

BOARD MEETING DATE: July 10, 2015

AGENDA NO. 29

REPORT: Administrative Committee

SYNOPSIS: The Administrative Committee met on Friday, June 12, 2015. The Committee discussed various issues detailed in the Committee report. The next Administrative Committee meeting is scheduled for Friday, July 17, 2015 at 10:00 a.m.

RECOMMENDED ACTION:

Receive and file.

Dr. William A. Burke, Chair
Administrative Committee

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Attendance: Attending the June 12, 2015 meeting was Committee Member Judith Mitchell at SCAQMD headquarters and Committee Members William Burke and Clark Parker, Sr. via videoconference. Committee Member Dennis Yates was unable to participate.

ACTION/DISCUSSION ITEMS:

1. **Board Members' Concerns:** None.
2. **Chairman's Report of Approved Travel:** General Counsel Kurt Wiese reported that Board Member Judith Mitchell will be traveling to Sacramento to attend the monthly CARB Board meeting; Board Members Joe Lyou, Ben Benoit and Janice Rutherford will be speaking at the CCEEB Summer Issues Seminar in Squaw Valley regarding air quality-related issues; and Board Members Joe Lyou and Judith Mitchell will be attending the Asilomar Conference in Pacific Grove on Transportation & Energy on behalf of SCAQMD.

3. **Approval of Compensation for Board Member Assistant(s)/Consultant(s):** Mr. Wiese reported that Board Member Cacciotti is requesting that David Czamanske be approved as his Board Consultant.

Moved by Mitchell; seconded by Parker; unanimously approved.

4. **Report of Approved Out-of-Country Travel:** Mr. Wiese reported that there is a request for out-of-country travel for staff member Sang-Mi Lee to travel to Seoul, Korea for a symposium sponsored by the Korean Academy of Science and Technology.
5. **Pre-audit Conference (Presenter: Melba Simpson):** Melba Simpson of Simpson and Simpson, CPAs, presented plans for performing the SCAQMD's annual Financial Statement Audit for Fiscal Year 2014-15 audit. She reported that the audit will begin on August 11 with all the necessary audit procedures completed and timely performed so that the audit reports can be issued by October 2 and the draft report presented at the November Administrative Committee meeting. Overall, the plan is to continue to make sure that the SCAQMD has discharged its responsibility to present financial statements in accordance with all government accounting standards, and in agreement, materially correct, and reasonably stated with no errors due to fraud or irregularities. They will continue to meet with management to update their understanding of any change in the SCAQMD's internal controls, as applicable, making sure that on the single audit report they are in compliance with all of the laws and regulations. Ms. Simpson mentioned, however, that this year a new Government Auditing Standards Board guideline (GASB 68) would impact the way pension liability is reported. Beginning with this year's audit, the SCAQMD's portion of the net pension liability for its employees with the San Bernardino County Employees Retirement Association and the Los Angeles County Employees Retirement Association will have to be reported as a liability on the face of the financial statements for more transparency. In the past under the old guidelines, those liabilities were included in the footnotes as a disclosure.

Dr. Parker inquired whether the pension deficit is reported as a deferred liability and how will it impact the viability of the agency relative to not operating at a deficit asset position. Ms. Simpson responded that as a result of the implementation of GASB 68, there will be a prior-period adjustment which will affect the net position of the SCAQMD for its share of the liability and that liability is not deferred and is reported as a long-term liability.

Dr. Burke inquired whether it affects our credit rating or ability to borrow. Ms. Simpson responded that it will not affect the credit rating directly. The credit raters will take into consideration how much the liability is impacted due to the GASB versus the operating results. She added that GASB 68 does not affect how the agency funds the pension plan or how the contributions are

determined. It has only changed how the liability is reported.

Councilmember Mitchell requested that the auditors fully examine the internal controls to make sure we have the correct internal controls in place.

Ms. Simpson responded that the internal controls at the SCAQMD are very well designed. The design and effectiveness have been tested and in 99% of cases, transactions are approved at three or four levels. However, she added that they will certainly have heightened awareness of that concern.

6. **Transfer and Appropriate Funds and Issue RFQs and Purchase Orders to Procure Laboratory and Field Equipment:** Assistant Deputy Executive Officer Laki Tisopulos reported that this item requests approval to utilize a portion of accumulated special revenue funds to continue upgrades and modernization efforts with respect to the monitoring laboratory and emergency response capabilities. Staff is seeking to utilize roughly \$950,000 to accomplish this task.

Moved by Mitchell; seconded by Parker; unanimously approved.

7. **Recognize Revenue and Appropriate Funds for Enhanced Particulate Monitoring Programs, NATTS, PAMS, PM2.5, Near-Road NO2 and AQ-SPEC Programs; Issue RFQs and Purchase Orders for Air Monitoring Equipment and CNG Vehicles:** Dr. Tisopulos reported that this item is to recognize and appropriate federal and U.S. EPA funding in the amount of \$1.8 million to assist with the operation and maintenance of our various air monitoring programs. This item also recognizes \$75,000 provided by U.S. EPA to support the AQ-SPEC, a low-cost air monitoring sensor testing program to be established. Roughly 75% of those funds will be used for network operation and 25% to upgrade monitoring instruments.

Moved by Mitchell; seconded by Parker; unanimously approved.

8. **Issue RFP for Enhancements of Web-Based Annual Emission Reporting Tool:** Assistant Deputy Executive Officer Jill Whynot reported that this item is to release an RFP related to SCAQMD's Annual Emission Reporting software. This is a web-based tool that approximately 1,800 facilities use every year to report their emissions inventory. This program has been upgraded over the last several years and now more detailed reporting is needed for the AQMP and other inventory needs. The RFP is for \$150,000 this year for needed enhancements to enhance ease-of-use programs and enable needed improvements for reporting and recordkeeping. It also includes an option to renew the contract for years two and three for an additional amount up to \$150,000 for program maintenance, optimization and support, if needed.

Dr. Burke inquired whether this item relates to the testing being done on the small wireless monitors for fence-line monitoring. Dr. Tisopulos responded that staff plans to use some of the \$75,000 received from U.S. EPA to determine how to manage mega data, such as data compilation, retrieval, processing, visualization and analytics as it relates to SCAQMD's local-facility sensors and fence-line monitoring.

Dr. Parker mentioned a recent EPA report about emissions in industrial and low income minority communities and strongly urged that the \$75,000 be used on a local basis in the communities in which we serve.

Moved by Parker; seconded by Mitchell; unanimously approved.

9. **Issue RFP for Consultant Services for SCAQMD Environmental Justice Outreach and Initiatives:** Deputy Executive Officer Lisha Smith reported that this item seeks approval to issue an RFP for consultant services for SCAQMD's Environmental Justice Outreach and Initiatives. Earlier this year, a day-long Environmental Justice Conference was held and in his opening remarks, Chairman Burke launched the agency's Environmental Justice Community Partnership Initiative. As part of that initiative, the Partnership would include outreach for SCAQMD to host a series of events and workshops throughout the year to further cultivate relationships and enhance alliances with community members and stakeholders. In addition, the RFP includes the formation of an Environmental Justice Advisory Council, executing the 2016 Environmental Justice Conference, and holding four events, one in each county, to recognize local environmental justice community leaders. The RFP is for one year in an amount not to exceed \$160,000 with options for up to two additional one-year extensions.

Moved by Mitchell; seconded by Parker; unanimously approved.

10. **Execute Contract for Health Insurance Brokerage and Consultant Services:** Dr. Burke recused himself and left the room because of a financial interest in Wells Fargo Bank, which is materially affected by this item. Assistant Deputy Executive Officer Bill Johnson reported that earlier this year staff released an RFP for health insurance brokerage services. Six competitive proposals were received for this project. Staff recommends awarding a contract to Alliant Insurance Services, Inc. which was deemed to be the lowest cost proposer as well as the proposer with the highest technical point score.

Moved by Mitchell; seconded by Parker. With Dr. Burke's recusal, due to the lack of a quorum, the Committee Members recommended this item be approved by the Board.

11. **Amend Salary Resolution to Provide Paid Sick Leave for SCAQMD Employees Not Currently Eligible to Receive Such Leave Benefits:** Mr. Johnson reported that last year the Legislature adopted a new law, AB 1522, to provide for paid sick leave for employees not currently covered by either an MOU or salary resolution. Staff is recommending amendments to the existing Salary Resolution to provide paid sick leave benefits in compliance with the law for primarily a small group of Board Student Interns, Board Member Consultants and Assistants who are considered employees, as well as some traditional employees.

Moved by Mitchell; seconded by Parker; unanimously approved.

12. **Authorize Purchase of OnBase Software Support:** Assistant Deputy Executive Officer Chris Marlia reported that OnBase is the agency's document management system for storing material and documents and is used to reduce our offsite storage. The licensing for this software expires in July and approval is requested to extend it another year. The cost this year is \$122,000, which is about a 2.2% increase over last year. Dr. Burke indicated that he was voting no on this item because he thought it was too expensive and perhaps a better price could be renegotiated with the OnBase owners.

Moved by Mitchell; motion failed for lack of a second. Dr. Burke directed staff to hold this item over until the July Administrative Committee meeting.

13. **Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2015-16:** Mr. Marlia reported that this item is a standard report that details the progress of major projects brought to the Board during the first six months of FY 2015-16. Staff recommends approval.

Moved by Parker; seconded by Mitchell; unanimously approved.

14. **Authorize Purchase of Oracle PeopleSoft Software and Support:** Mr. Marlia reported that Oracle and PeopleSoft are software used for the financial and human resource functions at the agency. This item is to renew maintenance support and licensing for those functions. Mr. Marlia explained that this year staff negotiated with Oracle not to increase the price each year if a commitment was made for a five-year licensing agreement. Included in the agreement was the purchase of another module to the software, the Benefits Administrative package, which is the web-based system that allows employees to track their own information. The cost of that module is \$90,000, which is a one-time purchase. The total cost this year for the support and maintenance software as well as the purchase of the extra module would be \$328,000; however, for the remainder of the five years, the cost would be \$238,000 per year.

Dr. Parker inquired whether our contracts have “best-price” or “most-favored-customer” clauses in them where the prices they have given us are the least cost that they have given any other company regardless of size. Mr. Wiese responded that has not been a standard feature of our contracts because most of them are competitively bid. Dr. Parker mentioned that it is a standard provision for large corporate entities to include in their contracts such language that states “under penalty of perjury, you will not sell this software to anyone for any lesser price than you are selling it directly to us.” He indicated that he would only support this item if staff legally explores inserting such language in these types of contracts. Dr. Burke thought it was an excellent suggestion and emphasized that this language should be included in every contract.

Moved by Parker; seconded by Mitchell; unanimously approved with Dr. Parker’s direction to staff to explore including “most-favored-customer” language in SCAQMD contracts.

15. **Local Government & Small Business Assistance Advisory Group Minutes for the March 13, 2015 Meeting (written report):** Attached for information only are the minutes from the March 13, 2015 meeting of the Local Government & Small Business Assistance Advisory Group.
16. **Review of the July 10, 2015 Governing Board Agenda:** There were no questions regarding the July 10, 2015 Board Agenda.
17. **Other Business:** None
18. **Public Comment:** None.

Meeting adjourned at 11:00 a.m.

Attachments

Local Government & Small Business Assistance Advisory Group Minutes from the March 13, 2015 Meeting



South Coast Air Quality Management District

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LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE ADVISORY GROUP FRIDAY, MARCH 13, 2015 MEETING MINUTES

MEMBERS PRESENT:

Dennis Yates, Mayor, City of Chino and LGSBA Chairman
Ben Benoit, Councilman, City of Wildomar and LGSBA Vice Chairman
Paul Avila, P.B.A. & Associates
Geoffrey Blake, Metal Finishers of Southern California/All Metals
Maria Elena Kennedy, Kennedy Communications
Rita Loof, RadTech International
David Rothbart, Los Angeles County Sanitation District

MEMBERS ABSENT:

Felipe Aguirre
Todd Campbell, Clean Energy
Mary Ann Lutz, Mayor, City of Monrovia
Kelly Moulton, Paralegal
Lupe Ramos Watson, Councilmember, City of Indio

OTHERS PRESENT:

Earl Elrod, Board Member Assistant (*Yates*)
Ruthanne Taylor Berger, Board Assistant (*Benoit*)
Mark Abramowitz, Board Assistant (*Lyou*)

SCAQMD STAFF:

Derrick J. Alatorre, Asst. Deputy Executive Officer/Public Advisor
Philip M. Fine, Ph.D., Asst. Deputy Executive Officer
Tracy Goss, Program Supervisor
Elaine-Joy Hills, AQ Inspector II
Lori Langrell, Secretary
Nicholas Sanchez, Senior Deputy District Counsel
Laki Tisopulos, Asst. Deputy Executive Officer
Jill Whynot, Asst. Deputy Executive Officer

Agenda Item #1 - Call to Order/Opening Remarks

Mayor Dennis Yates called the meeting to order at 11:41 a.m.

Agenda Item #2 – Approval of January 16, 2015 Meeting Minutes/Review of Follow-Up/Action Items

Chair Yates called for approval of the January 16, 2015 meeting minutes. The Minutes were approved unanimously.

Agenda Item #2 – Review of Follow-Up/Action Items

Mr. Derrick Alatorre advised regarding the request for a status on the ASTM Conference presentation, this item will come before the advisory group in the May meeting.

Agenda Item #3 – Overview of Air Quality Sensors Workshop

Mr. Laki Tisopulos presented an overview of the Air Quality Sensor Workshop held at the SCAQMD on November 21, 2014.

Mr. Paul Avila asked, given the range in prices of equipment, is the technology up to the same standards as current technology being utilized. Mr. Tisopulos indicated that we are not yet in the process of replacing existing equipment, but the new technology sensors would be filling in and bulking up our existing equipment, assuming the new sensors are performing well. Mr. Avila further asked if Mr. Tisopulos was leading the charge on securing the new sensors. Mr. Tisopulos indicated he will have input, will be looking at test data, and will establish a website and database where feedback can be provided. In that manner, if a member of the public wants to purchase a monitor, they will have a reference to check out ratings, performance data, etc.

Agenda Item #4 – Update on Risk Management

Ms. Jill Whynot briefed the advisory group on joint efforts that California Air Pollution Control Officers Association (CAPCOA) and California Air Resources Board (CARB) are involved in updating Risk Management Guidelines for permitting and the AB2588 Hot Spots Program.

Mr. Blake asked if a company is in excellent compliance, is utilizing Best Available Control Technology (BACT) practices, but overnight becomes six times worse, how will a company comply when they are already spending tons to stay compliant. Ms. Whynot indicated that it is a California EPA-based program, which is factoring in businesses that are more sensitive to the updates and that there are different levels of analysis.

Mr. David Rothbart asked regarding the inhalation rates, if the recommendation of the 95th percentile the minimum acceptable level. Ms. Whynot indicated that the Office of Environmental Health Hazard Assessment (OEHHA) recommends the 95th percentile in their draft document, using this figure as the minimum acceptable level for the last trimester of pregnancy to two years old, and utilizes 80th percentile for all others. Mr. Rothbart further asked if there is discussion with stakeholders as to what is being stated to the public, so as not to get the public worked up. Ms. Whynot asked if he is asking that examples of key language be given, which Mr. Rothbart indicated yes. Ms. Whynot indicated she will make a note of that.

Agenda Item #5 – Rule 415 – Odors from Rendering Facilities / Rule 416 Odors from Kitchen Grease Processing

Dr. Philip Fine provided an update on rule development efforts for Proposed Rules 415 and 416.

Ms. Rita Loof commented regarding equipment manufacturers, that there is control of some but not all; Ms. Loof requested that the rule language be kept flexible in order to allow facilities a cost based decision. Dr. Fine advised that staff did visit some facilities that have the control equipment. Staff is trying to allow more flexibility, while still remaining compliant.

Mr. Avila asked if a person has been smelling these odors for 30-40 years, how can the company be measured for compliance, what is the measurement procedure? Dr. Fine indicated people have different sensitivities, which is hard to quantify. The District has authority to regulate public nuisances, and there are practices the facility can do, and we work with facilities to attain this.

Ms. Maria Elena Kennedy asked if this is more of a land use issue, or environmental justice issue, as the homes were there first. Dr. Fine replied that this is a big topic of discussion. On a recent two hour panel, one hour went into land use issues alone. Keeping this in mind, this is different than a NOx reduction rule. Enclosure is the standard for the industry; we want to make sure that the best practices are done every day, not just sporadically.

Mr. Blake inquired as to how many complaints are received per month. Dr. Fine indicated there have been approximately 350 complaints per year, with more complaints in the warmer summer months.

Vice-Chair Benoit asked if there are any good studies on health effects. Dr. Fine stated he does have a review article, not exact, but evidence if a strong odor may irritate or trigger asthma attacks. There is an article that he can share with the Advisory Group.

Action Item: Provide health effect article to members of LGSBA Advisory Group.

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

Ms. Rita Loof asked with regard to the 25 auto body shops assisted in February, did any of the facilities have issues with Rule 1147.

Action Item: Ascertain from Small Business Assistance staff whether any of the 25 body shops assisted during the month of February 2015 had issues with Rule 1147.

Mr. Avila asked if small business assistance helps out small body shops only, or what other types of businesses are helped. Mr. Alatorre indicated that the majority assisted are small businesses, but occasionally we will get calls from larger businesses.

Agenda Item #7 - Other Business

No comments.

Agenda Item #7 - Public Comment

No comments.

Adjournment

The meeting adjourned at 12:43 p.m.