

BOARD MEETING DATE: January 8, 2016

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the December 4, 2015 meeting and the Minutes of the December 11, 2015 special meeting.

RECOMMENDED ACTION:

Approve Minutes of the December 4, 2015 Board Meeting and Minutes of the December 11, 2015 Special Board Meeting.

Sandra McDaniel,
Clerk of the Boards

SM:dg

FRIDAY, DECEMBER 4, 2015

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

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

Mayor Dennis R. Yates, Vice Chairman (left at 12:00 p.m.)
Cities of San Bernardino County

Mayor Michael D. Antonovich
County of Los Angeles

Mayor Ben Benoit
Cities of Riverside County

Supervisor John J. Benoit
County of Riverside

Councilmember Joe Buscaino
City of Los Angeles

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

Dr. Joseph K. Lyou
Governor's Appointee

Councilmember Judith Mitchell
Cities of Los Angeles County – Western Region

Supervisor Shawn Nelson
County of Orange

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

Mayor Miguel A. Pulido (left at 1:35 p.m.)
Cities of Orange County

Supervisor Janice Rutherford
County of San Bernardino

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

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

Supervisor Rutherford. Requested that the meeting be adjourned in memory of the victims of the shooting that occurred in San Bernardino on December 2; and read the names of these individuals: Isaac Amanios, Aurora Godoy, Shannon Johnson, Yvette Velasco, Larry Kaufman, Bennetta Bet-Badal, Harry Bowman, Sierra Clayborn, Robert Adams, Tin Nguyen, Juan Espinoza, Michael Wetzel, Damian Meins and Nicholas Thalasinis.

Chairman Burke. Expressed his appreciation to Supervisor Rutherford for the programs that have been instituted in her District to assist homeless veterans.

Councilman Cacciotti. Announced that he visited China in November and noticed the air pollution appeared to be at its worst that he has seen in the 7 times he has visited. He added that the MSRC is considering a \$1 million grant to possibly revise a program to promote ridesharing similar to the Rideshare Thursday program run in previous years, but it may potentially extend to other forms of public transportation as well; and noted that it would be ideal to support the campaign by offering funds to provide major outreach to the four counties.

Mayor Benoit noted that he visited the Google headquarters on December 1, 2015 and was informed about the targeted outreach campaign that they are going to be partnering with the SCAQMD on, upon approval by the Board; and he noted that something similar would be an excellent way to promote outreach regarding these MSRC efforts.

Chairman Burke directed staff to schedule a special meeting, prior to the next scheduled Board meeting for the Board to be presented with the item relating to the Google outreach campaign.

- Recognize Employees with Twenty-Five, Thirty and Thirty-Five Years of Service

Bill Johnson, Assistant DEO of Administrative and Human Resources, read the names of the employees as follows:

Twenty-Five Years: Mark Bassett; Naveen Berry; William Brill; Julie Franco; Scott Johnson; Roberta Lewis; Maura Matute; Susan Nakamura; Gary Quinn; Barbara Radlein; Pierre Sycip; Paul Williamson

Thirty Years: Sawsan Andrawis; Derek Davenport; Albert Dietrich; Shalini George; Elsa Gutierrez; George Kasper; Abdi Majidifar; Ken Mangelsdorf; Ann Millican; Leilani Montojo; Karlyn Zeno

Thirty-Five Years: David Carrillo; Tina Cox; Stacey Ebner; Rudy Eden; Marilyn Traynor

Chairman Burke thanked the employees, on behalf of the Board, for their many years of dedicated service to the SCAQMD.

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Supervisor Antonovich moved that the Board find there is a need to take immediate action regarding the proposed agenda item to authorize the purchase of monitoring equipment to assess emissions from the Porter Ranch methane leak and that the need for the action came to the attention of the District subsequent to the posting of the agenda. The motion was seconded by Dr. Lyou and passed by a unanimous vote.

34. Appropriate Funds and Issue Purchase Orders for Laboratory and Field Equipment to Conduct Natural Gas Emissions Measurements

The following individuals addressed the Board on Agenda Item 34.

Dr. Jim Stewart, Sierra Club, stressed the importance of doing more to protect those affected by this leak.

Dr. Tom Williams, Save Porter Ranch and Citizens Coalition for a Safe Community, questioned how it would be guaranteed that the ratepayers would not be the ones paying for this leak and the cleanup effort.

Yvonne Watson, expressed the need for this equipment to not only benefit the community of Porter Ranch, but other communities that are located near gas storage facilities, such as those residents in the city of Montebello; and urged the Board to ensure that the public is being protected.

Harvey Eder, Public Solar Power Coalition, stressed the importance of an immediate total solar conversion to avoid these types of incidents with utilities; and spoke about the dangers of global warming.

Councilman Buscaino thanked staff and Supervisor Antonovich for taking swift action on this matter and for continuing to keep the public and elected officials up-to-date on the latest developments; and he urged for the approval of this item to mobilize monitoring equipment in the Porter Ranch area.

Supervisor Antonovich expressed disappointment with the response from SoCal Gas and their apparent lack of protocol for how to address such an incident.

He explained the impacts that the residents have been faced with including being displaced from their homes during the holidays, rapidly decreased property values and negative health effects.

MOVED BY ANTONOVICH, SECONDED BY
BUSCAINO, AGENDA ITEM 34 APPROVED
AS RECOMMENDED, BY THE FOLLOWING
VOTE:

AYES: Antonovich, B. Benoit, J. Benoit,
Burke, Buscaino, Cacciotti, Lyou,
Mitchell, Nelson, Parker, Pulido,
Rutherford and Yates.

NOES: None.

ABSENT: None.

CONSENT CALENDAR

1. Approve Minutes of November 6, 2015 Board Meeting

Budget/Fiscal Impact

2. Appropriate Funds to Purchase Hand Held XRF Analyzers
3. Recognize and Substitute Source of Funds for School Bus Replacements
4. Execute Contract to Cosponsor Versatile Plug-In Auxiliary Power System Development and Demonstration 
5. Execute Contract for Enterprise Content Management System for Office of General Counsel
6. Appropriate Funds from Designation for Litigation and Enforcement and Authorize Amending/Initiating Contracts with Outside Counsel and Specialized Legal Counsel and Services
7. Issue RFP for Enterprise Content Management System

8. Authorize Purchase of Telecommunication Services
9. Amend Contracts for Legislative Representation in Sacramento, California
10. Approve Contract Awards and Amended Program Announcement Approved by MSRC

Items 11 through 19 - Information Only/Receive and File

11. Legislative and Public Affairs Report
12. Hearing Board Report
13. Civil Filings and Civil Penalties Report
14. Lead Agency Projects and Environmental Documents Received by SCAQMD
15. Rule and Control Measure Forecast
16. Audit Report of AB 2766 Fee Revenue Recipients for FYs Ending June 30, 2012 and 2013
17. Annual Audited Financial Statements for FY Ended June 30, 2015
18. Report of RFPs Scheduled for Release in December
19. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2015-16

Dr. Lyou announced his abstention on Item No. 4 because Southern California Edison is a potential source of income to him.

Supervisor Benoit announced that he serves as a Commissioner for the Riverside County Transportation Commission which is involved with Item No. 10.

Mayor Benoit announced that he serves as a Commissioner for the Riverside County Transportation Commission which is involved with Item No. 10.

Agenda Items 10 and 19 were withheld for comment and discussion.

20. Items Deferred from Consent Calendar

10. Approve Contract Awards and Amended Program Announcement Approved by MSRC

Councilman Cacciotti noted the advantages of the proposed funding opportunity to the promotion of mass transit within Riverside County and specifically to events in Palm Springs and the surrounding areas.

Supervisor Benoit noted that the idea of bringing rail service to the Coachella Valley is becoming a more attainable reality and is very promising for the large music festivals and events that take place in the region.

19. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2015-16

Dr. Tom Williams, Sierra Club LA 32 Neighborhood Council and Citizens Coalition for a Safe Community, stressed the need to provide as much information as possible on the District's website including all air quality monitoring.

Dr. Wallerstein noted that data for the continuous monitoring equipment will be placed online, along with multiple other resources that are made available online. He added that staff would contact Dr. Williams to gain a better understanding of any specific items he is referring to.

BOARD CALENDAR

21. Administrative Committee
22. Investment Oversight Committee
23. Legislative Committee
24. Mobile Source Committee
25. Stationary Source Committee
26. Technology Committee
27. Mobile Source Air Pollution Reduction Review Committee

- 28. California Air Resources Board Monthly Report
- 29. 2016 Air Quality Management Plan White Papers

MOVED BY CACCIOTTI, SECONDED BY YATES, AGENDA ITEMS 1 THROUGH 29, APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Buscaino, Cacciotti, Lyou (*except Item #4*), Mitchell, Nelson, Parker, Pulido, Rutherford and Yates.

NOES: None.

ABSTAIN: Lyou (*Item #4 only*).

ABSENT: None.

PUBLIC HEARINGS

- 30. Amend Regulation XX - Regional Clean Air Incentives Market (RECLAIM) (***Continued from November 6, 2015 Board Meeting***)

Dr. Philip Fine, DEO/Planning and Rules, gave the staff presentation.

Supervisor Nelson explained that he would be making a motion to set a shave of 12 tons per day, along with a back loaded implementation schedule and the removal of subdivision (i) of Rule 2002 from consideration today to have it returned to the NOx RECLAIM Working Group for further discussion. He noted that copies of the proposed motion have been provided to the Board and made available to the public.

In response to Councilman Cacciotti's inquiry about the consequences of non-compliance with the state requirements found in the Health and Safety Code, Barbara Baird, Chief Deputy Counsel, replied that: 1) a concerned party could file a petition for a writ of mandate to compel the Board to adopt BARCT; 2) in the event that the failure to adopt the proposal results in some of the sources not meeting federal reasonably available control technology U.S. EPA could disapprove the rule and implement sanctions if it is not corrected; and 3) there is an independent state law requirement to implement all feasible measures in an effort to attain the state ambient air quality standards. If the proposal did not meet that requirement then the CARB could disapprove the District's plan for attainment as not meeting state law and require it be changed.

Mayor Yates raised the issue that stakeholders who use RTCs rather than invest in infrastructure to put the best possible controls in place are inevitably going to be faced with challenges in the future; and expressed support for Supervisor Nelson's proposal.

Dr. Wallerstein explained that reductions from RECLAIM are the single most important measure for the upcoming Air Quality Management Plan.

The public hearing was opened and the following individuals addressed the Board on Agenda Item 30.

CATHY REHEIS-BOYD, Western States Petroleum Association (WSPA)
BILL LAMARR, California Small Business Alliance
GEORGE PIANTKA, NRG
*DAVID ENGLIN, BizFed

Explained that a shave of 14 tons per day is not needed to achieve 8.8 tons of actual emission reductions; stressed the large economic impact the refining industry has on the region; and suggested a compromise of 12 tons per day, along with a back-loaded compliance schedule, and removal of subparagraph i of Rule 2002 from the Board's consideration today, so that it may undergo further analysis by the NOx RECLAIM working group. Mr. Piantka added that NRG supports the opt-out provisions for power generators. *(Submitted Written Comments)

JOSEPH HOWER, Ramboll Environ

Asked for delay of the provisions that were recently introduced. Stated that staff did not analyze potential BARCT for Gerdau, so that facility should not have its credits shaved. He added that shut down credits are not an incentive for a facility to close.

BILL QUINN, California Council for Environmental and Economic Balance

Noted their involvement throughout the rule amendment process; and raised concerns with the size of the shave and the proposed implementation schedule, the late introduction of an amendment addressing shutdown credits and the proposed resolution language that would exempt the amendments from an important section of the Health and Safety code. CCEEB supports 12 tons of reductions with the implementation schedule proposed by WSPA.

SCOTT WEAVER, Enterprise Risk Management

Expressed concerns with the District's cost-effectiveness methodology; and suggested utilizing a 10-year useful life assumption, similar to other Air District's in the state. He stated that RTC holdings have not been revised to include current transaction data, and that there are still issues with the BARCT analysis.

CHRIS COLLIER, Coastal Energy Alliance
ROD SPACKMAN, Chevron Corp.

Noted that the refining sector is the most heavily regulated industry in the world; expressed concern with the BARCT assessment process and the

associated cost-effectiveness analysis; and cautioned against placing such a large financial obligation on any sector. Support was expressed for a 12 ton reduction.

DAN HOFFMAN, Wilmington Chamber of Commerce

Expressed support for the RECLAIM program; and noted his concerns with the financial impact that requiring reductions of 14 tons per day will have on the region and that the implementation schedule is too aggressive.

DR. TOM WILLIAMS, Citizens Coalition for a Safe Community

Noted that air quality has significantly improved over the last 40 years, but people are still impacted by poor air quality, especially people living along the 710 freeway. Expressed concern with the ability to meet state NOx requirements even with the reductions proposed under these amendments.

DAVID PETTIT, Natural Resources Defense Council

Noted their support for the staff recommendation; and cautioned against adopting a shave that is different than the analysis that is supported thoroughly in the administrative record for the rule development process.

CURTIS COLEMAN, Southern California Air Quality Alliance

Stated that based on historical data on previous reductions, a 12 ton/day shave will result in a reduction in RECLAIM emissions to constitute full compliance with the BARCT requirement; and urged that subdivision (i) of Rule 2002 be sent back to the NOx RECLAIM working group for further examination.

NANCY SUTLEY, Los Angeles Department Water and Power

KARL LANY, Cities of Riverside, Anaheim and Colton

Noted their support for the inclusion of the power plant opt-out option in the rule amendments to allow municipalities to choose an alternative compliance option, as well as the New Source Review provisions.

CHUCK TIMMS, Cities of Burbank and Pasadena

*MATTHEW JALAI, Paramount Petroleum Corp.

Expressed concern with the proposed shutdown requirement and requested that the Board direct staff to continue to work with municipalities to find a solution and return to the Board with a specific proposal at a later date. Mr. Jalai suggested that shutdown credits be non-tradeable, but usable by the facility.

*(Submitted Written Comments)

KAREN MAGLIANO, CARB

Noted that CARB has been working closely with District staff to develop strategies that will lead to the ability to meet both the ozone and PM2.5 standards in the region. She added that to address mobile sources, CARB released a draft mobile source strategy, which is designed to provide the actions that will be necessary to provide all the emission reductions needed from the mobile source sector. She expressed support for the proposed amendments to the RECLAIM rules which are an important element for stationary source reductions.

ELIZABETH WARREN, Future Ports

Explained that RECLAIM is a successful program that has greatly reduced emissions; and cautioned against instituting a 14 ton shave and the proposed confiscation of RTCs from shutdowns which will jeopardize the market program and cause extreme economic hardship for RECLAIM participants.

MIKE CARROLL, Regulatory Flexibility Group

Explained that the current record supports the alternative proposal of 12 tons per day; and added that the shutdown provision and power plant opt-out provision will both result in credits leaving the market.

TOM GROSS, Southern California Edison

Expressed support for the opt-out provision for electric generating facilities, which would allow these facilities to move out of RECLAIM, if they are already operating with the most sophisticated controls currently available; and noted that limiting production is not an option in the utility industry since their requirements are dictated by the needs of the grid.

JIM STEWART, Sierra Club

Explained that it is critical that refineries and other large polluters be required to utilize BACT to reduce emissions in communities that have been afflicted with breathing polluted air for too long. He added that purchasing shut down credits should not be an option that allows RECLAIM facilities to delay adding controls.

SUZANNE SEIVRIGHT, California Construction & Industrial Materials Association

Explained that their industry is highly cyclical and dependent on the state of the economy; and requested that subdivision (i) of Rule 2002 regarding shutdowns be amended to reflect that businesses provide a statement intent that they will not shut down the facility within a timeframe of two years instead of five years.

RUBEN GONZALEZ, Los Angeles Area Chamber of Commerce

Acknowledged the importance of the Board balancing economic and environmental concerns; and stressed the economic impacts that could result if jobs are lost and businesses are shut down.

JOE MCLAUGHLIN, Sierra Club

KWAZI NKZUMAH, Martin Luther King Coalition of Greater Los Angeles

FELICIA BANDER, Sierra Club

GRACIELA GEYER, Sierra Club

SUSAN DEMBOWSKI, Long Beach Resident

Urged for the Board to take serious action to protect public health; and stressed the importance of seeking alternative energy sources to avoid further reliance on fossil fuels. Expressed support for 14 tons per day reductions and removal of shut down credits.

FABIOLA LAO, Coalition for Clean Air

Acknowledged that the RECLAIM program has resulted in progress in reducing air pollution, but there is still a long way to go; and stressed the importance of adopting a shave of 14 tons per day or more, and including the power plant off-ramp to promote forward progress with zero-emission vehicles and renewable energy sources.

ANGELA JOHNSON MESZAROS, Earthjustice

Urged the Board to protect all stakeholders; and stressed the importance of enforcement to ensure that required controls are actually being put in place. She added that shut down credits should not be used to delay or avoid controls.

HARVEY EDER, Public Solar Power Coalition

Stressed the need for immediate, total solar conversion.

(Mayor Yates left at 12:00 p.m.)

SUSAN GORMAN-CHANG, Save Porter Ranch

MATT PAKUCKO, Save Porter Ranch

Explained that they have been evacuated from their homes as a result of the leak at the natural gas storage facility in Porter Ranch; and stressed the importance of doing anything possible to protect public health.

YVONNE WATSON, Sierra Club

WALKER FOLEY, Food & Water Watch

SAMUEL SUKATON, Sierra Club

Detailed the hardships faced by those who suffer from asthma and other ailments that are exacerbated by air pollution; urged the Board to consider the economic impact of these health impacts to the region; stressed the importance of adopting a shave of 14 tons per day.

DARYL GALE, Sierra Club

ALEXANDRA NAGY, Food & Water Watch

CHAD CRACRAFT, Sierra Club

ETHAN DODD, Sierra Club

MIKE CHATTOM, The Community Legal Research Center

Urged against putting a price on decreasing NOx emissions that will greatly impact of the quality of life for future generations; and stressed the importance of enacting the most stringent NOx reductions possible.

SAMANTHA CHRISTIAN, UFCW 770

KENT MINAULT, Sierra Club

Urged the Board to enact strict NOx standards to protect communities that are impacted with multiple struggles.

ANGÉLICA GONZÁLEZ, Sierra Club

ASHER JONES, Sierra Club

SELENE HERNANDEZ, Sierra Club

ELIJAH CERVANTES, Sierra Club
JASON MARTINEZ, Sierra Club
MARINA BARRAGAN, Sierra Club
ANDREW YIP, Bike San Gabriel Valley
STEPHEN MURRAY
RAUL MEDEL ZENDEJAS, Sierra Club
DEMITRI CARRANZA, Sierra Club
JAVIER TAVARES, Sierra Club
JESUS VENEGAS, Sierra Club
ALEX PORTILLO, Sierra Club

Expressed support for immediate implementation of stricter standards; detailed the health struggles they have witnessed among their families and communities; and urged the Board to do all possible to protect public health and promote cleaner air and environmental justice. Expressed support for 15.87 tons reduction.

KYOKO HIBINO, Save Porter Ranch

Detailed the negative health symptoms she experiences as a resident of Porter Ranch; and expressed support for greater than the proposed NOx reductions.

ADRIAN MARTINEZ, Earthjustice
MAYA GOLDBERGER-KRASNER, Center for Biological Diversity

Noted that the evidence shows that a standard of at least 14 tons per day is supported. (Submitted Written Comments)

Written Comments Submitted by:
Nicki Carlsen, Alston & Bird LLP on behalf of WSPA
Frances L. Keeler, Clyde & Co on behalf of WSPA
David Foster, Tesoro
George Watland, Sierra Club

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

Supervisor Nelson made a motion to set a shave of 12 tons per day, along with a back loaded implementation schedule and the removal of subparagraph (i) of Rule 2002 from consideration today to have it returned to the NOx RECLAIM Working Group for further discussion, along with appropriate changes to the adopting resolution.

Councilman Cacciotti expressed concern with whether there is substantial evidence in the record to support the adoption of the various shave amounts that have been suggested.

Dr. Wallerstein explained that the analysis that led to the staff proposal was done with the focus of achieving NOx reductions that will be key in meeting upcoming state and federal air quality standards; and expressed that he does not

believe the record would support the 12 ton reduction nor the significant back loading of the reductions as requested in WSPA's proposal. He added that at least 90 selective catalytic reduction (SCRs) have not been installed, in large part due to use of shut down credits.

In response to Councilwoman Mitchell's questions, Dr. Fine clarified the calculations staff used to determine the need for a 14 ton shave to achieve the actual reductions needed. He also explained the proposed requirements and conditions related to shut down credits.

Councilmember Mitchell commented on the importance of balancing environmental interests with economic impacts and environmental justice, while also taking into consideration the legal requirements that the District is bound to abide by; noted that there is substantial evidence in the record to support a 14 ton per day shave which will be essential to assist in meeting upcoming mandates and standards; and suggested a more lenient schedule for reductions to allow industry time to plan and design what controls to put in place. She stressed that it is important to do our fair share of emission reductions so EPA and CARB will take our efforts seriously. Mw. Mitchell expressed support for the proposed provisions related to shut down credits.

Dr. Lyou thanked staff for their efforts throughout the rule development process and acknowledged all of the individuals who testified on the matter. He stressed the importance of making informed and reasonable decisions; and expressed support for the staff proposal of 14 tons per day as it is supported by best available retrofit control technology analysis, as well as the proposed provisions for shut down credits.

Supervisor Benoit thanked those who testified; acknowledged the serious challenges that various regions within the Basin are faced with; and urged the adoption of a reasonable proposal that will start the process of reducing NOx emissions. He expressed his intent to make a substitute motion that encompasses Supervisor Nelson's proposal but sets the shave to 13 tons and adds one ton to the last year in the revised proposed implementation schedule. The one ton per day additional is equivalent to the amount of credits from the electrical generating facilities, should they all choose to opt-out of the program.

Councilman Buscaino noted that he has witnessed the significant reduction of emissions in the region and particularly in the Port areas; and expressed support for the proposal of a reduction of 12 tons as it will provide significant benefits to residents, while maintaining jobs that are vital to the area.

Dr. Parker noted that a reduction of 13 tons seems to be a good compromise and acknowledges that the stationary sources cannot be expected to bear the total burden of NOx reductions needed in the region.

SUPERVISOR BENOIT MADE A SUBSTITUTE MOTION TO APPROVE THE STAFF RECOMMENDATION WITH THE REVISIONS PROPOSED BY SUPERVISOR NELSON WITH THE REVISED IMPLEMENTATION SCHEDULE SUGGESTED BY COUNCILWOMAN MITCHELL WITH THE ADDITION OF 1 TON PER DAY REDUCTION IN 2021 FOR A TOTAL SHAVE OF 13 TONS PER DAY. THE MOTION WAS SECONDED BY COUNCILMAN CACCIOTTI, AND FAILED BY THE FOLLOWING VOTE:

AYES: B. Benoit, J. Benoit, Cacciotti, Mitchell, Parker and Pulido.

NOES: Antonovich, Buscaino, Lyou, Mitchell and Nelson.

ABSTAIN: Burke.

ABSENT: Yates.

DR. LYOU MADE A SUBSTITUTE MOTION TO APPROVE THE STAFF RECOMMENDATION, WITH THE REVISED IMPLEMENTATION SCHEDULE SUGGESTED BY COUNCILWOMAN MITCHELL. THE MOTION WAS SECONDED BY COUNCILMAN CACCIOTTI, AND FAILED BY THE FOLLOWING VOTE:

AYES: Cacciotti, Lyou and Mitchell.

NOES: Antonovich, B. Benoit, J. Benoit, Burke, Buscaino, Mitchell, Nelson, Parker and Pulido.

ABSTAIN: None.

ABSENT: Yates.

MOVED BY NELSON, SECONDED BY BUSCAINO, AGENDA ITEM NO. 30 APPROVED AS RECOMMENDED BY STAFF WITH THE MODIFICATIONS NOTED BELOW, ADOPTING RESOLUTION NO. 15-25 CERTIFYING THE FINAL ENVIRONMENTAL ASSESSMENT FOR PROPOSED AMENDED REGULATION XX AND AMENDING REGULATION XX – REGIONAL CLEAN AIR INCENTIVES MARKET (RECLAIM), BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Buscaino, Nelson, Parker, Pulido and Rutherford.

NOES: B. Benoit, J. Benoit, Cacciotti, Lyou, Mitchell.

ABSENT: Yates.

Make the following changes to Regulation XX and the Resolution:

1. The shave amount shall be a total of 12 tons per day of NOx RTCs, weighted for Best Available Retrofit Control Technology, or BARCT, reduction as proposed by District staff, with the following implementation schedule:

2016:	2 tons per day
2017:	0 tons per day
2018:	1 ton per day
2019:	1 ton per day
2020:	2 tons per day
2021:	2 tons per day
2022:	4 tons per day

2. Staff is directed to make the appropriate changes to the adjustment factors in Rule 2002(f)(B) and 2002(f)(C) to reflect the 12 ton per day NOx RTC reduction per the schedule shown above and report on the changes made and the new adjustment factors at the January 2016 Stationary Source Committee meeting.
3. Subparagraph (i) of Rule 2002 that was originally proposed by staff on November 4, 2015 and released in rewritten form on November 28, 2015 is NOT adopted at this time. Staff shall return it to the NOx RECLAIM Working Group for further discussion and analysis of that proposal's potential implications on the entire NOx RECLAIM Program and consideration of possible alternatives that would allow a closer alignment of the treatment of shutdown credits in RECLAIM and command-and-control programs short of full forfeiture. Following this process, staff may bring its original proposal or some other alternative back to the Governing Board for consideration for adoption.

4. The ~~third~~ **fourth** BE IT FURTHER RESOLVED paragraph on page 5 of the Resolution be reworded to read as follows:

“BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby amend, pursuant to the authority granted by law, Regulation XX, as set forth in the attached and including the revisions to the proposed amendments approved by the Governing Board following the public hearing on the proposed Regulation XX amendments; and”

5. The ~~fourth~~ **fifth** BE IT FURTHER RESOLVED paragraph on page 5 of the Resolution be reworded to read as follows:

“BE IT FURTHER RESOLVED, that the SCAQMD Governing Board does hereby direct staff to submit into the State Implementation Plan a commitment of 12 tons per day of NOx by the year 2022, less the total amount in the Regional NSR Holding Account, to further ensure that the reduction commitments comply with state law; and”

6. The portion of the November 4 rule language that would enable the owner or operator of an Electrical Generating Facility, or EGF, to opt out of the NOx RECLAIM program is adopted.

(Mayor Pulido left at 1:35 p.m.)

31. Amend Rule 1110.2 - Emissions from Gaseous- and Liquid-Fueled Engines

Joe Cassmassi, Planning and Rules Director, gave the staff presentation which included two options for the Board to consider.

The public hearing was opened and the following individuals addressed the Board on Agenda Item 31.

BILL QUINN, California Council for Environmental and Economic Balance
SUE GORNICK, Western States Petroleum Association
CURT COLEMAN, Southern California Air Quality Alliance
BILL LA MARR, California Small Business Alliance

Explained that the proposal will cause a major shift in the District's startup/shutdown malfunction policy that would have broad implications across many different industries; requested that the Board bifurcate the types of equipment covered in this rule and Rule 430 to address how breakdowns are handled, or alternatively to select Option 2 that staff has presented.

DAVID ROTHBART, Southern California Alliance of Publicly Owned Treatment Works

ALISON TORRES, Eastern Municipal Water District

Noted their support for the bifurcation of the rule, or adoption of Option 2; expressed support for staff's proposed extension of the biogas compliance deadline; and expressed concerns regarding staff's proposal regarding the breakdown provision.

LISA ROTHBART, Orange County Sanitation District

Explained the successful emission reductions that are resulting from retrofitting of engines; and expressed support for the additional time that is proposed as well as the alternative proposal regarding the startup/shutdown malfunction which addresses U.S. EPA's concerns without establishing a specific policy at this time.

ALLEN HUNT, Fortistar Methane Group

Noted the severe operational and financial impacts the proposed rule changes will have on the two sites they operate in Orange County as they are under contract with Orange County Waste and Recycling to provide a certain amount of gas energy; explained their commitment to utilizing the cleanest possible technology once the implications of using such can be fully assessed; and requested that the Board establish a mechanism in the rule that would provide them relief from its applicability to their operations in this instance. (Submitted Written Comments)

EDWARD FILADELFIA, City of Riverside

Expressed support for the proposed extension of time; and requested the bifurcation of the rule or adoption of Option 2.

Written Comments Submitted by:

Jeff Southern, OC Waste & Recycling
Jonathan Maurer, Fortistar Methane Group LLC

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

Supervisor Nelson explained that as was mentioned by Mr. Hunt, Fortistar Methane Group has a purchase agreement with Orange County Waste and Recycling that runs through 2022 and it is not feasible for them to make the proposed changes; they have a unique situation, and requested that the rule amendment include the direction to staff to expeditiously perform the required CEQA and necessary analysis to provide Fortistar with relief until 2022.

Dr. Wallerstein noted that he was aware of the concern raised by Supervisor Nelson and that staff will prepare adequate information for the Board to consider.

Dr. Lyou requested clarification from staff as to why they were suggesting to select Option 1 relative to breakdowns.

Dr. Wallerstein explained that Option 1 sets forth a set of triggers that would constitute a violation being issued, but the staff believes that it is unlikely that any of those triggers will occur. He added that this option allows the Board to have a rule that complies with the new Federal policy. He noted that those that have testified that they prefer Option 2, are taking on the risk of becoming a target for a federal or citizen lawsuit as a result of the U.S. EPA's proposal to disapprove Rule 430.

Councilmember Mitchell expressed concerns with selecting Option 2 and exposing an industry to potential litigation; and noted that it would appear that, in the future, the District is going to have to propose source specific rules relative to breakdowns.

Dr. Wallerstein confirmed that for a number of emission categories, source specific provisions may need to be put in place.

MOVED BY CACCIOTTI, SECONDED BY MITCHELL, AGENDA ITEM NO. 31 APPROVED AS RECOMMENDED BY STAFF UTILIZING OPTION 1, AND DIRECTING STAFF TO EXPEDITIOUSLY CONDUCT THE REQUIRED CEQA ANALYSIS AND RETURN TO THE BOARD AS QUICKLY AS POSSIBLE WITH A PROPOSED RULE AMENDMENT FOR THE BOARD'S CONSIDERATION THAT COULD PROVIDE RELIEF FOR FORTISTAR METHANE GROUP LLC FROM THE EMISSION STANDARDS IN RULE 1110.2 UNTIL 2022, ADOPTING RESOLUTION NO. 15-26 CERTIFYING THE FINAL SUBSEQUENT ENVIRONMENTAL ASSESSMENT FOR PROPOSED AMENDED RULE 1110.2 AND AMENDING RULE 1110.2 – EMISSIONS FROM GASEOUS- AND LIQUID-FUELED ENGINES, BY THE FOLLOWING VOTE:

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

NOES: None.

ABSENT: Pulido and Yates.

32. Amend Rule 1113 – Architectural Coatings

AGENDA ITEM 32 WAS CONTINUED BY THE BOARD TO THE JANUARY 8, 2016 BOARD MEETING, AS RECOMMENDED BY STAFF.

OTHER BUSINESS

33. Implement Enhanced Fleet Modernization Program in Clean Communities Pilot Study Communities under U.S. EPA Targeted Air Shed Grant, Amend Contract for Commercial Electric Lawn Mowers, and Reallocate Funding for Existing Targeted Air Shed Grant Program

AGENDA ITEM 33 WAS CONTINUED BY THE BOARD TO THE JANUARY 8, 2016 BOARD MEETING, AS RECOMMENDED BY STAFF.

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

Dr. Tom Williams, Sierra Club and Citizens Coalition for A Safe Community, noted that the EIR for the RTP is available; and noted their interest in the aspects of the Plan that focus on the ports and references to goods movement as a whole.

Harvey Eder, Public Solar Power Coalition, noted that it has been determined that solar power is cost-effective for both residential, commercial and utility applications; and urged for the inclusion of solar power priorities in the 2016 AQMP.

CLOSED SESSION

The Board did not meet in closed session.

ADJOURNMENT

There being no further business, the meeting was adjourned, at the request of Chairman Burke, at 2:10 p.m., in memory of the 14 victims of the shooting that occurred in San Bernardino on Wednesday, December 2, 2015.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on December 4, 2015.

Respectfully Submitted,

Denise Garzaro
Senior Deputy Clerk

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

AQMP = Air Quality Management Plan
BACT = Best Available Control Technology
BARCT= Best Available Retrofit Control Technology
CaFCP = California Fuel Cell Partnership
CARB = California Air Resources Board
CEQA = California Environmental Quality Act
EIR = Environmental Impact Report
EV = Electric Vehicle
FY = Fiscal Year
MSRC = Mobile Source (Air Pollution Reduction) Review Committee
NOx = Oxides of Nitrogen
PM2.5 = Particulate Matter \leq 2.5 microns
RFP = Request for Proposals
RFQ = Request for Quotations
RTC = RECLAIM Trading Credits
RTP = Regional Transportation Plan
U.S. EPA = United States Environmental Protection Agency

FRIDAY, DECEMBER 11, 2015

Notice having been duly given, the special meeting of the South Coast Air Quality Management District Board was held at District Headquarters, 21865 Copley Drive, Diamond Bar, California. The following members participated by telephone from the teleconference locations listed in the meeting notice, unless noted otherwise:

William A. Burke, Ed.D., Chairman (present at SCAQMD Headquarters)
Speaker of the Assembly Appointee

Mayor Dennis R. Yates, Vice Chairman (present at SCAQMD Headquarters)
Cities of San Bernardino County

Mayor Michael D. Antonovich
County of Los Angeles

Mayor Ben Benoit
Cities of Riverside County

Supervisor John J. Benoit
County of Riverside

Councilmember Joe Buscaino
City of Los Angeles

Dr. Clark E. Parker, Sr. (present at SCAQMD Headquarters)
Senate Rules Committee Appointee

Dr. Joseph K. Lyou
Governor's Appointee

Councilmember Judith Mitchell
Cities of Los Angeles County – Western Region

Supervisor Shawn Nelson
County of Orange

Members Absent:

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

Mayor Miguel A. Pulido
Cities of Orange County

Supervisor Janice Rutherford
County of San Bernardino

The meeting was called to order by Chairman Burke at 9:45 a.m. Roll call was taken by the Clerk of the Boards.

1. Execute Contract for Targeted Outreach Program Utilizing YouTube Videos and Banner Ads

Sam Atwood, Media Relations Manager, reported briefly on this item to expand upon the success of a pilot program, which utilized a short "pre-roll" video. The 45-second video achieved over one million impressions during the pilot program.

The proposed contract with Google, Inc. for a 12-month period is expected to achieve millions of views of SCAQMD pre-roll videos and display ads on YouTube and other areas on the internet. Staff can continue to promote "The Right to Breathe" and "Do 1 Thing" videos, as well as other videos that the SCAQMD has produced. This platform can also be used to enhance SCAQMD's "no-burn" alerts and the Check Before You Burn program, as well as any other messages the Board wishes to disseminate to residents of the South Coast Air Basin.

Dr. Barry Wallerstein, Executive Officer, added that staff is also interested in being able to target messages to communities that are being impacted by wildfires when they occur and advise residents on what steps they should take to protect themselves.

Mayor Benoit commented that he visited Google's main office, at Chairman Burke's request, for a presentation on the proposed outreach program. He remarked that this opportunity would allow SCAQMD to have a huge impact across different devices and web platforms that partner with Google; would help reach out to younger audiences who view YouTube videos, and would also allow SCAQMD to pinpoint outreach by ZIP code and demographics. Further, he believes Google can do an excellent job for the District in getting many valuable impressions as opposed to a billboard on the side of the road or a newspaper ad. He is also looking forward to the opportunity to promote SCAQMD programs, such as the lawn mower exchange program.

In response to Dr. Parker's question on monitoring the criteria to determine the effectiveness of the program on an ongoing basis, Dr. Wallerstein noted that staff plans to update the Board's Administrative Committee on program statistics and also review videos and banner ads that would be posted.

Noting the importance of the proposed program, Dr. Burke asked that Mayor Benoit chair an ad hoc committee to ensure that staff has all of the resources needed to make this program effective and to expedite getting the

information to the Administrative Committee and the full Board on content and anything else that may be needed.

Indicating his pleasure to serve as the Chair of the Ad Hoc Committee,

MAYOR BENOIT MOVED APPROVAL OF THE ITEM AS RECOMMENDED: AUTHORIZING THE CHAIRMAN TO EXECUTE A CONTRACT WITH GOOGLE, INC. FOR TARGETED OUTREACH IN THE AMOUNT OF \$800,000 FROM THE BP/ARCO SETTLEMENT FUND (46). THE MOTION WAS SECONDED BY MAYOR PULIDO, AND CARRIED BY ROLL CALL VOTE OF THE BOARD AS FOLLOWS:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Buscaino, Mitchell, Nelson, Parker, Pulido and Yates.

NOES: None.

ABSENT: Cacciotti, Lyou and Rutherford.

2. Public Comment

There were no comments from any members of the public.

ADJOURNMENT

There being no further business, the meeting was adjourned by Chairman Burke at 9:55 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on December 11, 2015.

Respectfully Submitted,

SAUNDRA McDANIEL
Clerk of the Boards

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ERRATA SHEET FOR AGENDA #1

Approve Minutes of December 4, 2015 Board Meeting and
Minutes of December 11, 2015 Special Board Meeting

Board Meeting January 8, 2016

The following corrections should be made to typographical errors on pages 13 and 14 of the Minutes of the December 4, 2015 Board Meeting:

Page 13, last sentence of the third paragraph,

“~~Mw.~~ Ms. Mitchell expressed support for the proposed provisions related to shut down credits.”

Page 14, the “no” votes for the first substitute motion,

“NOES: Antonovich, Buscaino, Lyou, ~~Mitchell,~~ and Nelson and Rutherford.”

Page 14, the “no” votes for the second substitute motion,

“NOES: Antonovich, B. Benoit, J. Benoit, Burke, Buscaino, ~~Mitchell,~~ Nelson, Parker, ~~and~~ Pulido and Rutherford.”

The following corrections should be made to typographical errors on the first page of the Minutes of the December 11, 2015 Special Board Meeting:

Board Member Dr. Joseph K. Lyou should be listed under members absent; and Board Member Miguel A. Pulido should be listed under members who participated by telephone.