies or services sought which may contain certain plans and

specifications. Quotations may be solicited through either formal or informal bid procedures.

7. Formal bidding shall be used when economies of scale can be achieved, when there are equal and competitive products, or when discounts are applicable.
- C. ~~Fixed-Assets~~Capital assets purchases shall be defined as purchases of assets that have a life of at least ~~three-one~~ years and a total acquisition cost of \$5,000 or more. Purchases of ~~fixed assets~~capital assets are governed by the following:
 1. The Manager of the Procurement Section shall be the responsible officer authorized to approve the purchase of budgeted ~~fixed-assets~~capital assets up to the amount of \$10,000 upon the request of the appropriate Deputy or Assistant Deputy Executive Officer.
 2. The Executive Officer may approve purchases of budgeted ~~fixed-assets~~capital assets from \$10,000 to ~~\$100,000~~\$75,000 and unbudgeted ~~fixed-assets~~capital assets up to \$10,000, or in case of an emergency or interruption of South Coast AQMD operations, up to ~~\$5075,000~~\$75,000.
 3. Purchases of budgeted ~~fixed-assets~~capital assets over ~~\$100,000~~\$75,000 and unbudgeted ~~fixed-assets~~capital assets over \$10,000, except as provided in paragraph two above, require Board approval.
 4. The Manager of the Procurement Section may, by direct sales or otherwise, sell or dispose of any ~~fixed-assets~~capital assets belonging to the South Coast AQMD and found by the South Coast AQMD Board not to be required for public use. ~~Fixed-assets~~Capital assets procured with federal funds may require prior approval from the awarding federal agency, which if required, shall be secured by South Coast AQMD staff prior to requesting the South Coast AQMD Board to approve disposal of the applicable asset(s).
 - a. All moneys collected from the proceeds of sales are to be deposited in the South Coast AQMD's bank account.
 - b. No member of the South Coast AQMD Board or family member and no South Coast AQMD employee or family member shall be permitted to purchase any assets or supplies of the South Coast AQMD, except those items disposed of in an open public auction.
 - c. Upon finding that it is in the best interests of the South Coast AQMD, the South Coast AQMD Board may authorize transfer of equipment, supplies, and materials for nominal monetary consideration to public agencies, nonprofit organizations that meet the requirements of Section 501(c) of the Internal Revenue Code, or educational institutions for use in air quality improvement or other activities in the public interest.
 5. The Manager of the Procurement Section may upon written approval of the Executive Officer or his or her designee purchase unbudgeted fixed asset items having a total unit cost not exceeding \$10,000, (including freight and taxes). The purchase of unbudgeted ~~fixed-assets~~capital assets having a total unit cost in excess of \$10,000 shall be made by

the Manager of the Procurement Section only after approval of such purchase by the South Coast AQMD Board.

SECTION V: CONSTRUCTION, ALTERATION, OR IMPROVEMENT OF SOUTH COAST AQMD FACILITIES

A. Executive Officer approval required:

1. The Executive Officer may contract for the construction, alteration, or improvement of South Coast AQMD facilities when the total cost of the proposed, budgeted construction, alteration, or improvement does not exceed ~~\$100,000~~\$75,000. The Executive Officer may approve up to an additional ~~\$100,000~~\$75,000 in costs in each subsequent fiscal year.
2. Depending on the nature of the work to be performed, detailed plans and specifications are not required. However, any change or alteration of such plans and specifications shall be in writing.

~~332.~~ The contracting methods utilized by the Executive Officer under these provisions shall be in accordance with Section IV.B.

B. -Governing Board approval required:

1. The South Coast AQMD Board may contract for the construction, alteration, or improvement of South Coast AQMD facilities.
2. The South Coast AQMD Board shall adopt detailed plans and specifications for the work.
3. All bidders shall be afforded the opportunity to examine the plans and specifications. Any changes or alterations of the plans and specifications shall be in writing.
- ~~4. The bidding procedures set forth in Section VI of this policy shall be followed for idle projects when the cost of proposed construction alteration or improvement is estimated to exceed \$75,000.~~
- ~~54.~~ The South Coast AQMD Board shall, to the greatest extent practicable, award the contract to the lowest cost responsive bidder, except as provided in Section VI.(B). The person to whom the contract is awarded shall perform the work in accordance with the plans and specifications.
- ~~65.~~ The Contractor to whom the contract is awarded shall execute a completion and performance bond, to be approved by the Executive Officer or designee, for the faithful performance of contracts over ~~\$100,000~~\$75,000 per fiscal year
- ~~76.~~ If the cost of work is reduced by reason of any modification of the plans and specifications, such reduced cost shall be credited to the South Coast AQMD.
- ~~87.~~ If the cost of the work increases for any reason, the Executive Officer may authorize the additional work up to an amount not to exceed ~~\$100,000~~\$75,000 in any one fiscal year.

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The Executive Officer may approve up to an additional ~~\$100,000~~~~\$75,000~~ in costs in each subsequent fiscal year. If the cost exceeds the original contract by over ~~\$100,000~~~~\$75,000~~ in any one fiscal year, Board approval will be required.

- C. All solicitations for construction, alteration, or improvement of South Coast AQMD facilities shall require contractors to comply with applicable federal laws including but not limited to the Copeland Anti-Kickback Act, the Davis Bacon Act, the Contract Work Hours and Safety Standards Act, Occupational Safety and Health Act and applicable state laws governing health and safety, workers compensation, prevailing wage rates, and labor hours.

SECTION VI: BIDDING PROCEDURES

A. Request for Quotations or Proposals

1. When the term "Request for Quotations" (RFQ) or "Request for Proposal" (RFP) is used in this policy, the following is meant: The responsible staff person shall, in writing, solicit quotations from qualified bidders. The prospective bidders shall be sent an RFQ or RFP which specifies the materials, equipment, ~~fixed assets~~~~capital assets~~, supplies, or services sought and the date by which bids are required, which date shall be at least 30 days from the date and time the RFQ or RFP is sent or posted on the South Coast AQMD website. For RFQs or RFPs approved by the Executive Officer, waiver of the 30-day period may be approved by the Executive Officer. For any RFP or RFQ, the Executive Officer may extend the response period.
2. In all cases in which written specifications are prepared and submitted for public bid and a trade name is specified, the specifications shall contain the phrase "or equal" and a bidder shall be allowed to bid upon a specific trade name product or its equivalent in quality and performance.
3. Subject to other provisions of this policy, a bid will be awarded to the lowest responsive, qualified bidder whose bid is in accordance with prescribed requirements and/or specifications.
4. The preparation of detailed specifications or obtaining of bids may be waived by the Executive Officer or his or her designee if proper justification has been provided that:
 - a. The items are available from only one source;
 - b. Public health or property may be endangered by delay;
 - c. An emergency or interruption of South Coast AQMD operations has occurred;
 - d. Required construction, repair, or project completion dates cannot be met;
 - e. Used or surplus equipment or supplies cannot be covered by specifications or plans;
or
 - f. Other circumstances exist which, in the determination of the Executive Officer, require waiver in the best interests of the South Coast AQMD.

B. Acceptance or Rejection of Bids

1. The South Coast AQMD Board or appropriate officer may accept or reject all or any bids and quotations or may accept or reject a part of any bid and to waive technical defects if to do so best serves the interests of the South Coast AQMD. Preference will be given, however, to the lowest cost responsive bidder.
2. In the event all bids or quotations are rejected, the South Coast AQMD Board or appropriate officer, may take any of the following actions:
 - a. Solicit new bids or quotations. In the event that a "Notice Inviting Bids/Proposals" was required, the notice must be re-advertised.
 - b. Proceed to purchase equipment, materials, services, ~~fixed-assets~~capital assets or supplies through the State General Services Agency pursuant to Government Code Section 54205, or other leveraged/cooperative purchasing opportunities, if feasible.
3. The Executive Officer and/or Governing Board may award the contract to a bidder, other than the bidder determined to be the lowest bidder, in the event the Executive Officer and/or the Governing Board determine that another bidder would provide the best value to the South Coast AQMD. In such case, the supporting rationale for such a determination must be provided. The determination shall be on the bids or quotations and on evidence provided in the quotation and/or any other evidence provided during the bid review process. Evidence provided during the bid review process is limited to clarification by the bidder of information presented in his/her proposal/quotation.
4. In the event that no bids were received after a written solicitation or advertising, the South Coast AQMD Board or Executive Officer, may reissue the solicitations, or contract for the equipment, ~~fixed-assets~~capital assets supplies, materials, or services on a sole-source basis.

SECTION VII: PUBLICATION REQUIREMENTS FOR ADVERTISED PROCUREMENTS

- A. For any purchase of alterations or improvements to South Coast AQMD facilities, services, materials, equipment, or ~~fixed-assets~~capital assets estimated to exceed \$25,000, the following procedures apply unless a written determination has been made by the Executive Officer or his or her designee that the estimated cost of the procurement does not justify the cost of advertising:
 1. A "Notice Inviting Bids/Proposals" shall be published in a newspaper of general circulation at least once a week for two successive weeks. Two publications in a newspaper published once a week or more often, with at least five days intervening between the respective publication dates are sufficient. The period of notice commences on the first day of publication and terminates at the close of business on the fourteenth day.

2. One or more "Notices Inviting Bids/Proposals" shall be published in one or more of the following, whichever would allow the notice to be distributed to the largest number of persons or firms qualified to do the work:
 - a. Newspapers of general circulation (mandatory)
 - b. California State Contracts Register
 - c. Journal of the Air & Waste Management Association
 - d. ARB Computer Bulletin Board
 - e. Professional journals and trade publications including small, minority, women, and veteran business publications, and
 - f. South Coast AQMD Website on the Internet
3. The "Notice Inviting Bids/Proposals" shall contain a brief description of the equipment, materials, supplies, or services sought, the address where the plans and/or specifications may be inspected or where additional information may be obtained, and time and place of delivery of the Bid or Proposal.
4. A listing of open RFQs and RFPs will be made available to various legislative caucuses, community groups, trade organizations, chambers of commerce and other interested parties at the time the Notice Inviting Bids/Proposals is submitted for publication. Parties desiring copies of any of the RFQs or RFPs will be advised that a complete copy can be obtained by downloading it from the South Coast AQMD website or requesting a hard copy from the designated South Coast AQMD contact.

SECTION VIII: CONTRACTING FOR CONSULTING AND PROFESSIONAL SERVICES

A. General

1. It is the policy of the South Coast AQMD to utilize the most highly qualified professional services to carry out the responsibilities of the South Coast AQMD.
2. Due to the nature of the work to be performed or the staffing level required, it may, from time to time, be necessary to utilize the services of outside contractors/consultants who are not employees of the South Coast AQMD.

B. Contracting Methods

1. Proposals subject to this Section shall be advertised pursuant to the provisions of Section VII unless the Executive Officer waives the bidding requirements of this Section based upon a written documentation justifying a sole-source award, as described below
2. Except for contracts funded in whole or in part with federal funds, written justification for a sole-source award must be provided documenting that:

- a. The cost of labor for preparation of the described documents exceeds the possible savings that could be derived from such detailed documents; or
- b. Public health or property may be endangered by delay; or
- c. The desired services are available from only the sole-source based upon one or more of the following reasons:
 - (1) The unique experience and capabilities of the proposed contractor or contractor team;
 - (2) The project involves the use of proprietary technology;
 - (3) The contractor has ownership of key assets required for project performance; or
- d. Other circumstances exist which in the determination of the Executive Officer require such waiver in the best interests of the South Coast AQMD. Such circumstances may include but are not limited to:
 - (1) Projects involving cost sharing by multiple sponsors
 - (2) Time extension of an existing contract;
 - (3) Projects involving a commitment to multiple project phases;
 - (4) Level-of-effort expert consultation services;
 - (5) Performance of South Coast AQMD work concurrent with local government official duties;
 - (6) Projects requiring compatibility with existing specialized equipment;
 - (7) Cooperative internship programs with accredited colleges and universities;
 - (8) Research and development efforts with educational institutions or nonprofit organizations.

- 3. For contracts funded in whole or in part with federal funds, written justification for sole-source award must be provided documenting that awarding a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and that one of the following circumstances applies:

a. ~~a.~~ The item is available only from a single source;

b. ~~b.~~ The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

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~~c. — e. The awarding federal agency authorizes noncompetitive proposals; or The awarding Federal agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity; or~~

~~d. — d. —~~ After solicitation of a number of sources, competition is determined inadequate.

C. Selecting the Appropriate Contracting Method

1. Prior to the letting of a contract for consulting or professional services, South Coast AQMD staff shall prepare the following, as applicable:
 - a. A written assessment of the objectives of the project or study in which previous work, if any, on the same subject shall be reviewed, including an assessment of current and future South Coast AQMD needs for the project and an estimate of the project cost;
 - b. A statement of work to be performed in carrying out the project or study;
 - c. A statement of the qualifications of persons necessary to perform the work including a description of experience, education, and training, and related work in general and specific fields; and
 - d. An assessment of the resources needed to carry out the project or study including, facilities, laboratory, equipment, and computer hardware and software.
2. Based upon an evaluation of the documentation prepared pursuant to Paragraph C1 and any other information deemed necessary, the Executive Officer or his or her designee shall:
 - a. Evaluate the ability of South Coast AQMD staff to perform all or part of the work, taking into consideration South Coast AQMD staff resources and other work being performed by South Coast AQMD staff; or
 - b. If it is determined that all or part of the work should be done pursuant to a contract for professional consulting services, the Executive Officer shall determine if the services shall be procured on a sole-source basis in accordance with the criteria set forth in Paragraph B2 above or a competitive basis. On federally funded procurements, the requirements of Paragraph B3 above shall be applicable in accordance with 40 CFR 31.36 or applicable federal regulation. On contracts for budgeted ~~items~~ consulting or professional services over \$75,000 or unbudgeted ~~items~~ consulting or professional services over \$10,000, the Executive Officer shall recommend to the South Coast AQMD Board that a sole-source contract be awarded. If a sole-source contract is approved by the South Coast AQMD Board, it may designate who is authorized to execute the contract.
3. If it is determined that the services should be procured competitively, the South Coast AQMD staff member responsible for originating the requirement shall prepare an RFP using the most current version of the sample RFP contained on the South Coast AQMD

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computer network and prepare a Bidders Mailing List. At a minimum, the RFP should contain the following areas specifically tailored to the requirement:

- a. Background/Schedule of Events
 - b. Section III of the South Coast AQMD Procurement Policy
 - c. Work Statement/Schedule of Deliverables
 - d. Required Qualifications
 - e. Proposal Submittal Requirements
 - f. Proposal Evaluation Criteria
 - g. Draft Contract
 - h. Certifications and Representations
4. All RFPs must be reviewed by the Manager of the Procurement Section prior to assignment of an RFP number by Procurement staff. RFPs for budgeted ~~items consulting or professional services~~ over ~~\$100,000~~~~\$75,000~~ that deviate from approved South Coast AQMD RFP evaluation criteria and RFPs for unbudgeted ~~items consulting or professional services~~ over \$10,000 must be approved by the South Coast AQMD Board prior to release. RFPs for budgeted ~~items consulting or professional services~~ up to ~~\$100,000~~~~\$75,000~~ and unbudgeted ~~items consulting or professional services~~ under \$10,000 that comply with South Coast AQMD RFP evaluation criteria shall be approved by the Executive Officer or his or her designee.
 5. RFPs estimated to exceed \$25,000 will be advertised in accordance with the procedures set forth in Section VII. The Notice Inviting Proposals shall specify the services sought and the date by which proposals are required, which date shall be at least 30 days from the date and time the RFP is mailed. Waiver of the 30-day period may be approved by the Executive Officer.

D. Proposal Evaluation and Contract Award

1. Sole-source proposals or a competitive proposal which is the sole response to an RFP should be evaluated by the originator of the requirement to ensure that the proposal is technically acceptable and that the proposed amount is reasonable based on previous proposals for similar work, knowledge of the marketplace, and South Coast AQMD's independent cost estimate. Documentation regarding the reasonableness of the proposed cost must be included in the project file compiled by the originator. The Single/Sole-Source Procurement Request form approved by the Executive Officer, shall be included with the documentation supplied to the Contracts Unit as detailed in Section III.K.i.
2. Competitive proposals will be evaluated by a panel of three-to-five South Coast AQMD staff familiar with the subject matter of the project. The panel shall be appointed by the Executive Officer or his or her designee to evaluate the submitted proposals. In addition, the evaluation panel may include such outside public sector or academic community expertise as deemed desirable by the Executive Officer. The Executive Officer or his or her designee shall appoint a chairman from this group.

a. Evaluation of Proposals.

Each member of the evaluation panel shall be accorded equal weight in his or her rating of the proposals. The evaluation panel members shall evaluate the proposals according to specified criteria and shall assign a numerical score to each evaluation factor. Suggested guidelines for technical criteria and weightings are set forth below, but may be modified by the RFP originator based upon the specific project requirements and approval by the responsible Deputy Executive Officer.

b. Sample Proposal Evaluation Criteria

(1) Standardized Services	<u>Points</u>
Understanding of Requirement	20
Contractor Qualification	20
Past Experience	10
Cost	<u>50</u>
TOTAL:	100
(2) R&D Projects Requiring Technical or Scientific Expertise, or Special Projects Requiring Unique Knowledge or Abilities	
Understanding the Problem	20
Technical/Management Approach	20
Contractor Qualifications	20
Previous Experience on Similar Projects	10
Cost	<u>30</u>
TOTAL	100
(3) Additional Points	
Small Business or Small Business Joint Venture	10
DVBE or DVBE Joint Venture	10
Benefits Incentive Business	10
Use of DVBE or Small Business Subcontractors	7
Zero or Near-Zero	
Emission Vehicle Business (for supply contracts)	5
Local Business (Non-Federal Funded Projects)	5
Off-Peak Hours Delivery Business	2
Most Favored Customer	2

To receive additional points in the evaluation process for the categories of Small Business or Small Business Joint Venture, DVBE or DVBE Joint Venture or Local Business (for non-federal funded projects), the proposer must submit a self-certification or certification from the State of California Office of Small Business Certification and Resources at the time of proposal submission certifying that the proposer meets the requirements set forth in Section III. To receive points for the use

of DVBE and/or Small Business subcontractors, at least 25 percent of the total contract value must be subcontracted to DVBEs and/or Small Businesses. To receive points as a Zero or Near-Zero Emission Vehicle Business, the proposer must demonstrate to the Executive Officer, or designee, that supplies and materials delivered to the South Coast AQMD are delivered in vehicles that operate in accordance with the definition provided in Section III.B.7. To receive points as an Off-Peak Hours Delivery Business, the proposer must submit, at proposal submission, certification of its commitment to delivering supplies and materials to South Coast AQMD between the hours of 10:00 a.m. and 3:00 p.m. To receive points for Most Favored Customer status, the proposer must submit, at proposal submission, certification of its commitment to provide most favored customer status to the South Coast AQMD. To receive points as a Benefits Incentive Business, the proposer must provide, at a minimum, health insurance at one of the levels identified in Paragraph d below. Documentation showing proof of such insurance coverage must be submitted with the proposal. The cumulative points awarded for Small Business, DVBE, use of Small Business or DVBE Subcontractors, Benefits Incentive Business, Local Business, Zero or Near-Zero Emission Vehicle Business and Off-Peak Hour Delivery Business shall not exceed 15 points. An additional 2 points can be awarded to those firms certifying Most Favored Customer pricing, for a total of 17 points possible.

- c. The Procurement Section will be responsible for monitoring compliance of suppliers awarded purchase orders based upon use of zero or near-zero emission vehicles or off-peak traffic hour delivery commitments through the use of vendor logs which will identify the contractor awarded the incentive. The purchase order shall incorporate terms which obligate the supplier to deliver materials in zero or near-zero emission vehicles or deliver during off-peak traffic hours. The Receiving department will monitor those qualified supplier deliveries to ensure compliance to the purchase order requirements. Suppliers in non-compliance will be subject to a two percent of total purchase order value penalty. The Procurement Manager will adjudicate any disputes regarding either zero or near-zero emission vehicle or off-peak hour deliveries.
- d. Benefits Incentive Businesses, in order to receive 10 additional points, must provide affordable health insurance to full-time employees, which are defined as employees who work 30 hours or more per week. Affordable health insurance is defined to mean meeting or exceeding the following minimum levels of coverage:

Employee Deductibles/Fees

PPO Plan Design

In-Network Deductible \$500 single
 In-Network Out-of-Pocket Maximum \$2,500
 Out-of-Network Co-pay 30%
 Office Visit Co-pay \$20 per visit
 Retail Drug Co-pay \$11 (generic)/\$24(premium)/\$44(nonformulary)
 Mail Order Drug Co-pay \$14 (generic) /\$32 (premium)/\$57 (nonformulary)
 Single Contribution 10% or less of premium

HMO Plan Design

Office Visit Co-pay \$20

Inpatient Hospitalization \$250 deductible
 Emergency Room Co-pay \$50 per visit
 Retail Drug Co-pay \$11 (generic)/\$24(premium)/\$44(nonformulary)
 Mail Order Drug Co-pay \$14 (generic) /\$32 (premium)/\$57 (nonformulary)
 Single Contribution 10% or less of premium

Documentation to prove insurance coverage may include quotes from health insurance providers or a copy of the most recent health insurance invoice, with an attached Plan Summary. Documentation must not include medical information, employee names, or any personal employee information. An officer of the bidding company must certify in writing that the health insurance information provided is true and accurate and that, if selected, the company will provide health insurance to its full-time employees for the duration of the contract term at the same levels shown above or better. The selected Contractor will be required to update the proof of health insurance on an annual basis and to provide a certified copy of payroll if requested.

- e. For procurement of standardized services, technical factors including past experience shall be weighted at 50 points and cost shall be weighted at 50 points. For procurement of Research and Development (R & D) projects or projects requiring technical or scientific expertise or special projects requiring unique knowledge and abilities, technical factors including past experience shall be weighted at 70 points and cost shall be weighted at 30 points, subject to other provisions of this policy. A proposal must receive at least 56 out of 70 points, or 80 percent of the possible technical points, as applicable, on R & D projects and projects for unique technical expertise in order to be deemed qualified for award.
- f. The responsible staff person shall prepare a summary of the proposal evaluations and a recommendation for the award to his or her responsible Deputy Executive Officer.
- g. The Executive Officer and/or Governing Board may award the contract to a proposer other than the proposer receiving the highest rating. In the event the Executive Officer and/or Governing Board determine that another proposer from among those technically qualified would provide the best value to the South Coast AQMD considering cost and technical factors, supporting rationale for such a determination must be provided. The determination shall be based solely on the Evaluation Criteria contained in the RFP, on evidence provided in the proposal and on any other evidence provided during the proposal review process. Evidence provided during the proposal review process is limited to clarification by the proposer of information presented in proposal.
- h. Contracts for budgeted ~~items consulting or professional services~~ over ~~\$100,000~~~~\$75,000~~ and for unbudgeted ~~items consulting or professional services~~ over \$10,000 must be approved by the South Coast AQMD Board. The Executive Officer may approve up to an additional ~~\$100,000~~~~\$75,000~~ in costs in each subsequent fiscal year. Contracts for budgeted ~~items consulting or professional services~~ of ~~\$100,000~~~~\$75,000~~ or less and contracts for unbudgeted ~~items consulting or professional services~~ of \$10,000 or less shall be approved by the Executive Officer and the Executive Officer may approve up to an additional ~~\$100,000~~~~\$75,000~~ in costs

in each subsequent fiscal year. After approval by the Executive Officer or South Coast AQMD Board, the responsible staff person shall prepare a Contract Request Approval Memorandum, Scope Statement, Work Statement, and Cost or Payment Schedule and forward these documents to the Contracts Unit.

- i. The Contracts Unit will prepare the contract and forward all documents to the responsible staff person for final approvals by the DEO, or ADEO as applicable, Manager of the Procurement Section, South Coast AQMD Counsel and the Executive Officer. If the contract is funded in whole or in part with federal funds, the contract shall incorporate the awarding federal agency's applicable contract provisions as specified in the awarding agency's regulations (e.g. 40 CFR Part 31.36(i) for EPA grants, and 10 CFR Part 600.148 for DOE grants).
- j. Once approved, the Executive Officer or his or her designee or the Chair of the South Coast AQMD Board, and the successful proposer's authorized official will execute the contract.

SECTION IX: BID PROTEST PROCEDURE

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- A. It is the policy of the South Coast AQMD to consider protests from bidders or prospective bidders regarding South Coast AQMD's procurement actions. South Coast AQMD will respond to valid and timely protests. If South Coast AQMD determines that the protest is frivolous, the protester may be deemed ineligible for future contract awards.
- B. Procedure
- A. General – The procedure set forth in this subsection is mandatory. Failure by a protester to comply with this subsection will constitute a waiver of any right to further pursue the protest, including the filing of a claim under the relevant Government Code section or initiating legal proceedings. In no event will a protest be considered if all proposals are rejected.
- B. Submission of Protests – Protests must be submitted in writing to the South Coast AQMD Procurement Manager, 21865 Copley Drive, Diamond Bar, CA, 91765. A valid protest must include at a minimum:
- a. Name, address and telephone number of the protester or its representative;
 - b. The procurement action being protested;
 - c. Detailed description of the specific legal and factual grounds of the protest, which include identifying the specific provisions of the solicitation, rules, regulations or laws upon which the protest is based;
 - d. Copies of all (or any) documentation supporting the allegations in the protest; and
 - e. The specific relief requested.
- C. Types of Protests and Deadlines to File – South Coast AQMD will recognize the following types of protests:
- a. Protest Regarding Solicitation – An interested party that is an actual or prospective bidder with a direct economic interest in the procurement may file a protest based on unduly restrictive or defective specifications or other apparent improprieties in the solicitation process affecting the interested party's ability to submit a proposal and/or qualifications statements. Such protests must be received no later than ten (10) days prior to the deadline to submit proposals.

b. Protest Regarding Award of Contract – An actual bidder may file a protest regarding the award of a contract, based on South Coast AQMD’s determination of the responsiveness of the proposals, errors in calculation, or other apparent improprieties in the evaluation of proposals affecting the ranking/scoring of the proposals. In addition, a protest may be made on the grounds that the party awarded the contract fraudulently represented itself as a responsible bidder or that South Coast AQMD violated any local, State or federal laws in awarding the contract. Such protests must be received no later than ten (10) days after the contract has been awarded by the Governing Board. If the contract is not required to be awarded by the Governing Board and is awarded by the Executive Officer, or designee, in accordance with the Procurement Policy and Procedures, such protests must be received no later than ten (10) days after the contract is signed and executed by the Executive Officer, or designee.

D. South Coast AQMD’s Response to Protests – Upon receipt of a valid and timely protest, the Executive Officer, or designee, will investigate the protest and will provide a written response to the protester within a reasonable time. If necessary, the Executive Officer, or designee, may extend the deadline to submit proposals to allow for a reasonable time to review the protest. The Executive Officer, or designee, at his or her sole discretion, may elect to withhold the contract award until the protest is resolved or denied or proceed with the award and implementation of the contract.

Protest Remedies – If the protest is upheld, the Executive officer, or designee, will consider all circumstances surrounding the procurement in his or her decision for a fair and reasonable remedy, including the degree of prejudice to the protester or to the integrity of the competitive procurement process, the urgency of the procurement, the extent of performance if the contract has already been executed and implemented, the cost to South Coast AQMD, and the impact of the proposed remedy. The remedy may include, but is not limited to, reissuance of the solicitation, revised evaluation of the proposals, or termination of the contract.

SECTION X: CONTINUITY OF OPERATIONS PLAN PROCUREMENT AUTHORITY

A. If a Continuity of Operations (COOP) plan is implemented for an interruption of South Coast AQMD operations or an event of regional significance, the Executive Officer may approve expenses in accordance with this Section up to \$500,000, in the aggregate, during the period the COOP is in effect. A report of such expenditures will be provided to the Administrative Committee and the South Coast AQMD Board.

B. The Executive Officer’s procurement authority under a COOP shall include the purchase of necessary supplies, capital assets and consulting, ~~or~~ professional, or other services to aid in the continuity of South Coast AQMD operations.

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C. While the COOP is in effect, the Executive Officer or designee may waive the solicitation, bidding, advertising, publication and sole-source justification requirements to expedite the purchase and receipt of needed supplies, capital assets and consulting, or professional, or other services.

Revised: 1/2020

DRAFT

BOARD MEETING DATE: January 10, 2020

AGENDA NO.

PROPOSAL: Approve Transfer of Monies from General Fund to Health Effects Research Fund

SYNOPSIS: In 2008, the Board established a Health Effects Research Fund initially funded at \$1.5 million from the BP ARCO Settlement Fund. The Board further authorized, upon annual Board approval, the transfer of 20 percent of annual penalty money received that exceeds \$4 million in receipts to the Health Effects Research Fund. This action is to transfer 20 percent of annual penalty money received in FY 2018-19 that exceeds \$4 million to the Health Effects Research Fund.

COMMITTEE: Administrative, December 13, 2019; Recommended for Approval

RECOMMENDED ACTION:

Authorize the transfer of \$639,239 from the General Fund, Undesignated Fund Balance to the Health Effects Research Fund (Fund 48).

Wayne Nastri
Executive Officer

SJ:JKG:tm

Background

At the June 2008 Governing Board meeting, the Board established a Health Effects Research Fund and initially funded it with \$1.5 million from the BP ARCO Settlement Fund. The Board further authorized, upon annual Board approval, the transfer of 20 percent of annual penalty money received that exceeds \$4 million in receipts to the Health Effects Research Fund. For FY 2018-19, this amount was \$639,239.

These monies have been used to fund a number of research projects at local universities and research institutions. The funding of the Health Effects Research Fund has been used to fund research through the Health Effects of Air Pollution Foundation. Findings from research funded by the Health Effects of Air Pollution Foundation indicates that fine particulate exposure is associated with biochemical changes in the brains of

laboratory animals that are consistent with the biochemical pattern found in human brain tumors and neurodegenerative diseases, such as Alzheimer's disease. Another funded project found preliminary associations of particulate matter levels and the risk of childhood brain tumors. In recently funded studies laboratory animals were exposed to ambient particulate matter, including ultrafine particles, for investigation of potential stem cell activation into cancer precursor cells. The elucidation of molecular pathways involved in survival, proliferation, and differentiation of cancer stem cells may be fundamental information to help develop therapies for brain tumors and to develop potential preventive measures.

The requested Board action will make funding available to conduct additional health effects research, which may include follow-up on the results described above, and will provide information to better assess the health risks of exposure to air pollutants.

Results from these studies will provide scientific information to inform policy choices for reducing emissions and exposures to pollutants in the South Coast Air Basin and in other areas.

Proposal

Staff is proposing that the Board authorize the transfer of 20 percent of annual penalty money received in FY 2018-19 that exceeds \$4 million in receipts, which is \$639,239, to the Health Effects Research Fund.

Resource Impacts

Funds are available from the General Fund, Unreserved (Unassigned) Fund Balance.

DRAFT

BOARD MEETING DATE: January 10, 2020

AGENDA NO.

PROPOSAL: Approve Transfer of Monies from Health Effects Research Fund to Health Effects of Air Pollution Foundation

SYNOPSIS: At the June 2008 meeting, the Board established a Health Effects Research Fund. This fund is designated for the Health Effects of Air Pollution Foundation's use to support air pollution health effects research. This action is to transfer \$3,000,000 from the Health Effects Research Fund to the Foundation to fund additional research and to help achieve the objectives of the Foundation.

COMMITTEE: Administrative, December 13, 2019; Recommended for Approval

RECOMMENDED ACTION:

1. Authorize the transfer of \$3,000,000 from the Health Effects Research Fund (Fund 48) to the Health Effects of Air Pollution Foundation.

Wayne Natri
Executive Officer

JG:as

Background

At the June 2008 meeting, the Board established a Health Effects Research Fund and initially funded it with \$1.5 million from the BP Arco Settlement Fund. The Board further authorized, upon annual Board approval, the transfer of up to 20% of annual penalty money received that exceeds \$4 million in receipts to the Health Effects Research Fund. The available balance in this Fund as of November 2019 is \$4,720,374.

In 2003, the Board established the Brain Tumor and Air Pollution Foundation. In 2004, the Foundation amended its Articles of Incorporation to change its name to Brain & Lung Tumor and Air Pollution Foundation and to specify that its purpose is related to the effects of air pollution on brain tumors and lung cancer. In 2017, the Foundation again amended its Articles of Incorporation to change its name to the Health Effects of Air Pollution Foundation (Foundation) and to specify its purpose is to aid, assist, and support research on the incidence, detection and causes and cures of various health conditions that may be caused or aggravated by air pollution.

The Board has funded the Health Effects of Air Pollution Foundation from penalty revenues since 2003. To carry out its purpose, the Foundation has sponsored over \$8.9 million in studies with leading medical researchers in Southern California. As a result of these studies, it has been learned that exposure of laboratory animals to particulate pollutants is associated with biochemical changes in the brain tissue that are consistent with the biochemical patterns found in human brain tumors and neurodegenerative diseases, such as Alzheimer's disease. Other projects found preliminary associations between particulate matter exposure and the risk of childhood brain tumors. These findings are of significant interest and are being followed up with additional study proposals. Results from these studies are expected to provide scientific information to help inform air pollution policies and better understand the health risks of exposure to air pollutants.

Proposal

Staff is proposing that the Board authorize the transfer of \$3,000,000 from the Health Effects Research Fund to the Health Effects of Air Pollution Foundation. The Foundation will evaluate and fund proposals with the available monies.

Resource Impacts

Funds are available from the Health Effects Research Fund (Fund 48).

DRAFT

BOARD MEETING DATE: January 10, 2020

AGENDA NO.

PROPOSAL: Reallocate and Appropriate Funds and Execute Purchase Orders for Air Monitoring Programs

SYNOPSIS: In 2015, the U.S. EPA awarded \$569,682 to the South Coast AQMD to implement monitoring under the Community-Scale Air Toxics Ambient Monitoring Program. In January, June and December 2018, the Board recognized revenue from CARB to implement the AB 617 program. These actions are to appropriate funds for the Community-Scale Air Toxics Monitoring Program; and to reallocate and appropriate funds and execute purchase orders for the AB 617 program.

COMMITTEE: Administrative, December 13, 2019; Recommended for Approval

RECOMMENDED ACTIONS:

- 1) Appropriate up to \$62,000 from the General Fund Undesignated (Unassigned) Fund Balance into Science & Technology Advancement's FYs 2019-20 and/or 2020-21 Budgets, Services and Supplies Major Object, Professional & Special Services Account, for the Community-Scale Air Toxics Monitoring Program.
- 2) Reallocate funds up to \$160,000 between Capital Outlay items within Science & Technology Advancement's FY 2019-20 Budget and appropriate, as necessary, to the FY 2020-21 Budget for AB 617 expenditures as set forth in Table 1.
- 3) Authorize the Procurement Manager, in accordance with South Coast AQMD Procurement Policy and Procedure, to issue sole source purchase orders for the following equipment (as listed in Table 2 and described in this letter):
 - a) One Field X-ray Fluorescence Instrument Package (model Xact® 625i) from Cooper Environmental Services, LLC, in an amount not to exceed \$125,000; and
 - b) Up to three 8872B SiteNode Data Loggers from Agilaire, LLC, in an amount not to exceed \$35,000.

Wayne Nastri
Executive Officer

Background

Community-Scale Air Toxics Ambient Monitoring Program

In October 2015, the Board recognized \$569,682 in U.S. EPA Section 103 Grant funds to implement Community-Scale Air Toxics Ambient Monitoring projects. This comprehensive effort was to apply next generation air monitoring methods to characterize hazardous air pollutant (HAP) emissions from refineries and assess potential impacts to surrounding communities. Since then, staff has been conducting air monitoring activities in communities near refineries and other potential sources of air toxics using optical remote sensing and other advanced air monitoring technologies.

AB 617 Program

AB 617 requires CARB to select communities on an annual basis to be included in the program for the development of Community Air Monitoring Plans and Community Emission Reduction Plans (CAMPs and CERPs, respectively). In September 2018, CARB approved the selection of three communities in the South Coast Air Basin (Basin): Wilmington/Carson/West Long Beach; East Los Angeles/Boyle Heights/West Commerce; and San Bernardino/Muscoy. Community Steering Committees were formed (one for each community), and staff have been working with these steering committees to gather input and feedback for the development and implementation of the CAMPs and CERPs.

In January, June and December 2018, the Board recognized revenue from CARB for AB 617 expenditures and approved adding new positions and funding allocations for contracts, equipment purchases (capital outlays), and other services and supplies using first-year AB 617 funding. In December 2018, the Board authorized an appropriation of \$220,000 for the purchase of one Field X-ray Fluorescence Instrument for in-situ measurements of air toxic metals in either FY 2018-19 or 2019-20. In May 2019, Cooper Environmental Services, LLC, provided a demonstration to staff of the Field X-ray Fluorescence Instrument Package (model Xact® 625i) for evaluation.

Proposal

Community-Scale Air Toxics Ambient Monitoring Program

There is a need to reallocate the remaining program funds to conduct additional community air monitoring in the Basin. This action is to appropriate up to \$62,000 into Science & Technology Advancement's FYs 2019-20 and/or 2020-21 Budgets, Services and Supplies Major Object, Professional & Special Services Account, for the Community-Scale Air Toxics Monitoring Program. U.S. EPA concurs with staff's proposed allocations.

AB 617 Program

Based on an assessment of the AB 617 expenditures, including input from multiple Community Steering Committee meetings, there is a need to reallocate some of the available funds. In December 2018, the Board authorized the purchase of a Field X-ray Fluorescence Instrument through an RFQ process. Subsequently, staff identified a

specific Field X-ray Fluorescence Instrument Package which provides specific capabilities and enhanced features to satisfy current and future air monitoring needs for AB 617 implementation. Additional data loggers are needed to record data from monitoring instruments that are being deployed in AB 617 communities. These actions are to reallocate funds up to \$160,000 between Capital Outlay items within Science & Technology Advancement's FY 2019-20 Budget and appropriate, as necessary, to the FY 2020-21 Budget for AB 617 expenditures as set forth in Table 1. These reallocations are further described below and summarized in Table 2.

Proposed Purchases through Sole Source Purchase Orders

This action is to authorize the Procurement Manager, in accordance with South Coast AQMD Procurement Policy and Procedure, to execute sole source purchase orders for the following equipment.

Field X-ray Fluorescence Instrument Package (Model Xact® 625i)

The Field X-ray Fluorescence multi-metals monitoring system package (model Xact® 625i), manufactured by Cooper Environmental Services, LLC, has unique features that will improve measurement capabilities and detection limits for measurement of certain metal pollutants in AB 617 communities. The purchase order for one instrument package will not exceed \$125,000.

8872B SiteNode Data Loggers

Several pieces of monitoring and measurement equipment required for AB 617 implementation, are only available from a single source. Agilaire, LLC, is the only manufacturer of the 8872B SiteNode Data Loggers that are needed to process and send the monitoring equipment data to the centralized database at headquarters. The purchase order for up to 3 loggers will not exceed \$35,000.

Sole Source Justification

Field X-ray Fluorescence Instrument Package (Xact® 625i)

Section VIII.B.2 of the Procurement Policy and Procedure identifies provisions under which sole source awards can be made. This request for sole source purchase is made under provision VIII.B.3.a.: This item is available only from a single source. The Xact® 625i sold by Cooper Environmental Services, LLC, is the only field x-ray fluorescence instrument that offers an Automated Data Analysis Plotting Toolset (ADAPT) package to manage and analyze the measurements of over 40 different metals in ambient particles in real-time through a number of relevant graphical tools. The ADAPT package includes the hardware for on-site meteorological measurement and intuitive software which is accessed in the field or remotely through the on-board computer. The software platform generates multiple graphical reports in near real-time over user-selected time periods to deliver insights on the temporal and directional variability trends of the measured metals. This enables ADAPT to provide improved directionality estimation of metal sources impacting the monitoring site. In addition, the Xact® 625i is the only multi-metal monitor with demonstrated ability to provide

near-real time measurements of air toxic metals on a mobile platform. Overall, the ADAPT package drastically reduces data processing time and resources towards reaching AB 617 air quality objectives.

8872B SiteNode Data Loggers

Section VIII.B.2 of the Procurement Policy identifies provisions under which sole source awards can be made. This request for sole source purchase is made under provision VIII.B.2.c(2): The project involves the use of proprietary technology. Agilaire, LLC is the only manufacturer who produces data loggers to work with their AirVision® air quality data collection software. The South Coast AQMD uses the Agilaire LLC AirVision® software as the primary telemetry system for continuous measurements at all fixed air monitoring network sites. Therefore, only Agilaire's 8872B SiteNode Data Loggers can be purchased.

Benefits to South Coast AQMD

The equipment and related services and supplies, as described in this Board letter, will allow South Coast AQMD to fulfill the goals and objectives of the Community-Scale Air Toxics Monitoring Program and the legislative directives of AB 617, which will result in benefits to environmental justice communities and to all residents in the Basin.

Resource Impacts

U.S. EPA Section 103 Grant funding will support the continuation of the Community-Scale Air Toxics Monitoring Program.

Existing funding from CARB's Community Air Protection Program will be used for these purchases.

Attachments

Table 1 - Proposed AB 617 Reallocations from the December 2018 Board Letter #10

Table 2 - Proposed Capital Outlay Expenditures through Sole Source Purchase Orders for AB 617 for FYs 2019-20 and/or 2020-21

Table 1
Proposed AB 617 Reallocations from the December 2018 Board Letter #10

December 2018 #10 Board Letter (Table 7)	Estimated Amount	November 2019 Proposed Board Letter	Estimated Amount
Field X-ray Fluorescence Instrument	(\$220,000)	Purchase Field X-ray Fluorescence Instrument Package (Xact® 625i) (Qty 1)	\$125,000
		Purchase 8872B SiteNode Data Logger (Up to Qty 3)	\$35,000
Total	(\$220,000)	Total	\$160,000

Note: A proposal to use the remaining \$60,000 from the Field X-ray Fluorescence Instrument will be presented in a future Board letter.

Table 2
**Proposed Capital Outlay Expenditures through Sole Source Purchase Orders for
AB 617 for FYs 2019-20 and/or 2020-21**

Description	Quantity	Estimated Amount
Purchase Field X-ray Fluorescence Instrument Package (Xact® 625i)	1	\$125,000
8872B SiteNode Data Logger	Up to 3	*\$35,000
	Total	\$160,000

*Note: Quantities may be adjusted as monitoring needs are identified (not to exceed total estimated amount)

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BOARD MEETING DATE: January 10, 2019

AGENDA NO.

PROPOSAL: Receive and File Annual Report on 457 Deferred Compensation Plan

SYNOPSIS: South Coast AQMD sponsors an IRS-approved 457 deferred compensation program for its employees. The Annual Report addresses the Board's responsibility for monitoring the activities of the Deferred Compensation Plan Committee and ensuring the Committee carries out its fiduciary duties and responsibilities under the Committee Charter. This action is to receive and file the Annual Report.

COMMITTEE: Administrative, December 13, 2019; Recommended for Approval

RECOMMENDED ACTION:
Receive and file Annual Report.

Wayne Nastri
Executive Officer

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Background

South Coast AQMD sponsors and administers a 457 deferred compensation program for its employees. The Deferred Compensation Plan ("Plan") is administered by Massachusetts Mutual Life Insurance Company (MassMutual), a retirement services, asset management and insurance firm. State law governs the fiduciary requirements for the operation and investment of 457 plans sponsored by governmental entities. South Coast AQMD Governing Board (Board) serves a fiduciary role, subject to the duties and obligations under Article XVI, Section 17 of the California Constitution.

To meet its fiduciary responsibilities, the Board, at the time it established South Coast AQMD's 457 Plan, also established a Deferred Compensation Plan Committee ("Committee") to oversee the administration of the Plan. On May 2, 2008, the Board approved the Deferred Compensation Plan Committee Charter, formalizing the

fiduciary duties and responsibilities of the Committee. The four members of the Deferred Compensation Plan Committee are the Chief Financial Officer, the Deputy Executive Officer/Administrative and Human Resources, the Human Resources Manager for employee benefits, and the General Counsel.

In addition to the retirement plan administrator, South Coast AQMD utilizes the services of an independent, third-party consulting firm, Benefit Financial Services Group (BFSG), to provide services to the Plan as a fiduciary under a Registered Investment Advisor agreement.

Summary of Report

The Committee meets on a quarterly basis to review the Plan's design, investment options, asset allocation, and demographics, and to make changes as necessary. During the 2018-19 fiscal year period, the Committee placed one fund on the Watch List due to relative underperformance and removed another fund from the Watch List due to improved performance, replaced several target date fund models, added a new index fund category, replaced three specialty funds with an index fund for each respective sector, and replaced one small cap fund.

In addition, the Committee voted to adopt revisions to the Investment Policy Statement, and to extend the current contract with BFSG for one additional year.

As of June 30, 2019, the Plan has:

- 985 participants (employees and retirees);
- Approximately \$185 million in assets; and
- Outperformed the 3-, 5- and 10-year performance benchmarks.

The Annual Report provides detailed information regarding Plan Assets/Demographics and Plan Performance.

Proposal

Staff recommends the Board receive and file the 457 Deferred Compensation Plan Annual Report to the Board for FY 2018-19.

Attachment

457 Deferred Compensation Plan Annual Report for FY 2018-19



ANNUAL REPORT TO THE BOARD

**REPORT PERIOD: JULY 2018 -
JUNE 2019**

South Coast Air Quality Management District
457 Deferred Compensation & 401 (a)
Defined Contribution Plans

Table of Contents

Section I	Executive Summary
Section II	Year in Review
Section III	Plan Assets / Demographics
Section IV	Plan Performance
Section V	Appendix

SECTION I

EXECUTIVE SUMMARY

Executive Summary

South Coast Air Quality Management District ("South Coast AQMD") maintains a governmental 457(b) Deferred Compensation Plan and 401(a) Defined Contribution Plan (collectively, the "Plan") for the benefit of eligible employees. South Coast AQMD's Deferred Compensation Plan was adopted on January 1, 1987. South Coast AQMD's 401(a) Plan was adopted on January 1, 2017.

South Coast AQMD's Deferred Compensation Plan Committee ("Committee"), officially chartered in May 2008, and whose members are appointed by South Coast AQMD's Governing Board, meets on a regular basis to review the Plan's design, investment options, asset allocation/demographics, and to make changes as necessary. Current membership includes the Chief Financial Officer of Finance, General Counsel, the Deputy Executive Officer of Administrative and Human Resources, and a Human Resources Manager.

The Plan is administered by Massachusetts Mutual Life Insurance Company ("Mass Mutual"), a retirement services, asset management and insurance firm. MassMutual provides recordkeeping and administration services to more than 3,300 governmental plans, with over \$21 billion in total assets, as of December 31st, 2018. MassMutual has been administering 457 plans since 1979 and has an S&P credit rating of AA+ (as of May 28, 2019).

In addition to the retirement plan administrator, SCAQMD utilizes the services of Benefit Financial Services Group ("BFSG"). BFSG is a third-party consulting firm that provides services to the Plan as a fiduciary under a Registered Investment Advisor agreement. Their consulting services include investment analysis, review and recommendation of investment options offered in the Plan, fiduciary compliance assistance to Committee members and Plan cost benchmarking. BFSG has been providing services to the Plan since 2007.

The Plan was established to provide a retirement savings program for the employees of SCAQMD and is maintained for the exclusive purpose of benefiting the Plan participants and their beneficiaries. The Plan is also intended to operate in accordance with all applicable state and federal laws and regulations.

While Plan participants are ultimately responsible for their own investment decisions, the Committee endeavors to provide an appropriate range of investment options, allowing participants to invest in accordance with their own time horizons, risk tolerance, and retirement goals.

SECTION II

YEAR IN REVIEW

2018/2019 Year in Review

Items addressed and adopted by the Committee during the year are as follows:

Plan Updates

Meeting Date	Item	Update
December 12, 2018	Investment Policy Statement ("IPS")	The Committee unanimously agreed to adopt proposed revisions to the IPS.
March 29, 2019	BFSG Consulting Agreement	The Committee unanimously agreed to extend the current contract with BFSG for deferred compensation consulting services for one more year.
June 4, 2019	Plan Expense Reimbursement Account ("PERA") Review	The Committee unanimously agreed to continue using the balance in the PERA to pay outstanding qualified Plan-related expenses until the account is depleted.

2018/2019 Year in Review

Items addressed and adopted by the Committee during the year are as follows:

Investment Menu

Meeting Date	Item	Update
September 12, 2018	Watch List	The Committee unanimously agreed to remove MFS International New Discovery from the watch list due to improved performance.
	Fund Change	The Committee unanimously agreed to add Vanguard Emerging Markets Stock Index to the Plan. This change was effective December 3, 2018.
	Custom Target Date Models	The Committee unanimously agreed to adopt new custom target date models to replace the current asset allocation models that could not be replicated on the new MassMutual platform. BFSG were appointed as the 3(38) Investment Manager for the new custom target date models.
March 29, 2019	Watch List	The Committee unanimously agreed to add Vanguard Selected Value to the Watch List due to underperformance relative to peers.
	Fund Changes	The Committee unanimously agreed to replace MFS Utilities with Vanguard Utilities Index, and to replace Neuberger Berman Sustainable Equities with Vanguard FTSE Social Index. The Committee unanimously agreed, with Mr. Richards abstaining, to replace Invesco Real Estate with Vanguard Real Estate Index. These changes were effective June 17, 2019.
	Share Class Change	The Committee unanimously agreed to replace American Beacon Small Cap Value Inst with American Beacon Small Cap Value R6. This change was effective June 17, 2019.

SECTION III

PLAN ASSETS / DEMOGRAPHICS

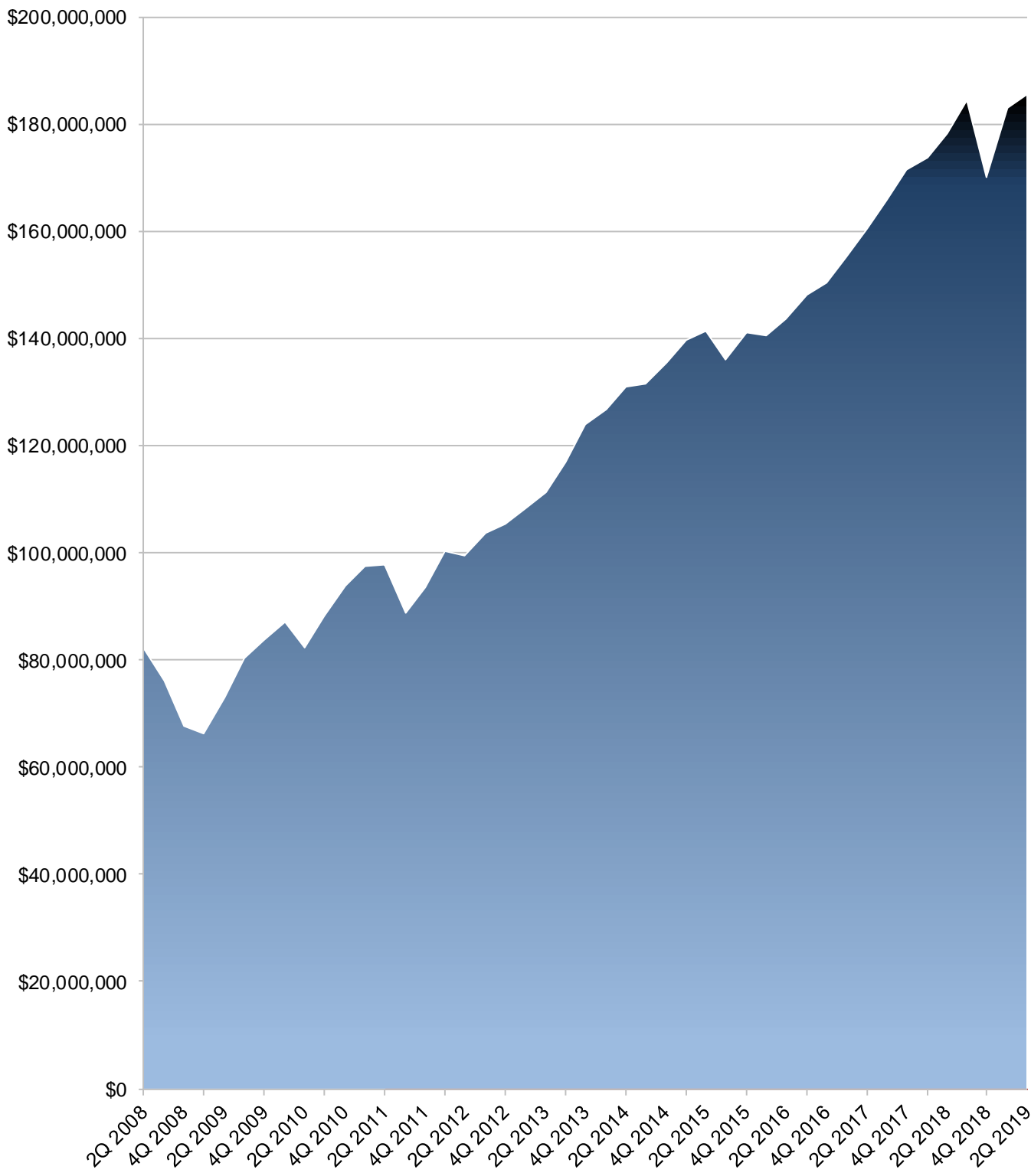
Plan Assets (Combined) / Demographics as of June 30, 2019

Investment Option	% of Plan Assets	Participants	Plan Assets
Guaranteed Interest Account	46.29%	653	\$85,625,036
T. Rowe Price Blue Chip Growth I	11.94%	460	\$22,076,079
American Funds Fundamental Invs R6	7.35%	232	\$13,595,832
Hartford MidCap Y	4.64%	369	\$8,587,535
Vanguard Institutional Index I	4.36%	217	\$8,068,127
Hartford Dividend and Growth R5	3.72%	364	\$6,886,988
Hartford International Opportunities R5	2.54%	388	\$4,690,055
Invesco Equity and Income A	2.23%	121	\$4,124,580
Hartford Healthcare R5	2.10%	99	\$3,889,216
Goldman Sachs Small Cap Gr Insights Inv	1.98%	322	\$3,670,851
Metropolitan West Total Return Bd I	1.87%	241	\$3,457,456
T. Rowe Price Retirement 2045	1.66%	88	\$3,077,106
Vanguard Selected Value Inv	1.32%	293	\$2,441,199
T. Rowe Price Retirement 2035	1.21%	34	\$2,233,007
American Beacon Small Cap Value R6	1.04%	291	\$1,927,960
Vanguard Total Bond Market Index Adm	0.96%	163	\$1,780,827
Vanguard Mid Cap Index Admiral	0.93%	135	\$1,714,052
MFS International New Discovery A	0.90%	116	\$1,658,478
Vanguard Small Cap Index Adm	0.71%	124	\$1,309,462
Vanguard Utilities Index Adm	0.67%	81	\$1,246,019
Vanguard Developed Markets Index Admiral	0.38%	83	\$695,563
Vanguard Real Estate Index Admiral	0.32%	54	\$591,688
Vanguard FTSE Social Index Admiral	0.22%	44	\$405,894
T. Rowe Price Retirement 2025	0.14%	17	\$249,745
Vanguard Small Cap Value Index Admiral	0.10%	124	\$183,635
T. Rowe Price Retirement 2050	0.10%	16	\$182,156
DFA US Large Cap Value I	0.09%	43	\$166,336
T. Rowe Price Retirement 2040	0.06%	5	\$111,127
T. Rowe Price Retirement 2055	0.05%	5	\$89,196
T. Rowe Price Retirement 2030	0.04%	2	\$72,328
T. Rowe Price Retirement 2060	0.04%	11	\$70,536
T. Rowe Price Retirement 2020	0.02%	5	\$31,050
Vanguard Emerging Mkts Stock Idx Adm	0.02%	3	\$28,785
T. Rowe Price Retirement 2015	0.01%	3	\$14,338
T. Rowe Price Retirement 2010	0.00%	1	\$3,896
Total	100.00%	985	\$184,956,139

Note: Total excludes Self-Directed Brokerage Account and loan balances

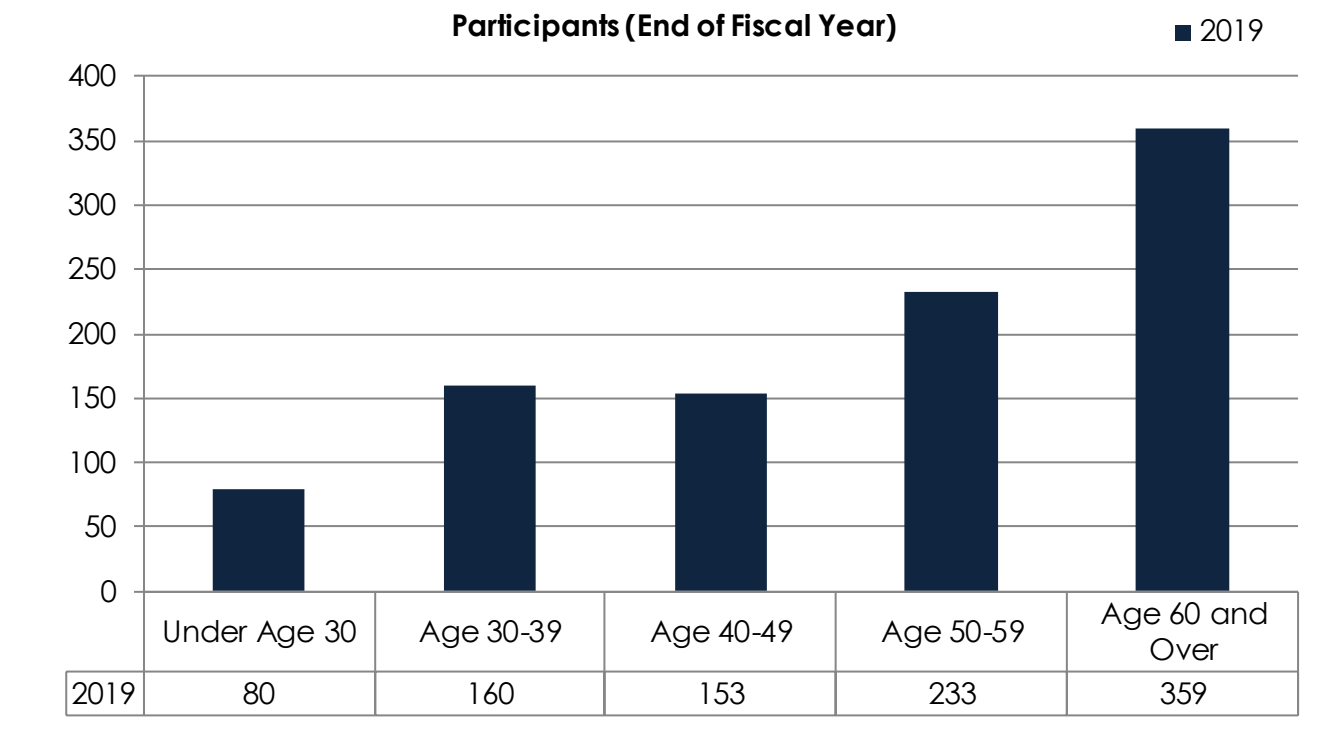
Plan Assets / Demographics

Growth of Plan Assets

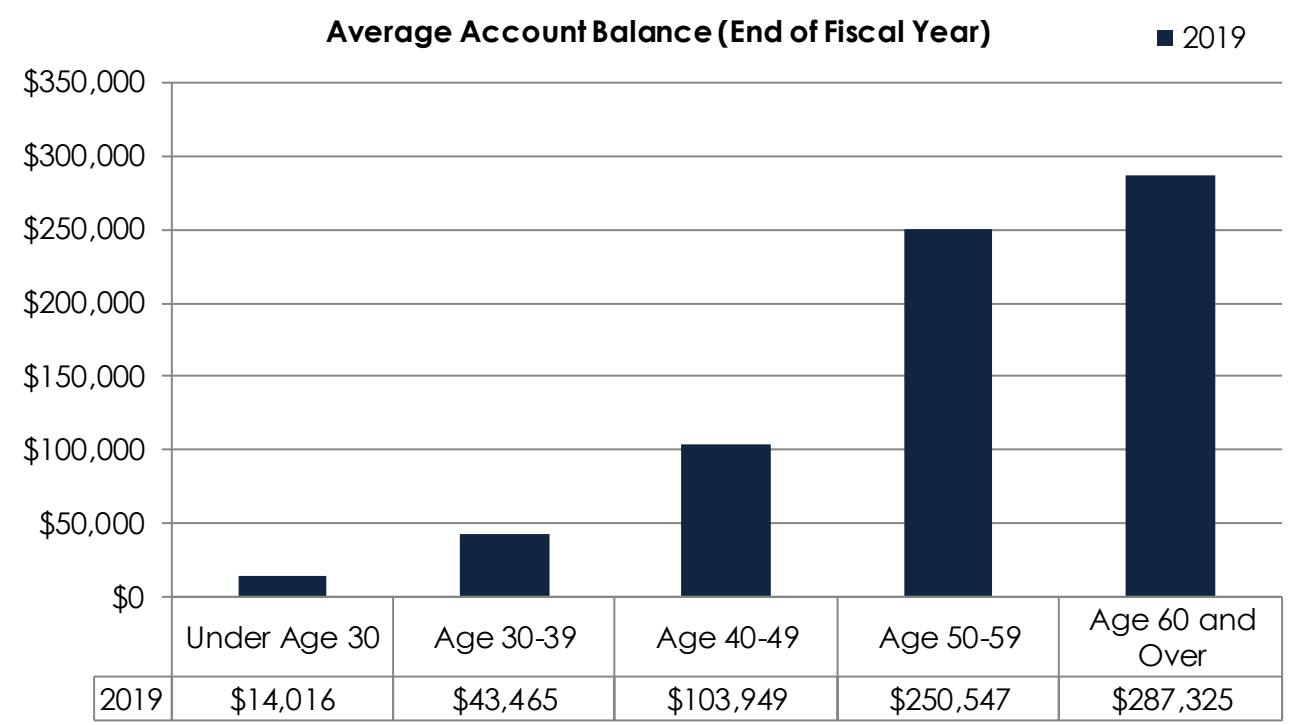


Plan Assets / Demographics

Plan Participants by Age



Average Account Balance by Age



Plan Assets / Demographics

Annual Net Cash Flow –YTD 2019

QUARTER ENDING	2019				YTD
	March 31st	June 30th	September 30th	December 31st	Jan 1st - Dec 31st
Cash Flow					
Beginning Market Value	\$170,072,234	\$183,074,206			\$170,072,234
Contributions	\$2,160,412	\$2,315,617			\$4,476,029
Withdrawals	-\$1,709,724	-\$3,995,084			-\$5,704,808
Net Loan Activity	\$95,537	-\$45,584			\$49,953
Fees	-\$35,728	-\$37,988			-\$73,716
NET CASH FLOW	\$510,497	-\$1,763,039			-\$1,252,542
Change in Value	\$12,191,791	\$4,229,828			\$16,421,619
Other Activity	\$299,684	\$35,665			\$335,349
Ending Market Value	\$183,074,206	\$185,576,660			\$185,576,660

Annual Net Cash Flow - 2018

QUARTER ENDING	2018				YTD
	March 31st	June 30th	September 30th	December 31st	Jan 1st - Dec 31st
Cash Flow					
Beginning Market Value			\$0	\$184,563,415	\$0
Contributions			\$1,018,884	\$1,814,111	\$2,832,996
Withdrawals			-\$681,356	-\$3,779,985	-\$4,461,341
Net Loan Activity			-\$1,412,461	\$62,778	-\$1,349,683
Fees			-\$25,031	-\$36,840	-\$61,871
NET CASH FLOW			-\$1,099,963	-\$1,939,936	-\$3,039,899
Change in Value			\$2,089,423	-\$12,551,245	-\$10,461,822
Net Transfers			\$183,573,954	\$0	\$183,573,954
Ending Market Value			\$184,563,415	\$170,072,234	\$170,072,234

Note: Assets transferred to MassMutual's "REFLEX" platform in July 2018.

SECTION IV

PLAN PERFORMANCE

Weighted Portfolio Return versus Custom Benchmark

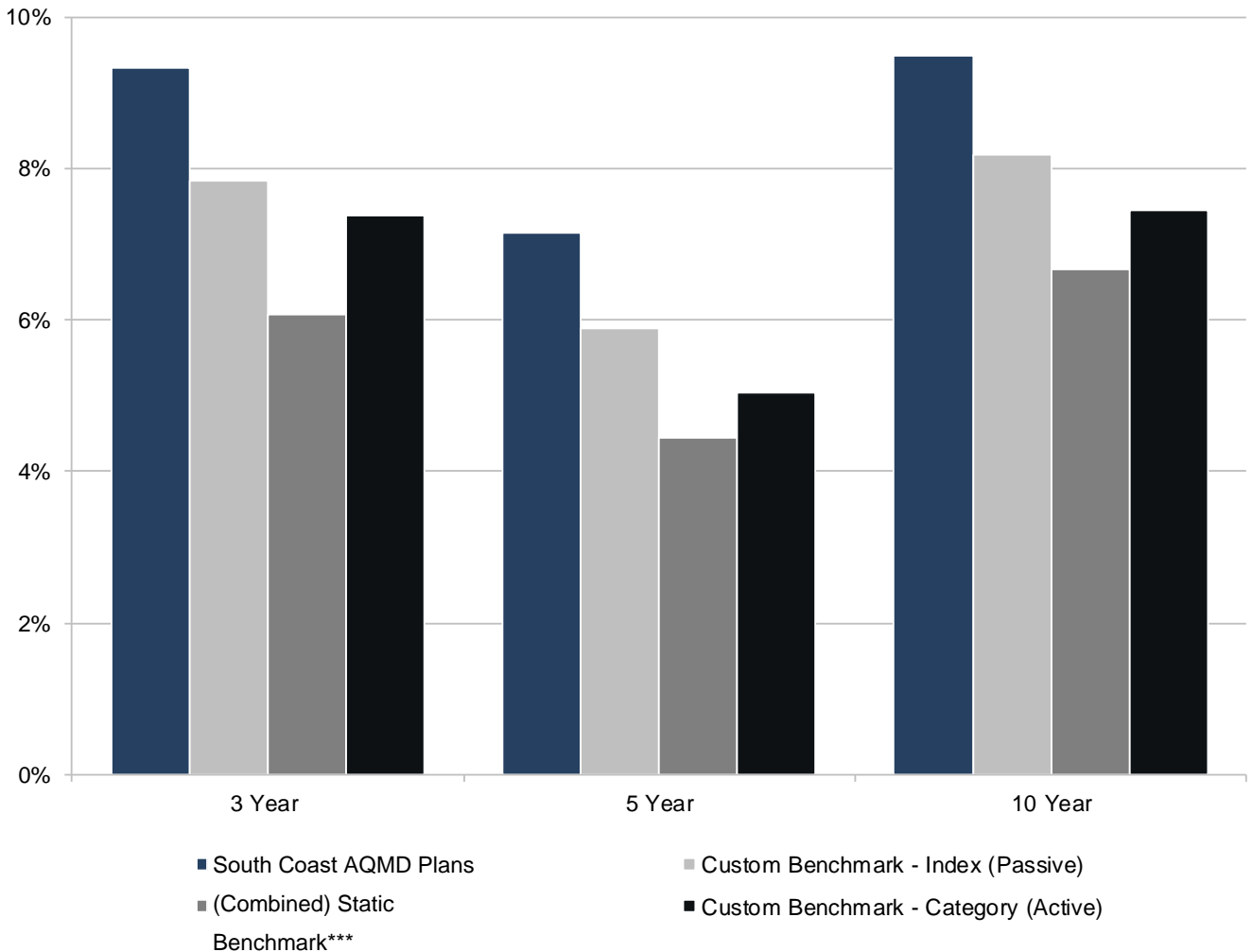
Performance as of June 30, 2019	3 Month	1 Year	Annualized Returns			3 YR	3 YR	Expense	Net
			3 Year	5 Year	10 Year	Std Dev	Sharpe	Ratio*	Expense**
South Coast AQMD Plans (Combined)	2.34%	5.92%	9.34%	7.15%	9.49%	6.22	1.23	0.63	0.66
Custom Benchmark - Index (Passive)	2.42%	5.99%	7.83%	5.88%	8.18%	6.07	1.03	N/A	N/A
Static Benchmark***	3.37%	7.18%	6.08%	4.45%	6.67%	4.93	0.93	N/A	N/A
Custom Benchmark - Category (Active)	2.30%	4.85%	7.38%	5.04%	7.44%	6.11	0.96	0.81	N/A

*Custom expense ratio represents the weighted expense (based upon current allocation) of Institutional and Retirement share classes in each asset category.

**Net Expense equals the Plan's weighted expense ratio plus 8 Bps levelized fee, minus revenue sharing reimbursement.

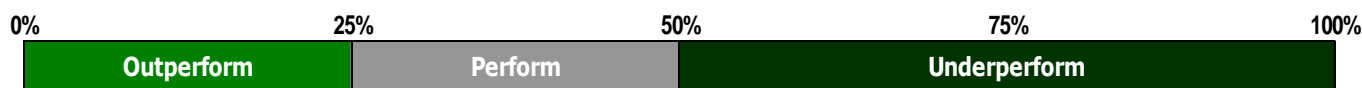
***Static Benchmark is comprised of 60% in Vanguard Total Bond Index and 40% in Vanguard Total World Stock Index.

Annualized Returns



Individual Fund Ranking (Per Investment Policy Statement Evaluation Criteria)

Investment Name	Quarterly Ranking			
	2Q19	1Q19	4Q18	3Q18
Intermediate Core-Plus Bond Metropolitan West Total Return Bd I	18	15	15	16
Allocation--50-70% Equity Invesco Equity and Income A	56	55	59	48
Large Value DFA US Large Cap Value I	6	4	4	3
Hartford Dividend and Growth R5	3	4	4	6
Large Blend American Funds Fundamental Invs R6	13	7	4	8
Large Growth T. Rowe Price Blue Chip Growth I	0	0	1	0
Mid Value Vanguard Selected Value Inv	34	42	43	31
Mid Growth Hartford MidCap Y	27	20	17	12
Small Value American Beacon Small Cap Value R6	12	13	12	8
Small Growth Goldman Sachs Small Cap Gr Insights Inv	48	41	34	28
Foreign Large Equity Hartford International Opportunities R5	34	33	43	30
Foreign Small/Mid Equity MFS International New Discovery A	28	28	29	42
Healthcare Hartford Healthcare R5	51	51	50	39
Target Date Series T. Rowe Price Retirement Series	12	13	16	17
Average Rank	24	28	28	26
Plan Weighted Rank (Reweighted)	18	17	17	15



Note: Average and Plan-Weighted Average rankings shown above reflect the actual funds offered in the Plan (and their respective weightings) during the applicable quarter.

SECTION V

APPENDIX



**South Coast
Air Quality Management District**

21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

BOARD MEETING DATE: September 7, 2018

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on Wednesday, September 12, 2018 at 2:00pm at South Coast AQMD headquarters in Diamond Bar. The following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

A. John Olvera, Chair
Deferred Compensation Plan

AJO:RH:tc

Committee Members Present

Mr. John Olvera – Asst. Deputy Executive Officer/Admin and Human Resources

Mr. Bill Richards – Human Resources Manager

Mr. Bayron Gilchrist – General Counsel

Committee Members Absent

Ms. Sujata Jain - Asst. Deputy Executive Officer/Finance

Guests

Dario Gomez, MassMutual

Darren Stewart, Benefit Financial Services Group (“BFSG”)

Aksana Munoz, BFSG

Call to Order

Chair Olvera called the meeting to order at 2:04 pm.

ACTION ITEMS:

- 1. Approval of Prior Meeting Minutes (Administrative):** The Committee members in attendance reviewed and unanimously approved the minutes of the June 6, 2018 meeting.
- 2. 457 and 401(a) Plan Quarterly Investment Review (Fiduciary) - 2nd Quarter 2018 (Fiduciary):** The Committee members in attendance reviewed and unanimously approved the Retirement Plan Quarterly Investment Review (the “Report”) for the 457 Deferred Compensation Plan (the “Plan”) for the quarter ending June 30, 2018.

Mr. Stewart provided an overview of the economy and the capital markets during the quarter to provide context to the performance of the investment options in the Plan. He further provided a quantitative and qualitative review of the funds offered in the Plan, in accordance with the Evaluation Methodology criteria set forth in the Plan’s Investment Policy Statement (“IPS”). The following noteworthy funds were discussed in more detail.

Neuberger Berman Socially Responsive is currently on the Watch List due to performance-related issues and a change in fund management. The fund, which is now categorized by Morningstar as a large cap blend fund, has performed well relative to the index benchmark and category peers. During the quarter, the fund benefited from an underweight in consumer staples and strong stock selection in the financial sector. This position also helped to offset losses from its technology underweight. The Evaluation Methodology score improved in the last three quarters,

from 56 (“underperform”) to 26 (“perform”). After discussion, the Committee members in attendance unanimously agreed to keep the fund on the Watch List.

Vanguard Selected Value trailed the Russell Mid Cap Value Index and category peers for the quarter and one-year periods, largely due to a deep-value tilt. An overweight to the underperforming industrials and financials sectors also detracted from performance for the quarter, as did an underweight to energy. A significant underweight to the real estate sector benefited performance for the one-year period. The fund performance remains strong across all other measured time periods noted in the Report.

MFS International New Discovery is currently on the Watch List due to short-term underperformance. The fund outperformed both the benchmark index and category peers for the quarter, one-, and 3-year periods. An overweight to emerging markets detracted from performance during the quarter, but strong stock selection within the sector was additive. An overweight to United Kingdom also contributed to recent performance. The fund serves as a strong downside protector as shown by its down capture ratio. As a result of its improved performance, BFSG proposed removing the fund from the Watch List. The Committee members in attendance unanimously agreed.

MFS Utilities is currently on the Watch List due to performance-related issues. The fund outperformed both the benchmark index and category peers for the quarter and one-year periods. Strong stock selection in energy was additive to recent performance. The fund continues to trail both benchmarks on a 3-and 5-year basis. After discussion, the Committee members in attendance unanimously agreed to keep the fund on the Watch List.

Based on participant allocations as of June 30, 2018, the Plan performed in-line with its custom active and passive benchmarks for the quarter and outperformed both benchmarks across all other measured time periods noted in the Report. The funds take slightly more risk, as measured by 3-year standard deviation, though participants are rewarded for the additional risk, as measured by 3-year Sharpe ratio. The Plan-weighted expense ratio remains competitive relative to the category average, at 62 basis points versus the category at 90 basis points.

The Committee reviewed the revenue received by MassMutual for recordkeeping and administrative services. The annual revenue per participant was approximately \$113, based on the assets as of June 30, 2018. It was noted that the reason the revenue per participant appears to be on the high end of the range is because the bids used to benchmark the market segment, from the 2015 RFI, were lower than the current recordkeeper, as they did not include the favorable crediting rate of the current general account. The Committee will continue to monitor fees on an ongoing basis.

The Committee members in attendance reviewed and unanimously approved the Retirement Plan Quarterly Investment Review (the “Report”) for the South Coast AQMD 401(a) Plan (the “Plan”) for the quarter June 30, 2018. Based on participant allocations as of June 30, 2018, the Plan performed in-line with its custom active and passive benchmarks for the quarter and outperformed both benchmarks across all other measured time periods noted in the Report. The Plan-weighted expense ratio remains competitive relative to the category average, at 70 basis points versus the category at 91 basis points.

- 3. Fund Search Analysis (Fiduciary):** BFSG prepared a Fund Search analysis of available investment options in the emerging market category for the Committee’s consideration. Each investment option was reviewed in accordance with the Investment Policy Statement criteria, which included performance, risk-adjusted performance, style consistency, and expense, as well as qualitative criteria. After review and discussion, the Committee members in attendance unanimously agreed to make the following changes in the 457 and 401(a) Plans:

- Add Vanguard Emerging Markets Stock Index as a passive option in the emerging market category.

MassMutual will facilitate these changes as soon as administratively possible.

- 4. Model Portfolios (Fiduciary):** It was noted that the current custom asset allocation models, as constructed, cannot be replicated on the new MassMutual platform. As a result, BFSG prepared and distributed a Target Date Models presentation, which included BFSG’s model construction methodology and proposed asset allocation. The Committee discussed how utilization of the target date models could provide additional clarity to participants and make for easier investment decisions. After discussion, the Committee members in attendance unanimously agreed to adopt the new custom target date models and appoint BFSG as the 3(38) Investment Manager. MassMutual will work on implementing the target date models and updating the current Service Agreement as necessary. Participants would need to opt into the target date model. MassMutual will make sure it is communicated accordingly as part of ongoing employee education sessions.
- 5. Investment Policy Statement (Fiduciary):** The Committee reviewed potential changes to the current Investment Policy Statement (“IPS”). BFSG will bring an updated IPS for possible adoption at the next meeting.

DISCUSSION ITEMS:

- 6. The 457 Plan – Transition to new MassMutual Platform “Reflex” (Fiduciary):** Mr. Gomez informed the Committee that the transition of the 457 and OBRA Plans was completed in July. He recapped the benefits of utilizing the new platform,

including an improved participant website, enhanced automation to reduce SCAQMD's administrative responsibilities, and the ability to utilize fee levelization.

- 7. Quarterly Review - 457 and 401(a) Plans (Fiduciary).** The Committee was provided with a copy of the Q2 2018 Quarterly Review for both Plans. The Review of both Plans included the following information for the quarter ending June 30, 2018: assets, contributions, distributions, rollovers, loans, and plan participation.
- 8. Quarterly Reimbursement Calculation (Fiduciary):** The Committee received and filed the quarterly reimbursement calculation provided by MassMutual for the quarter ending June 30, 2018.

OTHER MATTERS:

- 10. Other Business** – There was no other business.
- 11. Public Comments** – There were no public comments.

Adjournment - The meeting adjourned at 3:30 p.m.



**South Coast
Air Quality Management District**

21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

MEETING DATE: December 12, 2018

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on Wednesday, December 12, 2018 at 3:00 pm at South Coast AQMD headquarters in Diamond Bar. The following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

A. John Olvera, Chair
Deferred Compensation Plan

AJO:RH:tc

Committee Members Present

Mr. John Olvera – Asst. Deputy Executive Officer/Admin and Human Resources

Mr. Bill Richards – Human Resources Manager

Mr. Bayron Gilchrist – General Counsel

Ms. Sujata Jain - Asst. Deputy Executive Officer/Finance

Committee Members Absent

None

Guests

Dario Gomez, MassMutual

Darren Stewart, Benefit Financial Services Group (“BFSG”)

Aksana Munoz, BFSG

Call to Order

Chair Olvera called the meeting to order at 3:10 pm.

ACTION ITEMS:

- 1. Approval of Prior Meeting Minutes:** The Committee reviewed and unanimously approved the minutes of the September 12, 2018 meeting.
- 2. 457 and 401(a) Plan Quarterly Investment Review - 3rd Quarter 2018:** The Committee reviewed and unanimously approved the Retirement Plan Quarterly Investment Review (the “Report”) for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the “Plan”) for the quarter ending September 30, 2018.

Mr. Stewart provided an overview of the economy and the capital markets during the quarter to provide context to the performance of the investment options in the Plan. He further provided a quantitative and qualitative review of the funds offered in the Plan, in accordance with the Evaluation Methodology criteria set forth in the Plan’s Investment Policy Statement (the “IPS”). The following noteworthy funds were discussed in more detail.

Invesco Equity and Income underperformed both the benchmark index and category peers for the quarter and one-year periods, due in part to its value-oriented tilt. An overweight to financials and consumer discretionary also detracted from recent performance. The fund’s large cash position and poor stock selection within the consumer discretionary sector weighed on performance during the quarter. Intermediate- and long-term performance remain strong.

American Funds Fundamental Investors underperformed on a quarter and one-year basis relative to its benchmark index and category peers. The underperformance was largely due to a traditionally high allocation to non-US equities and an overweight to the energy sector. On a longer-term basis, fund performance continues to rank in the top third relative to peers.

Neuberger Berman Sustainable Equity is currently on the Watch List due to performance-related issues. The fund underperformed its large blend category peers during the quarter. Recent underperformance was attributable to an overweight in international stock of 13% relative to a 3% weight for the category, and an underweight in technology. Poor stock selection in the technology sector also detracted from performance during the quarter. The fund has historically trailed its peers in up markets but has been a strong performer in volatile and declining markets. After discussion, the Committee unanimously agreed to keep the fund on the Watch List to monitor its performance.

Vanguard Selected Value significantly trailed its benchmark index and peers for the quarter and one-year periods measured in the Report. The underperformance was in large due to poor stock selection in the materials and technology sectors. Positions in gold and semiconductors were among the greatest detractors. The fund maintains a strong down capture ranking relative to its peers, which should be additive during volatile markets. Long-term performance remains strong. Mr. Stewart noted fund performance has improved since the end of the reporting period.

Hartford International Opportunities underperformed for the quarter and one-year periods relative to its benchmark index and category peers. Poor stock selection, particularly in the information technology, consumer discretionary, and energy sectors, was a primary detractor from performance. The fund's overweight to China and global trade concerns have adversely affected several of its holdings. On a long-term basis, fund performance remains strong.

Vanguard Emerging Markets Stock Index was added to the Plan on December 3, 2018.

MFS Utilities, which is currently on the Watch List, underperformed both the benchmark index and category peers during the quarter. A large overweight to the energy sector added to the fund's one-year outperformance. The same positioning detracted from performance during the quarter as energy stocks pulled back from a large run up earlier this year. Mr. Stewart noted Maura Shaughnessy, who has managed this fund since its 1992 inception, will retire in August 2019. The fund will be then run by Claud Davis and Scott Walker, who were comanagers on the fund since 2014 and 2017, respectively. In light of this development and the fund's performance-related issues, BFSG proposed to bring an analysis of available alternates in the utilities sector for the Committee's review and consideration to the

next meeting. The Committee agreed and asked BFSG to also prepare a search for the other two sector funds in the Plan. BFSG agreed. In the meantime, the fund will remain on the Watch List.

Performance of the T. Rowe Price Retirement Funds was also reviewed. The Funds performed in-line and/or outperformed their respective benchmarks for the quarter and one-year periods. On a long-term basis, the series remain a top performer.

Based on participant allocations as of September 30, 2018, the Plan trailed its custom active and passive benchmarks for the quarter and outperformed both benchmarks across all other measured time periods noted in the Report. The funds take slightly more risk, as measured by 3-year standard deviation, though participants are rewarded for the additional risk, as measured by 3-year Sharpe ratio. The Plan-weighted expense ratio remains competitive relative to the category average.

The Committee reviewed the revenue received by MassMutual for recordkeeping and administrative services. The annual revenue per participant was approximately \$116 based on the assets as of September 30, 2018. It was noted that the reason the revenue per participant appears to be on the high end of the range is because the bids used to benchmark the market segment, from the 2015 Request for Information (“RFI”), were lower than the current recordkeeper, as they did not include the favorable crediting rate of the current general account. The Committee will continue to monitor fees on an ongoing basis.

3. **Plan Expense Reimbursement Account Dissolution:** The Committee discussed the utilization of the Plan’s Expense Budget Account (the “EBA”), which was established during the transition to the new MassMutual platform back in July 2018. Mr. Gomez reminded the Committee that the annual reimbursement from the 457 Plan is being produced via a 0.02% asset charge in addition to the 0.06% required recordkeeping asset charge. He noted the revenue credit may be used to pay qualified plan-related expenses. The District may at any time request a reimbursement payment to offset plan expenses. Any unused amount in the EBA will be automatically allocated back to participant accounts before the last day of the Plan year. Mr. Gomez will provide an update on the account activity on a regular basis.

The Committee then reviewed the remaining balance in the Plan’s reimbursement account and unanimously agreed to use the balance to pay qualified plan-related expenses until the account is depleted.

4. **Investment Policy Statement:** The Committee reviewed the revised Investment Policy Statement (IPS), a copy of which was sent by BFSG to each Committee

member prior to this meeting. After discussion, the Committee unanimously agreed to adopt the revisions to the IPS proposed by BFSG, with a few minor changes.

DISCUSSION ITEMS:

- 5. Quarterly Review - 457 and 401(a) Plans.** Mr. Gomez presented the Q3 2018 Quarterly Review for both Plans to the Committee. His presentation included the following information for the quarter ending September 30, 2018: assets, rollovers, loans, Plan participation, and demographic statistics. Participant diversification and interactions with the Mass Mutual website and call centers were also reviewed and discussed.
- 6. Quarterly Reimbursement Calculation:** The Committee received and filed the quarterly reimbursement calculation provided by MassMutual. Mr. Gomez noted the quarterly revenue shown was prorated based on the 26 days in the third quarter due to the Plan's transition to a fee leveling arrangement effective July 27, 2018. Mr. Gomez advised this report will no longer be available as the Expense Budget Account has been established for the Plan.

OTHER MATTERS:

- 7. Other Business** – There was no other business.
- 8. Public Comments** – There were no public comments.

Adjournment - The meeting adjourned at 4:45 p.m.



**South Coast
Air Quality Management District**

21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

MEETING DATE: March 29, 2019

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on Wednesday, March 29, 2019 at 2:00 pm at South Coast AQMD headquarters in Diamond Bar. The following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

A. John Olvera, Chair
Deferred Compensation Plan

AJO:RH:tc

Committee Members Present

Mr. John Olvera – Asst. Deputy Executive Officer/Admin and Human Resources

Mr. Bill Richards – Human Resources Manager

Mr. Bayron Gilchrist – General Counsel

Ms. Sujata Jain - Asst. Deputy Executive Officer/Finance

Committee Members Absent

None

Guests

Dario Gomez, MassMutual (by phone)

Darren Stewart, Benefit Financial Services Group (“BFSG”)

Aksana Munoz, BFSG

Call to Order

Chair Olvera called the meeting to order at 2:05 pm.

ACTION ITEMS:

1. **Approval of Prior Meeting Minutes:** The Committee reviewed and unanimously approved the minutes of the December 12, 2018 meeting.
2. **457 and 401(a) Plan Quarterly Investment Review – 4th Quarter 2018:** The Committee reviewed and unanimously approved the Retirement Plan Quarterly Investment Review (the “Report”) for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the “Plan”) for the quarter ending December 31, 2018.

Mr. Stewart provided an overview of the economy and the capital markets during the quarter to provide context to the performance of the investment options in the Plan. He further provided a quantitative and qualitative review of the funds offered in the Plan, in accordance with the Evaluation Methodology criteria set forth in the Plan’s Investment Policy Statement (the “IPS”). The following noteworthy funds were discussed in more detail.

Invesco Equity and Income underperformed both the passive benchmark and category peers for the quarter. A significant overweight to financials and energy weighed on recent performance. Management maintains a value-tilted portfolio, which detracted from performance for the quarter and one-year periods. The fund positioned to perform well in rising markets as shown by its up capture ratio.

Vanguard Selected Value performed in-line with its active benchmark but trailed its passive benchmark for the quarter. Historically, the fund has performed better in

down-markets and its overweight in cash and gold-related stocks should have been beneficial. However, poor stock selection in industrials and technology as well as an underweight to real estate and utilities offset the defensive positions. The fund trailed both benchmarks on a one, 3- and 5-year basis. After review and discussion, the Committee unanimously agreed to place the fund on the Watch List due performance-related issues.

Hartford International Opportunities underperformed both the index benchmark and category peers for the quarter. An overweight to China and poor stock selection weighted on results during the period. On a long-term basis, fund performance remains strong.

The Committee reviewed and discussed performance of the funds that are currently on the Watch List, Neuberger Berman Sustainable Equity and MFS Utilities. The Neuberger Berman fund, which has been on the Plan's Watch List since December 2015, performed in line with the index benchmark and category peers for the quarter. An overweight to technology and an underweight to utilities weighed on recent results. Performance across all other measured time periods was noted as being average. The MFS Utilities fund trailed both benchmarks for the quarter, one-, 3- and 5-year periods. The underperformance was largely due to the fund's significant overweight to the energy sector. An analysis of available alternatives in both categories will be reviewed later in the meeting. In the meantime, the Committee unanimously agreed to keep both funds on the Watch List.

Performance of the T. Rowe Price Retirement Funds was reviewed. The Funds slightly underperformed their respective benchmarks for the quarter. Performance over the 3-, 5- and 10-year periods ranks in the top quartile relative to peers.

Based on participant allocations as of December 31, 2018, the Plan outperformed the equally-weighted active and passive benchmarks across all measured time periods noted in the Report. The Plan demonstrated better risk-adjusted returns than the active benchmark, as measured by 3-year Sharpe ratio, and had a lower expense ratio than the category average.

The Committee reviewed the revenue received by MassMutual for recordkeeping and administrative services. The annual revenue per participant was approximately \$107 based on Plan assets as of December 31, 2018. It was noted that the reason the revenue per participant appears to be on the high end of the range is because the bids used to benchmark the market segment, from the 2015 Request for Information ("RFI"), were lower than the current recordkeeper, as they did not include the favorable crediting rate of the current general account. The Committee will continue to monitor the recordkeeping fees on an ongoing basis.

3. Fund Search Analysis:

For the Committee's review and consideration, BFSG prepared and presented a Fund Search consisted of alternative investment options in the socially responsible, real estate, utilities, and healthcare categories. Each investment option was reviewed in accordance with the Plan's Investment Policy Statement criteria, which included performance, risk-adjusted performance, style consistency, and expense, as well as qualitative criteria.

After review and discussion, the Committee unanimously agreed to make the following changes to the Plan's fund line-up:

- Keep the Hartford Healthcare fund in the Plan;
- Remove MFS Utilities. Add Vanguard Utilities Index. Map all assets and future contributions from the MFS fund to the Vanguard index;
- Remove Neuberger Berman Sustainable Equities. Add Vanguard FTSE Social Index. Map all assets and future contributions from the Neuberger fund to the Vanguard index.

The Committee unanimously voted, with Mr. Richards abstaining, to make the following change in the real estate category:

- Remove Invesco Real Estate. Add Vanguard Real Estate Index. Map all assets and future contributions from the Invesco fund to the Vanguard index.

4. Share Class Review: To assist the Committee with fulfilling its fiduciary responsibilities, BFSG prepared and presented a Share Class Analysis ("Analysis") for review and consideration. The Analysis demonstrated efficient ways to reduce the expense ratios of certain funds in the Plan such that the participants would benefit from the lower costs. After discussion, the Committee unanimously agreed to move forward with the following share class change:

- American Beacon Small Cap Value Inst will be removed. All assets and future contributions will be mapped to American Beacon Small Cap Value R6.

MassMutual will facilitate this request as soon as administratively possible.

5. BFSG Consulting Agreement Expiration

The Committee unanimously agreed to extend the current contract with BFSG for deferred compensation consulting services for one more year. The consulting fees will remain the same.

DISCUSSION ITEMS:

- 6. Quarterly Review.** Mr. Gomez presented the Quarterly Review report for the quarter ending December 31, 2018. The Committee reviewed a quarter-by-quarter comparison of the following Plan statistics: assets, contributions, rollovers, distributions, loan utilization, asset allocation, and other Plan-related participant activity. Additionally, Mr. Gomez provided an update on MassMutual's financial wellness program, MapMyFinances, which enables participants to make more informal decisions about their finances at every life stage. The program will be available to Plan participants in May 2019. The 401(a) Plan activity for the reporting quarter was also reviewed.

The Committee reviewed the remaining balance in the Plan's reimbursement account. The Committee will continue to use the balance to pay qualified Plan-related expenses until the account is depleted.

OTHER MATTERS:

- 7. Other Business** – There was no other business.
- 8. Public Comments** – There were no public comments.

Adjournment - The meeting adjourned at 4:05 p.m.



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765
(909) 396-2000, www.aqmd.gov

MEETING DATE: June 4, 2019

REPORT: Deferred Compensation Plan Committee

SYNOPSIS: The Deferred Compensation Plan Committee met on Wednesday, June 4, 2019 at 2:00 pm at South Coast AQMD headquarters in Diamond Bar. The following is a summary of that meeting.

RECOMMENDED ACTION:
Receive and file.

A. John Olvera, Chair
Deferred Compensation Plan

AJO:RH:tc

Committee Members Present

Mr. John Olvera – Asst. Deputy Executive Officer/Admin and Human Resources

Mr. Bayron Gilchrist – General Counsel

Ms. Sujata Jain - Asst. Deputy Executive Officer/Finance

Committee Members Absent

Mr. Bill Richards – Human Resources Manager

Guests

Dario Gomez, MassMutual (by phone)

Darren Stewart, Benefit Financial Services Group (“BFSG”)

Aksana Munoz, BFSG

Call to Order

Chair Olvera called the meeting to order at 2:10 pm.

ACTION ITEMS:

- 1. Approval of Prior Meeting Minutes:** The Committee reviewed and unanimously approved the minutes of the March 29, 2019 meeting.
- 2. 457 and 401(a) Plan Quarterly Investment Review – 1st Quarter 2019:** The Committee reviewed and unanimously approved the Retirement Plan Quarterly Investment Review (the “Report”) for the 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the “Plan”) for the quarter ending March 31, 2019.

Mr. Stewart provided an overview of the economy and the capital markets during the quarter to provide context to the performance of the investment options in the Plan. He further provided a quantitative and qualitative review of the funds offered in the Plan, in accordance with the Evaluation Methodology criteria set forth in the Plan’s Investment Policy Statement (the “IPS”). The following noteworthy funds were discussed in more detail.

Invesco Equity and Income had a strong quarter outperforming both the index benchmark and category peers during the period. An overweight to foreign equities was additive to recent performance. An overweight to the Financials and Energy sectors also contributed to performance during the quarter. Management maintains a value-tilted portfolio, which detracted from performance over the one-year period. The fund’s current share class shares 55 basis points in revenue, which was a detractor from its overall net performance. It was noted that this share class is the most efficient and it would not be in the best interest of participants to change to a cheaper option.

Vanguard Selected Value, which is currently on the Watch List, slightly underperformed for the quarter due to a large cash position and poor stock selection in Healthcare. The fund held a large out-of-benchmark position in Cigna, which declined more than 15% on political pressure regarding health plans. The fund's style purity has detracted from performance as many of its peers have increased allocations to growth-oriented holdings. After discussion, the Committee unanimously agreed to keep the fund on the Watch List.

Hartford International Opportunities outperformed both benchmarks during the quarter. The main contributors to recent performance were an overweight to China and Healthcare, and an underweight to Technology. On a long-term basis, fund performance remains strong.

The previously agreed upon fund and share class changes are scheduled to occur on June 17, 2019.

Other items reviewed in the Report include performance of the T. Rowe Price Retirement Funds, point-in-time Plan-level performance, and the recordkeeping fees paid to MassMutual.

- 3. Plan Expense Reimbursement Account Balance Review:** The Committee reviewed the remaining balance in the Plan's reimbursement account. As of the end of April, the balance in the account was approximately \$14,000. After review and discussion, the Committee unanimously agreed to continue using the balance to pay any outstanding qualified Plan-related expense until the account is depleted.

DISCUSSION ITEMS:

- 4. Quarterly Review:** Mr. Gomez presented the Quarterly Review report for the quarter ending March 31, 2019. The Committee reviewed a quarter-by-quarter comparison of the following statistics for the 457 Plan: assets, contributions, rollovers, distributions, loan utilization, and other Plan-related participant activity. The Plan overall participation rate increased quarter-over-quarter from 76% to 79%. Plan demographic statistics and asset allocation were reviewed.

Mr. Gomez reviewed and discussed MassMutual's financial wellness program, MapMyFinances, which has been recently rolled out to participants. It was noted the tool can be utilized during the upcoming open enrollment.

The Committee reviewed the activity in the Expense Budget Account (the "EBA") which was set up when the 457 Plan transitioned to the new platform at MassMutual, Reflex. Once the remaining balance in the Plan Expense Reimbursement Account is depleted, the balance in the EBA can be used to pay

qualified Plan-related expense. MassMutual will reallocate any unused balance in the account back to participants automatically at the end of the year.

The 401(a) Plan activity for the reporting quarter was also reviewed.

OTHER MATTERS:

5. Other Business – There was no other business.

6. Public Comments – There were no public comments.

Adjournment - The meeting adjourned at 3:30 p.m.

INVESTMENT POLICY STATEMENT

**South Coast Air Quality Management District
457 DEFERRED COMPENSATION &
401(a) DEFINED CONTRIBUTION PLAN**

Adopted at the December 12, 2018 meeting

Purpose of the Investment Policy Statement

This statement establishes the policies and objectives for the South Coast Air Quality Management District 457 Deferred Compensation Plan and the 401(a) Defined Contribution Plan (collectively the “Plan”). It outlines and prescribes a prudent and acceptable investment philosophy and sets out the investment management procedures that are designed to assist the Plan Sponsor, South Coast Air Quality Management District (the “District”) and the Deferred Compensation Plan Committee (the “Committee”) appointed by the District in the discharge of the fiduciary duties imposed by them under the State of California Constitution, Government Code, and where the California legal provisions are not developed follow the fiduciary duties imposed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). This statement is not intended to and shall not be deemed to expand the fiduciary duties of the District or the Committee or to create duties that do not exist under the State of California Constitution, Government code and ERISA.

Purpose of the Plan

The Plan was established for the purpose of providing a retirement savings program for certain employees of the District who have adopted the Plan. The assets of the Plan are held for the exclusive purpose of providing benefits to the Plan participants and their beneficiaries and defraying reasonable expenses of administering the Plan. The Plan is intended to operate in accordance with all applicable state and federal laws and regulations.

Pursuant to the election of the District, assets of the Plan are subject to the investment direction of the participants or their beneficiaries. The Plan is intended to be consistent with the provisions of the Government Code section 53213.5 as it relates to the Department of Labor regulations issued pursuant to Section 404(c) of the Employee Retirement Income Security Act of 1974.

The goal of the Plan is to provide a framework for participants to establish a savings and investment program for their retirement. While Plan participants are ultimately responsible for their own investment decisions, the Committee will endeavor to provide a broad range of investment alternatives, allowing participants to invest in accordance with their own time horizons, risk tolerance and retirement goals.

Policy Goals

It is the Policy of the Investment Committee to ensure to the greatest extent feasible that the Plan shall:

- a) Encourage maximum participation by District employees and retirees
- b) Include funds such that participants with no special background or interest in investing are encouraged to achieve an age-appropriate diversification between equity and non-equity funds; and
- c) Reduce costs to participants

Statement of Responsibilities

The following parties associated with the Plan shall discharge their respective responsibilities in accordance with all applicable fiduciary standards of Article XVI, §17 of the California Constitution, Government Code section 53213.5 and Section 404(a) of ERISA as follows: (1) for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Plan; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims; (3) in accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of the State of California Constitution, Government Code and ERISA.

- a) Deferred Compensation Plan Committee: The members of the Committee have been appointed by the District to act as the “Investment Fiduciary.” The Committee, as the primary Investment Fiduciary, is responsible for investment and management of Plan Assets, and the selection of services related to those functions. The Committee shall be responsible for the Plan level investment selection process, as set forth in this Investment Policy Statement, but is not responsible for the individual fund performance and does not guarantee positive investment results.
- b) Investment Consultant: The Investment Consultant is a co-fiduciary of the Plan charged with the responsibility of advising the Committee on investment policy, advising on the selection of investment managers, providing performance analysis and monitoring services. The Investment Consultant shall provide assistance to the Committee for the Plan level investment selection process, as set forth in this Investment Policy Statement, but is not responsible for the individual fund performance and does not guarantee positive investment results.

Investment Choices

The Committee will endeavor to offer investment options for each of the selected asset classes as set forth in Appendix A, unless under the circumstances it is determined not prudent to do so. The Committee recognizes that options chosen for a specific asset class may drift from time to time and will address these variations as needed. These options shall be sufficient to provide participants and beneficiaries with a reasonable opportunity to:

- a) materially affect the potential return on amounts in their accounts with respect to which they are permitted to exercise control and the degree of risk to which such amounts are subject;
- b) choose from a minimum of three core investment alternatives, (i) each of which is diversified; (ii) each of which has materially different risk and return characteristics; (iii) which in the aggregate enable participants and beneficiaries to achieve a portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for participants and beneficiaries; and (iv) each of which when combined with investments in the other alternatives tends to minimize through diversification the overall risk of a participant’s or beneficiary’s portfolio;

- c) diversify the investment of the accounts of participants and beneficiaries so as to minimize the risk of large losses, taking into account the nature of the Plan and the size of participants' or beneficiaries' accounts.

All investment choices will be publicly available mutual funds, collective investment trusts, separate accounts or similar vehicles. All investments being offered will fluctuate in value with market conditions and, when redeemed, may be worth more or less than the amount originally invested. Each of the chosen investment options is designed to follow a specific stated investment objective as outlined in Appendix A.

In addition, the Plan will offer participants a series of Strategic Asset Allocation Models (the "Models") designed for various risk profiles and expected retirement dates. The Plan's Investment Consultant shall have discretionary authority in developing and maintaining the allocations of the Models limited to utilization of investments offered directly to participants through the Plan. The Investment Consultant shall provide performance benchmarking against similar investment options on a quarterly basis and notify the Committee within 90 day of any allocation changes.

Performance Measurement Standards

The Committee shall evaluate all Plan investments against appropriate peer groups and index benchmarks as outlined in Appendix A on the performance measurement standards outlined in Appendix B. The Committee intends to use independent discretion and judgment in determining whether any investments are prudent and suitable for the Plan and its participants and beneficiaries, and while the evaluation criteria outlined in Appendix B is intended for guidance, it is not determinative.

The Committee shall have the authority to establish, modify, amend or adjust acceptable performance measurement standards by which each investment option is to be evaluated.

Investment Option Removal Procedure

The Committee shall maintain a "Watch List" for investment options that are not meeting the qualitative and quantitative criteria outlined in Appendix B. An investment option will be placed on the "Watch List" when the Committee determines that the option selected for the Plan fails to meet the criteria set forth in the performance measurement standards for a period of time to be determined by the Committee. The Committee may also remove an investment option for any reason it deems necessary.

Final selection, replacement and/or removal of an investment option from the line-up shall be completed only after conducting a thorough review of the identified investment option. In the event of a fund replacement, the Asset Allocation Models will be changed accordingly if the designated asset class is represented in the models.

If the Committee decides that an investment option should be eliminated and replaced with an appropriate alternative option, the following principles are among those that may be applied:

- The costs and fees of replacing an investment option should be identified and evaluated.
- Deleting an investment option or replacing it will not involve a prohibited transaction (e.g., there will be no conflicts of interest).

Should an investment option replacement or elimination be necessary, the Committee intends to satisfy the requirements for a qualified change as defined in ERISA Section 404(c)(4) by mapping the assets from the option replaced or eliminated to an alternative with reasonably similar characteristics, when available, and by mapping only the accounts of those participants who do not provide instructions contrary to the mapping instructions before the effective date.

Committee Review of Investment Performance Reports

Upon receipt of the Report by the Committee, copies will be provided to each of the Committee members to review and comment. While it is anticipated that the Committee will meet on a quarterly basis to discuss the Report, the Committee members may alternatively confer through individual conversations, conference calls, and other forums.

Investment Option Administrative Expenses

The Committee intends to operate the Plan under a level fee arrangement such that certain service provider costs, as determined by the Committee and permissible by law, are directly charged to Plan assets and allocated to participant accounts in a manner to be determined by the Committee so that an equitable fee rate applies to all participants.

To the extent investment options are offered in the Plan that generate revenue that would otherwise be used to offset service provider costs, such revenue will be refunded to those participant accounts from which the revenue was generated. Accordingly, the Committee may select share classes that are the least expensive after consideration of the revenue credit, unless using such share classes would increase the expense ratio in a way that may deter participant investment in the fund. Due to regular fluctuations in the expense ratio and revenue amounts, the Committee may periodically review the investment options offered in the Plan for more efficient share classes, but changes will only be made when the differential is material or an equally efficient share class with a lower expense ratio is available.

The fiduciaries of the Plan shall monitor the fees charged to the Plan and the participants, in accordance with all applicable fiduciary standards. This accounting and monitoring of fees shall be conducted at least annually. In the event fees are determined to be above average or not deemed reasonable for the services provided, the Committee may attempt to negotiate with the Plan's current service provider or evaluate alternate vendors.

Review and Revisions

The Committee reserves the right to amend the Investment Policy Statement at any time. Ordinarily, it is expected that this Statement will be amended to reflect such changes; however, formal amendment is not required.

APPENDIX A

Following is a list of the asset classes and their respective benchmarks used in evaluating investment options. Each investment option is compared to the respective Morningstar Category as the peer group and a widely accepted index. Mutual funds with a passive strategy will be benchmarked against the index which management attempts to track.

Asset Class	Peer Group	Index
Fixed/Stable Value	Stable Value Category	N/A
Intermediate Bond	Intermediate Term Bond Category	Barclays U.S. Aggregate Bond Index
Balanced	Allocation: 50% - 70% Equity Category	40% Barclays U.S. Aggregate Bond Index/60% S&P 500 Index
Large Cap Value	Large Cap Value Category	Russell 1000 Value Index
Large Cap Blend	Large Cap Blend Category	Standard & Poor's 500 Index
Large Cap Growth	Large Cap Growth Category	Russell 1000 Growth Index
Mid Cap Value	Mid Cap Value Category	Russell Mid Cap Value Index
Mid Cap Growth	Mid Cap Growth Category	Russell Mid Cap Growth
Small Cap Value	Small Cap Value Category	Russell 2000 Value Index
Small Cap Growth	Small Cap Growth Category	Russell 2000 Growth Index
Foreign Large Cap Value, Large Cap Blend, Large Cap Growth	Foreign Large Cap Equity Category	MSCI ACWI ex USA Index
Foreign Small / Mid Value, Foreign Small / Mid Growth	Foreign Small / Mid Cap Equity Category	MSCI ACWI ex USA Small Index
Specialty - Healthcare	Healthcare Category	S&P 500 Sector/Health Care Index
Specialty - Real Estate	Real Estate Category	Wilshire U.S. REIT Index
Specialty - Utilities	Utilities Category	S&P 500 Sector/Utilities
Target Date Funds	Morningstar Target Date Category Series	S&P Target Date Series Index

APPENDIX B

Investment Option Evaluation Methodology

Quantitative Criteria

1. Average trailing returns (3, 5 and 10 year) – Total returns are evaluated over different periods of time to analyze performance over various business cycles. .
2. Average rolling returns (3, 5, and 10 year) – Returns shall be evaluated over rolling 1 year periods to determine how consistently the fund manager performed against his peers in a variety of market cycles.
3. Average Sharpe Ratio (3, 5 and 10 year) – Sharpe Ratio shall be evaluated to determine the funds overall efficiency. The Sharpe Ratio is calculated by dividing the annualized return in excess of the risk free Treasury Bill by the standard deviation for that same time frame.
4. Average Up Capture Ratio (3, 5 and 10 year) – The percentage of an index return captured during up market cycles, referred to as Up Capture Ratio, shall be evaluated.
5. Average Down Capture Ratio (3, 5 and 10 year) – The percentage of an index return captured during down market cycles, referred to as Down Capture Ratio, shall be evaluated.
6. Style Consistency to the benchmark – The use of equally-weighted criteria ensures that the funds selected for the plan continue to operate and perform as expected within their appropriate asset class.

Equity funds: Average R^2 (3, 5 and 10 year), current style dispersion and 3 year average style consistency

Bond funds: Average R^2 (3, 5 and 10 year) and current average credit quality

7. Expense Ratio – The current expense ratio shall be compared as a percentage to the appropriate category average.

A fund's overall score from the above listed criteria is ranked against its respective category peer group as an initial indication as to whether a fund is outperforming, performing or underperforming. If a fund's score ranks in the top quartile (0 - 25%) it receives an "Outperform", if the score ranks in the 2nd quartile (26 - 50%) it receives a "Perform" and if the score ranks in the bottom half of the peer group it receives an "Underperform" (51 - 100%).

Qualitative Criteria

In addition to the above quantitative criteria, many additional qualitative factors will be monitored to determine the potential exposure to risk that may make a fund unsuitable as a

retirement plan investment option. The additional factors to be monitored include, but are not limited to, the following:

- Change in fund philosophy
- Change in fund manager
- Individual holding concentrations
- Economic sector concentrations
- Performance volatility as measured by standard deviation
- Portfolio turnover
- Manager tenure
- Asset base
- Average market capitalization



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Item 13

LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE ADVISORY GROUP FRIDAY, SEPTEMBER 13, 2019 MEETING MINUTES

MEMBERS PRESENT:

Supervisor V. Manuel Perez (Board Member)
Mayor Pro Tempore Rachelle Arizmendi, City of Sierra Madre
Felipe Aguirre
Paul Avila, P.B.A. & Associates
Geoffrey Blake, Metal Finishers of Southern California
LaVaughn Daniel, DancoEN
John DeWitt, JE DeWitt, Inc.
Bill LaMarr, California Small Business Alliance
Eddie Marquez, Roofing Contractors Association
Council Member Carlos Rodriguez, City of Yorba Linda
David Rothbart, Los Angeles County Sanitation Districts

MEMBERS ABSENT:

Council Member Ben Benoit, LGSBA Chairman (Board Member)
Supervisor Janice Rutherford (Board Member)
Todd Campbell, Clean Energy
Mayor Cynthia Moran, City of Chino Hills
Rita Loof, RadTech International

OTHERS PRESENT:

Priscilla Hamilton, SoCalGas
Cindy Parsons, Los Angeles Department of Water & Power
Frank Prewoznik, Irvine Ranch Water District
Andy Sylva, San Bernardino County
Stacy Taylor, Mesa Water District
Peter Whittingham, Whittingham Public Affairs Advisors
Greg Wolffe, Yorke Engineering

SOUTH COAST AQMD STAFF:

Derrick Alatorre, Deputy Executive Officer
Philip Fine, Deputy Executive Officer
Fabian Wesson, Assistant Deputy Executive Officer
Sarah Rees, Assistant Deputy Executive Officer
Nancy Feldman, Principal Deputy District Counsel
Victor Yip, Sr. Enforcement Manager
De Groeneveld, Sr. Information Technology Specialist
Elaine-Joy Hills, AQ Specialist
Van Doan, AQ Specialist

Agenda Item #1 - Call to Order/Opening Remarks

Supervisor V. Manuel Perez called the meeting to order at 11:31 a.m.

Agenda Item #2 – Approval of July 19, 2019 Meeting Minutes/Review of Follow-Up/Action Items

Supervisor Perez called for approval of the July 19, 2019 meeting minutes. The minutes were approved unanimously.

Agenda Item #3 – Review of Follow Up/Action Items

Mr. Derrick Alatorre stated that there are no follow-up or action items.

Agenda Item #4 – Proposed Amendments to Rule 1403: Asbestos Emissions from Demolition/Renovation Activities

Dr. Sarah Rees provided an overview on the proposed amendments to Rule 1403 and a summary of staff activities.

Mr. Paul Avila asked what the purpose of asbestos use was. Dr. Rees replied that asbestos has good insulation and fire-proofing properties; however, there are associated health risks so it is being replaced by other materials.

Mr. David Rothbart commented that there is confusion regarding Rule 1403 applicability, particularly survey requirements. Mr. Rothbart expressed support for proposed amended Rule (PAR) 1403 and suggested a more streamlined surveying process. Dr. Rees stated that the survey requirements is part of the federal National Emission Standards for Hazardous Air Pollutants (NESHAP) regulations so it cannot be waived. South Coast AQMD is open to discuss what constitutes an adequate survey; however, it needs to be consistent with the federal regulations. Mr. Rothbart referenced an asbestos procedure from Massachusetts and requested for similar flexibility regarding the survey requirements. Dr. Rees stated that the Environmental Protection Agency (EPA) determined that as-built plans are not considered adequate asbestos surveys. Dr. Rees speculated that the Massachusetts procedure may include other information in addition to the as-built plans.

Mr. Bill LaMarr asked if PAR 1403 will introduce extra steps, requiring contractors to obtain clearance from South Coast AQMD. Dr. Rees replied that PAR 1403 doesn't add any additional process steps, it clarifies existing requirements. Mr. LaMarr commented that collaboration with the planning departments is necessary for this rule to be enforceable. He added that planning departments must obtain clearance from South Coast AQMD if they are issuing permits for projects involving asbestos-containing materials. Mr. LaMarr asked how do-it-yourselfers are affected by PAR 1403 since they are unfamiliar with the requirements. Dr. Rees replied that this rule is not applicable to the building/planning departments; it is applicable to owners and operators. However, there has been conversation with those departments regarding notifying the owners and operators of applicable asbestos requirements. As for do-it-yourselfers, this rule is not applicable to homeowners performing the work themselves.

Mr. Carlos Rodriguez asked if there has been any recent correspondence with water districts regarding this rule and what the concerns are. Dr. Rees replied that there has been many meetings with a coalition of water districts regarding this rule. They are concerned about how this rule applies to underground pipes and would like to see separate work practices established. They are also concerned with survey requirements, which are part of the NESHAP regulations. Although, those requirements cannot be removed from the rule, other flexibilities introduced into the rule language will help make it more

practicable and achievable. Currently, there are work practices applicable to underground pipes, which are included in Procedure 3. South Coast AQMD is committed to working with water districts and others to address concerns, but is also ensuring that the minimal federal government requirements are met and work practices are safe. Mr. Rodriguez further asked if there will be an opportunity for the water districts to provide comments. Mr. Alatorre stated that some of the water district representatives have submitted comment cards and will have the opportunity to speak.

Mr. Rodriguez asked if cities have provided feedback and concerns. Dr. Rees replied that this rule applies to cities if they are performing the work themselves. PAR 1403 does not include additional requirements, it provides clarification and flexibility to existing requirements. Mr. Rodriguez asked if Orange County Council of Governments (OCCOG) provided input. Dr. Rees replied that OCCOG has not provided input, but cities and municipal water districts have. Mr. Alatorre added that this topic will be discussed at the next Stationary Source Committee meeting and stakeholders will have the opportunity to provide comments.

Mr. Rodriguez asked what input and concerns have been provided by commercial/industrial/residential groups. Dr. Rees replied that input were provided by the construction industry, particularly asbestos consultants as well as by water districts. One concern was that some of the requirements were ambiguous, the sampling provisions. The proposed amendments clarify those requirements. Mr. Rodriguez asked if the Orange County Division, League of California Cities (OCDLCC) provided input. Dr. Rees replied that OCDLCC has not provided input. Mr. Rodriguez asked if there is an opportunity for OCDLCC to provide input. Dr. Rees replied that staff could reach out to them.

Mr. Rothbart commented that there has been a lot of confusion on the applicability of the rule and suggested targeted outreach to those working with asphalt. Dr. Rees stated that asbestos was found in some asphalt samples tested. However, the results were not expected as asbestos is typically found in asphalt used in cold regions so staff is continuing to evaluate that issue to determine how to proceed.

Mr. Rodriguez asked if this rule applies to projects done by the Orange County Transportation Authority and if they provided input. Dr. Rees replied that this rule is applicable to renovation and demolition activities at facilities and its components, and does not apply to roadway activities. However, if there is evidence that asphalt contains asbestos, then it could be included in future rulemaking efforts to address exposure. Mr. Rodriguez asked if cities conducting general road repairs and maintenance are required to notify South Coast AQMD. Dr. Rees replied that this rule is applicable to renovation and demolition activities at facilities and its components and not to general roadwork. Mr. Rodriguez asked if additional time will be given for notifications. Dr. Rees replied there is a 10-day notification period for non-emergency projects. Mr. Rodriguez asked what the approval timeframe is. Dr. Rees replied that South Coast AQMD approval is not required for the established work practices. A quick response is provided for other cases not included in the established procedures. Mr. Rodriguez asked if the National Association for Industrial and Office Parks (NAIOP) provided comments. Dr. Rees replied no.

Mr. Avila asked where asbestos-containing materials are disposed. Dr. Rees replied they are disposed at hazardous waste landfills.

Public comments regarding this presentation are discussed in Agenda Item #8 – Public Comment section.

Agenda Item #5 – Complaint Reporting Process

Mr. Victor Yip presented on South Coast AQMD's complaint reporting and response procedures.

Mr. LaMarr referenced the slide on Trends of Air Quality Complaints Received and asked what "spots" meant. Mr. Yip replied that "spots" refer to complaints of bee droppings. Mr. LaMarr further asked if the numbers included Assembly Bill (AB) 617 complaints. Mr. Yip replied that all complaints, including those in AB 617 communities, are included in the total numbers.

Mr. Eddie Marquez asked if South Coast AQMD records and responds to complaints regarding chemtrails and bee droppings, even if nothing could be done. Mr. Yip replied that all reported complaints are recorded and responded to.

Mr. Avila asked if complaints regarding past, temporary odor issues are recorded. Mr. Yip replied yes.

Mr. Geoffrey Blake asked if a geographical analysis has been done to show where complaints are being reported. Mr. Yip replied that maps have been created to show the location and concentration of complaints reported.

Agenda Item #6 –Monthly Report on Small Business Assistance Activities

No comments.

Agenda Item #7 - Other Business

Mr. Felipe Aguirre inquired about South Coast AQMD's lack of participation on the Exide Community Advisory Committee. Mr. Alatorre stated that Dr. Joe Lyou represented South Coast AQMD on that committee, however, since his departure, a replacement has not been assigned. Mr. Alatorre stated that South Coast AQMD maintains interaction with Department of Toxic Substance Control (DTSC) regarding Exide and will provide an update at the next meeting. Mr. Aguirre asked if the participant has to be a Governing Board (GB) member. Mr. Alatorre replied that previously, the GB chairman wanted a GB member to participate on the committee, but will ask if staff could also participate.

Action Item: Provide Mr. Aguirre with an update on South Coast AQMD's participation on the Exide Community Advisory Committee.

Ms. Rachelle Arizmendi commended staff on the success of the Environmental Justice Conference held on September 12, 2019.

Agenda Item #8- Public Comment

Ms. Priscilla Hamilton commented on PAR 1403. Ms. Hamilton stated that additional asphalt test data should be evaluated to confirm the presence of asbestos. She indicated that cities, counties, and other stakeholders need to share the burden to address the asphalt issue and suggested the formation of an ad hoc working group to address the asphalt policy and other streamlining issues in Rule 1403. Ms. Hamilton added that SoCalGas would support a South Coast AQMD-led study to evaluate how widespread asbestos in asphalt is in the region.

Ms. Stacy Taylor commented on PAR 1403. Ms. Taylor stated that health and safety is a priority, Rule 1403 needs clarification, PAR 1403 is not expected to result in quantifiable emissions reductions, and asbestos must be properly handled. Ms. Taylor recommended the development of a pipe procedure specific to water/wastewater utilities, a small project exemption, and allowing the use of asbestos-

cement (AC) pipe craft workers for onsite surveys as approved by California Occupational Safety and Health Administration (Cal/OSHA). Ms. Taylor expressed support for a formation of a working group to address the asphalt issue.

Mr. Frank Prewoznik provided comments on PAR 1403. Mr. Prewoznik requested that South Coast AQMD clarify the type of survey required for materials known to not contain asbestos. Mr. Prewoznik stated that there is a legal mandate for the water district to provide an essential service and asked South Coast AQMD to consider that during the rulemaking process.

Ms. Cindy Parsons commented on PAR 1403. Ms. Parsons expressed support for the “call and go” exemption and the expanded definition for emergency renovation. Ms. Parsons suggested a more streamlined approach to demonstrate compliance with the asbestos survey requirement, such as using records. Ms. Parsons stated support for the development of a Procedure 6 for underground utility pipelines. She suggested analysis of asphalt samples to determine the disposal method instead of presuming they contain asbestos.

Mr. Greg Wolffe commented on PAR 1403. Mr. Wolffe stated that it is a challenge to regulate asphalt under Rule 1403, in its current form or as proposed. Mr. Wolffe added that asphalt is not a facility or a facility component, making Rule 1403 inapplicable. Therefore, the sampling, labeling, and disposal requirements for asphalt should be different from other asbestos-containing materials. Mr. Wolffe proposed that asphalt be excluded from Rule 1403 and be included in a separate rule.

Mr. Rothbart stated that this advisory group is not a body that makes decisions, rather one that provides recommendations to the GB. Mr. Rothbart encouraged the public to provide comments at the upcoming Stationary Source Committee meeting and to work with staff to achieve a resolution.

Mr. Rodriguez stated that all the speakers, including Ms. Hamilton and Ms. Taylor, requested to form an ad hoc working group and asked if it is possible for this group to encourage the formation of that type of working group. Mr. Alatorre replied that staff will determine if an ad hoc working group can be formed. Mr. Rodriguez agreed that it is determined by staff and asked if this group is able to formalize a recommendation. Ms. Nancy Feldman stated that she did not have a response and will conduct research. Mr. Rodriguez proposed a motion to support the formation of an ad hoc working group as highlighted by the speakers from SoCalGas, Mesa Water District, and others.

Mr. LaMarr stated that there have been occasions when the Home Rule Advisory Group wrote letters to the Stationary Source Committee to express support on particular issues. Dr. Philip Fine stated that the report from the Home Rule Advisory Group goes to the Stationary Source Committee for consideration and recommended that this group report to the Administrative Committee.

Ms. Rachelle Arizmendi stated that the advisory group could not take action on an item that is not actionable; however, the group could provide guidance to staff to consider the formation of an ad hoc working group.

Mr. Rodriguez pulled the motion and stated that the goal was to strongly encourage and provide direction to staff to consider the request to form an ad hoc working group.

Agenda Item #9 – Next Meeting Date

The next regular Local Government & Small Business Assistance Advisory Group meeting is scheduled for Friday, October 11, 2019 at 11:30 a.m.

Adjournment

The meeting adjourned at 1:05 p.m.



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Item 14

LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE ADVISORY GROUP FRIDAY, OCTOBER 11, 2019 MEETING MINUTES

MEMBERS PRESENT:

Council Member Ben Benoit, LGSBA Chairman (Board Member)
Supervisor V. Manuel Perez (Board Member)
Supervisor Janice Rutherford (Board Member)
Mayor Pro Tempore Rachelle Arizmendi, City of Sierra Madre
Paul Avila, P.B.A. & Associates
Geoffrey Blake, Metal Finishers of Southern California
Todd Campbell, Clean Energy
John DeWitt, JE DeWitt, Inc.
Rita Loof, RadTech International
Eddie Marquez, Roofing Contractors Association
Council Member Carlos Rodriguez, City of Yorba Linda
David Rothbart, Los Angeles County Sanitation Districts

MEMBERS ABSENT:

Felipe Aguirre
LaVaughn Daniel, DancoEN
Bill LaMarr, California Small Business Alliance
Mayor Cynthia Moran, City of Chino Hills

OTHERS PRESENT:

Ruthanne Taylor Berger, Board Member Consultant (*Benoit*)

SOUTH COAST AQMD STAFF:

Derrick Alatorre, Deputy Executive Officer
Amir Dejbakhsh, Acting Deputy Executive Officer
Nancy Feldman, Principal Deputy District Counsel
Daniel Garcia, Planning & Rules Manager
Arlene Farol, Senior Public Information Specialist
Elaine-Joy Hills, Air Quality Specialist
Van Doan, Air Quality Specialist

Agenda Item #1 - Call to Order/Opening Remarks

Chair Ben Benoit called the meeting to order at 11:30 a.m.

Agenda Item #2 – Approval of July 19, 2019 Meeting Minutes/Review of Follow-Up/Action Items

Chair Benoit called for approval of the September 13, 2019 meeting minutes.

Mr. David Rothbart referenced the September 13, 2019 minutes and indicated that discussions regarding Rule 1403, Mr. Carlos Rodriguez's proposed motion, and the encouragement of staff to work with stakeholders on the rule were not reflected in the minutes. Mr. Rothbart stated that there was a discussion regarding the ability of the advisory group to have a motion and what is appropriate, and asked for clarification on whether or not it is something the advisory could do to unanimously provide direction.

Chair Benoit stated that the discussion should be reflected in the minutes.

Mr. Derrick Alatorre stated that staff will revise the minutes and suggested that it be voted on at the next meeting.

Action Item #1: Revise September 13, 2019 minutes.

Chair Benoit directed staff to provide clarification on the procedure for the advisory group to provide input when the body feels that more input is necessary.

Action Item #2: Provide clarification on the procedure for the advisory group to provide input to the Governing Board.

Mr. Rodriguez stated that, "when the motion was retracted, it was because there was seemingly unanimous sentiment to provide a recommendation or direction to staff for them to consider the public comment of moving the issue of asbestos in asphalt-related topic to an ad hoc committee," which occurred following the September meeting. Mr. Rodriguez indicated that although the motion was retracted, the sentiment of the advisory group was to recommend staff to consider an ad hoc committee and was under the impression that the point was taken; however, that sentiment and direction was not provided to staff and would like to see that captured somehow.

Mr. Alatorre stated that it is not going to an ad hoc committee; it is going to the Stationary Source Committee then to the Governing Board. Mr. Rodriguez acknowledged Mr. Alatorre's comment regarding the ad hoc committee.

Mr. Paul Avila asked how much time is available to revise previously approved minutes. Ms. Nancy Feldman replied that the minutes are official and not revisable once they are approved.

Agenda Item #3 – Review of Follow Up/Action Items

Mr. Derrick Alatorre provided a response to the September 13, 2019 action item. He stated that since South Coast AQMD is not a prominent member on the Exide Community Advisory Committee and the Department of Toxic Substance Control (DTSC) is the lead agency, a board member is not appointed to that advisory committee at this time.

***Action Item #3:** Provide Mr. Felipe Aguirre with information regarding South Coast AQMD's participation with the Exide Community Advisory Committee.*

Ms. Rita Loof expressed support for clarification regarding the procedure for the advisory group to express a sentiment. Ms. Loof reiterated the request for an update on Rule 219. Mr. Alatorre stated that an update will be provided at a later meeting.

Agenda Item #4 – Rule 212 Implementation Guideline

Mr. Amir Dejbakhsh presented an overview of the recent update to Engineering and Permitting implementation guideline for public notices under Rule 212: Standards for Approving Permits and Issuing Public Notice.

Mr. Avila asked if a permit is required for the replacement of existing equipment; for example, an air conditioning unit with new equipment having the same specifications. Mr. Dejbakhsh replied that identical equipment replacement is exempt from permitting pursuant to Rule 219; however, replacing an equipment with a different model requires a permit.

Ms. Loof referenced slide #5 and asked how South Coast AQMD determines that an application will result in a reduction of air contaminants. Mr. Dejbakhsh replied that the determination is done during the permitting process and only applies if the equipment is located within 1,000 feet of a school. This implementation guideline update introduces de minimus risks and emissions values, allowing permits to be issued faster and reducing the number of public notices. Ms. Loof asked what the de minimus values are. Mr. Dejbakhsh replied the de minimus values are 0.1 in a million for maximum individual cancer risk (MICR), 0.1 for acute hazard index (HIA) or chronic hazard index (HIC), and less than one pound per day for criteria pollutants.

Mr. Rothbart stated that California Air Resources Board (CARB) and the Office of Environmental Health Hazard Assessment (OEHHA) is considering the addition of 812 new compounds to the Assembly Bill 2588 list and asked how the assumption of emission factors and high concentrations would impact this process. Mr. Dejbakhsh replied that in the past, if an application for equipment modification or addition was submitted when there has been a change in the toxic pollutants list, then a Rule 1401 analysis would be required. The changes to the guidelines indicates that if the risks are less than 0.1 in a million, then a public notice is not required. Mr. Rothbart stated that if the list gets expanded, there will be an increase in calculations and public notices.

Agenda Item #5 – Update on Assembly Bill 617 (AB 617) – Community Air Initiatives

Ms. Arlene Farol provided an update on the progress of AB 617 implementation.

Mr. Avila asked if the same activists attend and comment at the meetings in different areas. Ms. Farol replied that this is a community-based program and the CARB blueprint specifies that 51% of members of the Community Steering Committee (CSC) should be residents of that community and the remaining members include business owners, labor unions, community organizations, schools, or elected officials.

Mr. Geoffrey Blake stated that South Coast AQMD restricts business participation by not allowing businesses to be members on the CSC. Mr. Alatorre and Ms. Farol replied that is not true. Mr. Alatorre indicated that there are business members on the CSC; for example, Marathon Refinery in Long Beach is on the CSC. Mr. Alatorre further stated that businesses are allowed to be on the CSC as long as they

are located within the specific communities. Mr. Blake stated that he was under the impression that businesses were not allowed to participate because several small businesses in those communities were not selected. Mr. Alatorre stated that those particular businesses may not have been selected, but there is business representation on the CSC.

Ms. Loof referenced slide #9 regarding communities that were previously not designated by CARB and asked what the reason was. Ms. Farol replied it may have been due to limited resources available for implementation at that time. Ms. Loof indicated that organizations such as the Small Business Alliance are not allowed to be on the CSC due to no physical presence in those communities, even though they represent businesses located within those communities. Mr. Alatorre stated that this is a community-based program and participation on the CSC is limited to residents, businesses, organizations, and others located within the designated communities.

Mr. Rodriguez asked for clarification on communities designated for Year 1 implementation. Ms. Farol replied the communities listed were selected for Year 1 implementation. Mr. Rodriguez asked what the distinctions between Year 1 and Year 2 implementation are in terms of responsibilities for cities. Ms. Farol replied that Year 1 communities were designated in August/September of 2018 and the CSC process began in October 2018. Ms. Farol stated that following the formation of the CSC, the Community Emissions Reduction Plan (CERP) and Community Air Monitoring Plan (CAMP) were developed and are now being implemented. Ms. Farol further stated that two new communities have been selected by the Governing Board for Year 2 implementation and awaiting CARB designation. Mr. Rodriguez asked what the general community input or feedback were. Mr. Daniel Garcia replied that the concerns were unique to each community. The Wilmington/Carson/West Long Beach (WCWLBB) community concerns included emissions from refineries and port activity, the San Bernardino/Muscoy (SBM) community concerns included emissions from trucks and rails driven by the logistics activity, and the Boyle Heights/East Los Angeles/West Commerce (BHELAWC) community concerns included freeways, logistics-driven activities, and industrial facilities. Mr. Garcia further stated that each community was concerned about exposure reduction and were interested in the installation of air filters at schools, hospitals, and homes. The CERP includes a host of strategies and policies to address each of those types of air pollution sources. Mr. Rodriguez asked what the attendance at these meetings is like. Ms. Farol replied that approximately 30-35 CSC members in addition to public members attend these meetings. A typical meeting will have approximately 100 public members in the WCWLBB community, 60-70 public members in the SBM community, and 50-60 public members in the BHELAWC community.

Mr. Avila asked if a report will be available after everything is completed and if emissions monitoring and studies are done at closed plants. Mr. Garcia replied that there is a two-step process involving the reports for the AB 617 program. First, the Governing Board adopts the CERPs, which was done in September. Next, the CERPs are presented to CARB for approval, which is scheduled for March 2020. In the future, annual updates on the tracking of emissions reductions and implementation of strategies will be provided. Mr. Garcia asked Mr. Avila for clarification on the second question. Mr. Avila asked if the closing of the battery plant, Exide Technologies, resulted in negative emissions and if the air monitors are detecting that. Mr. Garcia replied that air monitoring data continues to be collected, but will defer this question to staff that are working in that area.

Mr. Todd Campbell asked for examples of the emissions reduction actions. Mr. Garcia replied that there are a host of strategies in each plan, which are unique to each community. One example is a commitment to future refinery rule development resulting in emissions reductions, particularly, a

reduction of nitrogen oxides (NOx) emissions from refineries by half within the next 10 years. Mr. Campbell asked if the commitment to reduce NOx emissions from refineries by half is based on an analysis to determine if it is achievable. Mr. Garcia replied that it is based on a preliminary analysis done by various teams, including Planning, Rule Development & Area Sources (PRDAS) and Compliance & Enforcement (C&E). The SBM community asserted that a number of trucks were idling for more than five minutes or within 100 feet of a school, in violation of CARB's idling rule. As result, a commitment was made to work closely with CARB to conduct enforcement sweeps, which is already being done by C&E. Mr. Campbell asked if the adopted measures are implemented in the designated communities or the entire region. Mr. Garcia replied it is a mixture of both. The idling rule is implemented statewide; however, the community indicated that they have witnessed violations in specific areas and asked for a commitment to focus on those areas.

Mr. Rodriguez asked if the three CERP drafts were adopted by the Governing Board. Mr. Garcia replied that each of the CERPs were adopted with one minor modification to address concerns relating to a transportation agency. Mr. Rodriguez asked for clarification on what the next steps are in the CERP approval process. Mr. Garcia replied that the Governing Board adopted three separate CERPs, each addressing concerns in a specific community. The next step is asking CARB to approve the adopted plans. The approval process includes hosting community meetings in January for additional input, publishing staff reports in February for review, and considering the plans in March for final approval. Mr. Rodriguez asked if the "plans" referred to the three CERPs adopted by the Governing Board and if more plans will be developed. Mr. Garcia stated that the adopted CERPs are for Year 1; the next step is to identify and develop CERPs for other communities for Year 2. Mr. Rodriguez asked if there will be more CERPs beyond Year 2. Mr. Alatorre replied that there will be more plans as this is a state mandate with no sunset date; however, it is dependent on funding.

Ms. Farol indicated that interest forms for the five new communities are available onsite and online.

Mr. Rodriguez asked if the adopted CERPs are still available for public comment since they are drafts. Mr. Garcia replied that the public comment period for the adoption of the CERP has ended; however, public comment may be provided to CARB on the approval of the CERPs. Additionally, comments regarding program implementation may be provided during CSC meetings.

Mr. Alatorre asked if Mr. Rodriguez would like information regarding how communities are selected for AB 617 implementation. Mr. Rodriguez stated that he wanted to reaffirm that stakeholders such as cities and businesses, particularly the City of San Bernardino, have an opportunity to engage in future meetings. Ms. Farol stated that the San Bernardino Transportation Authority is on the CSC. Additionally, there will be future quarterly CSC meetings in each community for existing and new members to discuss implementation of the CERPs. Mr. Rodriguez asked if business stakeholders are on the distribution list. Mr. Alatorre replied that there are businesses on the list, such as BNSF. Staff also reaches out to government and private sectors.

Supervisor V. Manuel Perez referenced a discussion of AB 617 and the selection of communities for Year 2 and stated support for the designation of the Coachella Valley. Supervisor Perez indicated that there were many questions relating to the AB 617 program and recommended staff to develop a 1-2 page summary to provide information including the process, steps after CARB approval, strategies, project descriptions, which communities are involved, and funding (availability, distribution formula and determination of funds).

Mr. Avila asked what happens if the cities, such as Carson, does not implement the approved CERP. Mr. Alatorre replied that these communities are very active and does not foresee them taking that approach as it is important to them that their concerns are addressed. Especially when there are resources and incentive programs available to do so. Mr. Garcia added that responsible organizations were identified in each plan, many of them are cities and local jurisdictions. CSC members who represented those organizations were asked to discuss the proposed commitments with their leaders to ensure that they are able to commit.

Agenda Item #6 –Monthly Report on Small Business Assistance Activities

No comments.

Agenda Item #7 - Other Business

Mr. Rothbart asked if a Public Safety Power Shutoff report is available and stated that there is a policy being developed and was interested on how it would impact permits. Mr. Alatorre stated that report may not be available. Additionally, it needs to be presented to a committee prior to the advisory group for discussion.

Agenda Item #8- Public Comment

No comments.

Agenda Item #9 – Next Meeting Date

The next regular Local Government & Small Business Assistance Advisory Group meeting is scheduled for Friday, November 8, 2019 at 11:30 a.m.

Adjournment

The meeting adjourned at 12:37 p.m.