

BOARD MEETING DATE: October 6, 2017

AGENDA NO. 25

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, September 8, 2017. The following is a summary of the meeting.

RECOMMENDED ACTION:
Receive and file this report.

Judith Mitchell, Chair
Legislative Committee

DJA:PFC:MJK:jns

Committee Members

Present: Council Member Judith Mitchell/Chair, Mayor Pro Tem Larry McCallon (videoconference), Dr. Clark E. Parker, Sr. (videoconference) and Supervisor Janice Rutherford (videoconference).

Absent: Council Member Joe Buscaino and Supervisor Shawn Nelson.

Call to Order

Dr. William A. Burke, (attending via videoconference), was appointed to the committee for this meeting. Chair Mitchell called the meeting to order at 9:04 a.m.

DISCUSSION ITEMS:

1. Update on Federal Legislative Issues [Attachment 2]

SCAQMD's federal legislative consultants (Carmen Group, Cassidy & Associates, and Kadesh & Associates) each provided a written report on various key Washington, D.C. issues. Mr. Gary Hoitsma of the Carmen Group, Ms. Amelia Jenkins of Cassidy & Associates and Mr. Mark Kadesh of Kadesh & Associates gave verbal updates as well.

Mr. Hoitsma noted that President Trump continues to talk about pushing a major infrastructure bill. However, because the legislative agenda is currently crowded with tax reform and other matters, an infrastructure bill is currently on the back burner. Mr. Hoitsma stated that although there is no current Administration bill, there are general principles provided by the Administration regarding this proposed

legislation. The White House stated that they want to invest \$200 billion of federal money and have that money leverage another \$800 billion to become a trillion dollar investment in infrastructure over the next ten years. Mr. Hoitsma commented that the Democrats are balking at this approach, as they desire a bigger federal investment up front, and that a compromise for the Administration to provide more money could be possible in the future. Mr. Hoitsma added that he is following this process on behalf of SCAQMD and pushing for a set-aside of money for clean air infrastructure investments. Mr. Hoitsma stated that in July, President Trump had announced that an Infrastructure Advisory Council, within the Department of Commerce, would make recommendations. However, President Trump later disbanded this and other advisory groups.

Mr. Hoitsma reported that President Trump announced an environmental review executive order and reiterated that several things are already underway to streamline the permitting process and to expedite infrastructure projects. Mr. Hoitsma stated that this is designed to try and get more private investment into infrastructure, and that the executive order also repealed the previous Administration's executive order on climate change, which required agencies to factor in climate change, such as projected sea level rise and flooding issues, in their decision-making on infrastructure projects.

Mr. Hoitsma informed the Committee that the Department of Transportation (DOT) announced its next round of Transportation Investment Generating Economic Recovery (TIGER) grants, which would make \$500 million available for major transportation infrastructure projects. Applications for these grants are due October 16, and grants would be for projects between \$5 million and \$25 million. Mr. Hoitsma commented that in the past, these grants have provided money for infrastructure developments related to clean air.

Additionally, Mr. Hoitsma pointed out that the Federal Aviation Administration (FAA) issued a number of discretionary grants under its airport improvement program. These grants typically go toward airport runways and other developments around airports. Mr. Hoitsma stated that because the grants provide funding for low- and zero-emission vehicles, as well as electric vehicle charging infrastructure around airports, the program is of interest to the District.

Mr. Hoitsma also reported that the U.S. Environmental Protection Agency (U.S. EPA) appointed a new general counsel, Matt Leopold, formerly general counsel with the Florida Department of Environmental Protection.

Ms. Jenkins reported that the House Appropriations Committee continues to work its way through the spending bill package, which includes U.S. EPA funding. Ms. Jenkins noted that a proposed amendment by Congressman Gary Palmer (AL) that would have cut funding for Diesel Emission Reduction Act (DERA) grants was

being tracked, but that Congressman Palmer had not yet formally offered this amendment to the bill. Ms. Jenkins stated that Congressman Raul Grijalva (AZ) offered an amendment to the bill to restore the environmental justice funding that had been cut, but that the amendment was narrowly defeated. Ms. Jenkins commented that the House will continue working through these potential amendments to the appropriations package which includes a group of 8 bills, along with 4 added national security bills that previously passed. However, since the Senate and House previously passed legislation relating to the debt ceiling, Hurricane Harvey relief and a continuing resolution, a final spending package will likely not be resolved until the middle or end of December. In addition, Ms. Jenkins reported that William Wehrum, an attorney with Hunton & Williams, was nominated to be the Assistant Administrator for the Office of Air and Radiation at U.S. EPA.

Council Member Mitchell inquired about the level of funding currently proposed for DERA. Ms. Jenkins stated that the current level is \$75 million.

Dr. Parker inquired about the specific vote count on the continuing resolution that was passed. Ms. Jenkins reported that the House vote for that legislation was 310 to 90.

Mr. Kadesh reported that hurricane relief, the continuing resolution and debt ceiling issues were addressed through December 8, so most of these spending issues will be revisited in early December. Mr. Kadesh also commented that Congressman Ken Calvert, Interior Appropriations Committee Chair, had been prepared to oppose DERA cuts if Congressman Palmer had offered his amendment to cut DERA funding.

Council Member Mitchell asked Mr. Kadesh to thank Congressman Calvert for his support for DERA on behalf of the SCAQMD.

2. Update on State Legislative Issues [Attachment 3]

SCAQMD's state legislative consultants (Joe A. Gonsalves & Son and Gonzalez, Quintana, Hunter & Cruz, LLC) provided written reports on various key issues in Sacramento. Mr. Paul Gonsalves of Joe A. Gonsalves & Son and Mr. Will Gonzalez and Mr. Jacob Moss of Gonzalez, Quintana, Hunter & Cruz, LLC gave verbal updates as well.

Mr. Gonsalves reported that there is one week left in the legislative session, of which a large focus is on the Greenhouse Gas Reduction Fund (GGRF) spending plans, for monies from cap-and-trade auctions. Mr. Gonsalves stated that the Legislature has until Tuesday to get legislation finalized on this issue due to the rule requiring online publication of rule language 72 hours before a vote. However, nothing is in print yet, and the bill will have to go through budget committee negotiations, which are still

ongoing. Mr. Gonsalves commented that Governor Jerry Brown has released his proposed GGRF spending plan, which includes \$1.5 billion in spending. The breakdown is as follows: \$350 million for AB 617 for new air monitoring requirements; \$300 million for community action plans; \$45 million for state and local implementation costs; \$5 million for assistance to community groups; \$607 million for low carbon transportation, which includes the clean vehicle rebate program (CVRP), freight hubs, zero-emission freight equipment, enhanced fleet modernization program (EFMP), clean bus and truck incentive program and agricultural engine replacement upgrades; \$170 million for sustainable agriculture; \$305 million for fire suppression, fire prevention and local fire response; \$40 million for waste conversion; \$5 million for clean energy; \$20 million for energy efficiency; and \$2 million for energy research at the University of California. Mr. Gonsalves stated that there is some pushback in some of these areas, such as fire prevention. Additionally, Senate President pro Tem Kevin de León released his own proposal. Mr. Gonsalves commented that although there are a number of competing interests, based on conversations with staff and leadership, there is hope that there will be a bill either today or early next week in time for the 72-hour in-print rule. Mr. Gonsalves stated that they are working closely with other air districts and interested stakeholders to maximize the amount of program funding coming to the District.

Dr. Burke inquired about the specific proposals regarding GGRF funding from the Governor's office, Senate President pro Tem's office, and the Assembly Speaker's office. Mr. Gonsalves responded that currently, the numbers are unclear and negotiations are ongoing. Mr. Gonsalves stated that he would provide what Governor Brown has released. A brief discussion regarding proposed and official budget numbers ensued.

In response to an inquiry from Council Member Mitchell, Mr. Gonsalves confirmed that he expected bill language to be released today. In response to an inquiry from Dr. Parker, Dr. Burke commented that the final vote on the GGRF will need to happen during the following week. Mr. Gonsalves reiterated that because of the 72-hour in-print rule, there will have to be legislative language in print by Tuesday, in order to be able to pass a bill. Mr. Gonsalves stated that the state legislature will pass something this year on the GGRF spending plan.

In response to an inquiry from Council Member Mitchell, Mr. Derrick Alatorre, Deputy Executive Officer for Legislative, Public Affairs and Media (LPAM), confirmed that there is \$1.5 billion available in the GGRF.

Mr. Gonzalez stated that there is now a once-in-a-decade opportunity to get money for diesel reduction and hopefully, in a week, there will be good news to report back.

Mr. Moss updated the committee on AB 1274 (O'Donnell). Mr. Moss stated that the bill requires a two-thirds vote and most recently made it off of the Senate

Appropriations Committee's suspense file on September 1. Mr. Moss commented that hopefully, the bill would be taken up on Monday on the Senate floor; after that, it would need to head back to the Assembly for a concurrence vote, which would also be a two-thirds vote. After that, it would hopefully move to the Governor's office. Mr. Moss stated that some amendments were made to the bill in the Appropriations Committee that increased the fee charged to the driver by one dollar for a total of \$25 collected in years 7 and 8. The added dollar now results in \$4 going to the Bureau of Automotive Repair (BAR), and will help reimburse BAR the entire amount of the smog certificate fee revenue they would lose due to the deferred Smog Check. The remaining \$21 collected in years 7 and 8 will be directed to the Carl Moyer Program for increased reductions in diesel particulate matter and nitrogen oxides emissions from heavy-duty vehicles. Mr. Moss stated that he hoped the amendment would help encourage the Governor to sign the bill.

In response to an inquiry from Council Member Mitchell, Mr. Fred Minassian, Assistant Deputy Executive Officer/Science and Technology Advancement stated that SCAQMD's portion would be based on population percentage and would be 43 percent of funding derived from AB 1274. Mr. Moss stated that Carl Moyer funding from AB 1274 would range from \$53 million to \$70 million per year statewide. Mr. Moss approximated SCAQMD's portion to be about \$30 million to \$40 million.

3. Update on AB 617 (C. Garcia) [Attachment 4]

Mr. Philip Crabbe, Community Relations Manager/LPAM, provided an update on the recent passage of AB 617 (C. Garcia). Mr. Crabbe stated that AB 617 was signed into law as a companion measure to AB 398 (E. Garcia), which extended the state greenhouse gas cap-and-trade program until 2030. Mr. Crabbe commented that AB 617 is meant to address concerns about disproportionate air quality burdens faced by disadvantaged communities. The bill mandates several new programs and responsibilities on SCAQMD and other local air districts, including community air monitoring and analysis, the development and implementation of community emission reduction programs through a public process and in collaboration with the California Air Resources Board (CARB), Best Available Retrofit Control Technology (BARCT) implementation, and uniform emission reporting. Mr. Crabbe reported that the bill creates multiple unfunded mandates on local air districts, and that staff estimates that the total cost for the District to implement AB 617 through the year 2039 is nearly \$250 million, or an average of approximately \$11 million per year. Mr. Crabbe stated that SCAQMD would continue to work hard to seek funding resources to cover the added cost of these newly created requirements.

Mr. Wayne Nastri, Executive Officer, stated that in the governor's latest proposal, there is \$45 million available for the implementation of AB 617. Of the \$45 million, \$18 million is designated to go to CARB. \$27 million is designated to go to the local air districts. Mr. Nastri stated that the \$27 million number is what SCAQMD provided to the California Department of Finance and state legislative staff

previously. Mr. Nastri stated that the goal is to link this type of implementation funding for local air districts to future GGRF revenues. Mr. Nastri estimated that more than half of the \$27 million would come to SCAQMD, and the District is heavily engaged in this effort.

In response to an inquiry from Council Member Mitchell, Mr. Nastri noted that the \$27 million would be the estimated implementation costs for year one. A brief discussion occurred regarding the amount of money SCAQMD might receive through GGRF auction revenues.

In response to an inquiry from Council Member Mitchell regarding BARCT assessments, Mr. Nastri stated that BARCT is part of SCAQMD's rulemaking efforts. A discussion regarding SCAQMD rulemaking efforts, BARCT assessments and the RECLAIM program as it relates to AB 617 requirements ensued.

WRITTEN REPORT:

4. **Report from SCAQMD Home Rule Advisory Group [Attachment 5]**
Please refer to Attachment 5 for the written report.

OTHER MATTERS:

5. **Other Business**
There was no other business.
6. **Public Comment Period**
There were no public comments.
7. **Next Meeting Date**
The next regular Legislative Committee meeting is scheduled for Friday, October 13, 2017 at 9:00 a.m.

Adjournment

The meeting adjourned at 9:41 a.m.

Attachments

1. Attendance Record
2. Update on Federal Legislative Issues – Written Reports
3. Update on State Legislative Issues – Written Reports
4. Update on AB 617 (C. Garcia)
5. SCAQMD Home Rule Advisory Group Report – Written Report

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING

Attendance – September 8, 2017

| | |
|---|---|
| Councilmember Judith Mitchell (Videoconference) | SCAQMD Board Member |
| Mayor Pro-Tem McCallon (Videoconference) | SCAQMD Board Member |
| Dr. Clark E. Parker, Sr. (Videoconference)..... | SCAQMD Board Member |
| Supervisor Janice Rutherford (Videoconference) | SCAQMD Board Member |
| Dr. William A. Burke, (Videoconference) | SCAQMD Board Member |
| David Czamanske..... | Board Consultant (Cacciotti) |
| Ron Ketcham..... | Board Consultant (McCallon) |
| Gary Hoitsma (teleconference) | The Carmen Group |
| Jess Barba (teleconference) | Cassidy & Associates |
| Amelia Jenkins (teleconference) | Cassidy & Associates |
| Kaleb Froehlich (teleconference) | Cassidy & Associates |
| Ryan Mulvenon (teleconference) | Cassidy & Associates |
| Mark Kadesh (teleconference) | Kadesh & Associates |
| Chris Kierig (teleconference) | Kadesh & Associates |
| Dave Ramey (teleconference) | Kadesh & Associates |
| Paul Gonsalves (teleconference) | Joe A. Gonsalves & Son |
| Will Gonzalez (teleconference)..... | Gonzalez, Quintana, Hunter & Cruz |
| Jacob Moss (teleconference) | Gonzalez, Quintana, Hunter & Cruz |
| Thomas Gross..... | Southern California Edison |
| Bill LaMarr..... | California Small Business Alliance |
| Rita Loof | RadTech |
| David Rothbart | Los Angeles County Sanitation Districts |
| Andy Silva..... | San Bernardino County |
| Susan Stark..... | Tesoro |
| Derrick Alatorre | SCAQMD Staff |
| Daniela Arellano | SCAQMD Staff |
| Debra Ashby..... | SCAQMD Staff |
| Barbara Baird | SCAQMD Staff |
| Marc Carrel | SCAQMD Staff |
| Tina Cox..... | SCAQMD Staff |
| Philip Crabbe..... | SCAQMD Staff |
| Philip Fine | SCAQMD Staff |
| Monika Kim | SCAQMD Staff |
| Roberta Lewis | SCAQMD Staff |
| Fred Minassian | SCAQMD Staff |
| Ron Moskowitz | SCAQMD Staff |
| Wayne Nastri..... | SCAQMD Staff |
| Michael O’Kelly..... | SCAQMD Staff |
| Robert Paud..... | SCAQMD Staff |
| William Sanchez | SCAQMD Staff |
| Jeanette Short | SCAQMD Staff |
| Danielle Soto..... | SCAQMD Staff |
| Laki Tisopulos..... | SCAQMD Staff |
| Todd Warden..... | SCAQMD Staff |
| Kurt Wiese..... | SCAQMD Staff |
| Kim White | SCAQMD Staff |
| Jill Whynot | SCAQMD Staff |
| Mitchell McMahon..... | Student Intern |

MEMORANDUM

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: August 24, 2017

Re: Federal Update -- Executive Branch

White House Actions on Infrastructure: While the Administration has yet to put forward any detailed legislative proposal on infrastructure, the subject continues to be talked about as a major priority that is being lined up with other top initiatives to be addressed in Congress as soon as possible, most likely in sequence behind major pushes on health care and tax reform. Meanwhile, in recent weeks, the White House made these related announcements:

--Presidential Advisory Council on Infrastructure: Through executive order on July 19, the President established what would be a 15-member Advisory Council on Infrastructure in the Department of Commerce. Its members were to be chosen from the broad variety of infrastructure sectors, including “environmental policy.” The group would be tasked with studying and making findings and recommendations on federal funding, support and project delivery in the infrastructure realm. The group was to submit a report and terminate its existence by Dec. 31, 2018. But while the President’s infrastructure council was still being formed, the White House announced on August 17th that the President decided to end the council. This was a day after he disbanded two other advisory councils.

--Environmental Review/Permitting Process for Infrastructure Projects: Through executive order on August 15, the President set Federal policy on infrastructure projects to ensure reform of the environmental review and permitting process so that it is more coordinated, predictable and transparent. It sets the goal of processing all required federal environment documents for major projects in two years, as compared to current average timeframes of over 15 years.

Summary of Notable Federal Agency Actions of Interest: Here is a quick rundown on several recent federal agency actions of special interest:

- EPA Reversal on Ozone Designations: In July, the EPA announced that it was reversing a policy it announced in June to effect a one-year delay on a nationwide basis the Oct. 1, 2017 deadline for ozone designations in the states. The July

announcement, apparently made to head off possible litigation, indicated that the EPA would indeed move forward with the states to make ozone designations where possible by the Oct. 1 deadline.

- EPA Rule on RFS Volumes: In July, EPA issued a proposed rule setting the minimum amount of renewable fuels that must be supplied to the market in calendar year 2018 under the Renewable Fuel Standards (RFS) Program. Written comments on the rule are due by August 31. A final rule will be due by Nov. 30.
- EPA Reconsideration Phase 2 Heavy-Duty Truck GHG Standards: In August, EPA announced its intention to revisit the Phase 2 GHG and Fuel Efficiency standards for Medium and Heavy-Duty Vehicle Engines for Model Years 2021-2027 as set by the previous administration in October 2016. It specifically planned to revisit the Phase 2 trailer and glider kit provisions. Glider kits allow big-rig owners to reuse many of the major components from an existing vehicle or remanufactured engine to save money.
- EPA/DOT Reconsideration of GHG Standards for Cars/Light Trucks: In August, EPA and DOT opened a 45-day public comment period on the reconsideration of GHG standards for cars and light trucks in Model Years 2022-2025 as determined and announced by the previous Administration in January of 2017.
- DOE Vehicle Technology Grants: The Department of Energy announced \$19.4 million for 22 new cost-share projects to accelerate research in advanced vehicle technologies, including advanced battery, lightweight materials, engine technologies and energy efficient mobility systems. This Vehicle Technologies Office funding was billed as helping to improve the nation's energy security, to save money on transportation energy costs, and to strengthen U.S. economic competitiveness.
- DOT Review of Civil Penalties Under CAFE: The Department of Transportation announced it will reexamine a December 2016 rulemaking that adjusts civil penalties related to the Corporate Average Fuel Economy (CAFE) standards for inflation. The review will allow additional stakeholder input.
- DOT Bus Grant Opportunity: In July, the Department of Transportation announced that \$226 million was being made available for competitive grants under the Federal Transit Administration's Bus and bus Facilities program. Applications are due by August 25.

Sub-Cabinet Appointments of Interest

- Federal Energy Regulatory Commission
--Neil Chatterjee to be Chair. Previously served as energy policy advisory to Senate Majority Leader Mitch McConnell, where he met on several occasions with SCAQMD Board members and staff during Washington DC visits.

- Environmental Protection Agency
--Michael Dourson of Ohio to be Assistant Administrator for Toxic Substances. Previously served a professor in the Risk Science Center at the University of Cincinnati, College of Medicine and worked at the EPA.
- Department of Energy:
--Mark Wesley Menezes of Virginia to be Under Secretary of DOE.
--Paul Dabbar of New York to be Under Secretary for Science.

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To: South Coast Air Quality Management District

From: Cassidy & Associates

Date: August 23, 2017

Re: Federal Update – House of Representatives

Issues of Interest to SCAQMD

Ozone Standards Implementation Act:

Congressman Pete Olson (R-TX); Passed House on 7/18/17 by a vote of 229-199

H.R. 806 seeks to facilitate more efficient implementation of ozone standards, and the National Ambient Air Quality Standards (NAAQS) program generally.

Key provisions would:

- Phase in implementation of the 2015 ozone standards by extending the date for final designations from 2017 to 2025, and aligning permitting requirements;
- Ensure that for certain ozone and particulate matter nonattainment areas, States are not required to include economically infeasible measures in their implementation plans;
- Revise the time for mandatory review of NAAQS from five to ten years, while allowing the Environmental Protection Agency (EPA) Administrator discretion to issue revised standards earlier;

House Appropriations Committee Update

The House Rules Committee announced they will take up the eight remaining fiscal appropriations bills in one massive package when they return from recess. The bills funding the departments of Agriculture, Commerce, Interior, Justice, Labor, State, and other agencies will be combined on the floor with the minibus creating a fiscal 2018 omnibus. It is likely to hit the floor the week of Sept. 5, when Members return from recess. This package will include funding for the Environmental Protection Agency. EPA would see its funding fall 6.6 percent, to \$7.5 billion, while Interior would get a 7 percent reduction, to \$11.9 billion, though those cuts are smaller than the White House requested. The House spending bill also would make it easier for the Trump administration to withdraw EPA's Waters of the U.S. rule.

The eight remaining spending bills could again divide the House along party lines. The spending package was written by the GOP-controlled House Appropriations Committee and includes many spending and policy provisions that most Democrats oppose. The previous minibus passed 235-192 on July 27, with just five Democrats backing the legislation and five Republicans opposed. Six members did not vote. The eight-bill package on deck in the House would likely be stonewalled in the Senate, whether or not it is combined with the four-measure security minibus. The 12 House bills are written to topline discretionary spending levels that Democrats in both chambers consider unrealistic.

House Budget Committee

The House and Senate may consider budget blueprints (formally called a budget resolution) when Congress returns to Washington in September. The consideration of budget resolutions are an atypical exercise in Congress for three reasons. First, budget resolutions are not formally signed into law by the President. Second, in the Senate a budget resolution is considered to be a “privileged vehicle” which limits the total amount of time it can be debated (i.e. not subject to the filibuster). Finally, budget resolutions can be passed in the Senate with a simple majority vote (i.e. not subject to a 60 vote majority).

Despite the fact that a budget resolution is not signed into law by the President, a budget resolution can have a major impact on future legislation which may reach the desk of the President for two reasons. First, budget resolutions have the ability to include budget reconciliation instructions which can direct Committees to report legislative language which meet the goals (typically by raising revenue) of the reconciliation instructions. These budget reconciliation instructions are also considered to be a “privileged vehicle” in the Senate and can be passed with a simple majority vote. The passage of a budget resolution with reconciliation instructions is widely considered to be a major priority of the Republican majorities in the House and Senate as they currently prefer to consider “tax reform” legislation under these rules rather than through the traditional legislative process. Second, beyond the reconciliation instructions, the budget resolutions typically provide the general framework for the Appropriations Committee to begin consideration of their specific bills which fund the government.

At this time, the passage of budget resolution could face hurdles in the House of Representatives where Budget Chairwoman Diane Black (R-TN) is struggling to reconcile the demands of fiscal conservatives seeking cuts to discretionary programs in appropriation bills against the demands of more moderate members of the Republican caucus who oppose those efforts.

Transportation/House T&I

No major policy update. Focus still remains on the privatization of the air traffic control and FAA reform and expect those issues to continue being the focus throughout September

Administration

The Admin issued an executive order establishing discipline and accountability in the environmental review and permitting process for infrastructure projects, as well as rescinding FFRMS (Federal Flood Risk Management Standard). This is an early step to major regulations and policy reforms to assist current and future infrastructure projects, as well lay the framework for the proposed Trump Infrastructure Plan.

House Science Committee

On July 25, the House Science Committee held a hearing *Examining Advancements in Biofuels: Balancing Federal Research and Market Innovation*. This hearing considered the Renewable Fuel Standard but did not reveal any consequential policy punch lines for the program, in part because of how the Committee jurisdiction over biofuels is shared with Energy & Commerce Committee.

Comprehensive Energy Legislation

Senator Lisa Murkowski (R-AK) introduced the Energy and Natural Resources Act of 2017 as the successor to the Energy Policy Modernization Act of 2015/16, which did not make it into law last Congress. Since this bill is substantially similar to the previous comprehensive energy legislation, Senator Murkowski and the Senate Republican Leadership agreed to use the Rule 14 process and bypass the committee process and place the bill directly on the Senate Floor. Unfortunately, timing for the bill remains uncertain as the Senate will have a

number of more pressing matters to attend to in the fall. In addition, given Senator Murkowski's vote on the Healthcare bill recently, it is unlikely that the Senate Republican leadership will seek to move her legislation in the near term.

This legislation once again contains the Vehicle Innovation Act, which provides for \$250 million in authorized funding for the Department of Energy to fund vehicle technology advancement. Additionally, of importance to SCAQMD, is the inclusion of the DERA reauthorization language.

We would suggest that SCAQMD once again write a letter in support of these provisions and an expeditious process on this legislation.

KADESH & ASSOCIATES, LLC

MEMORANDUM

To: South Coast AQMD Legislative Committee
From: Kadesh & Associates
Date: August 24, 2017
Re: Federal Legislative Update – September 2017 Legislative Committee

The Senate and House were both in session for three weeks in July. The House adjourned at the end of July as planned, but the Senate stayed in session and additional two weeks to address the Majority proposed plans to Repeal and Replace of Obamacare, which ultimately failed.

Infrastructure

The House and Senate transportation and infrastructure related committees continued to hold hearings, particularly on FAA reform, but no large-scale infrastructure bill is in sight for this year. Some Senators are planning to roll out infrastructure ideas and bills in the fall in order to prepare the policy ground as they await a Trump Administration proposal. The Senate EPW Republicans may release their own package of ideas in early September and hold a hearing on September 20. Kadesh & Associates delivered letters from SCAQMD to Senators Feinstein and Harris regarding SCAQMD's proposal to secure 5% of funding within any Infrastructure package for clean air technologies.

September Priorities

September will have the House in for three weeks and the Senate for four weeks and deal with both the Debt Ceiling deadline of September 29 and the end of FY17 on September 30. Measures to avoid a default on U.S. debt and a government shutdown top a long list of must-pass bills awaiting lawmakers when Congress returns after its August recess.

1. Keeping the Government Funded

The House will consider its Omnibus bill for the remaining eight Appropriations bills. Look for short-term extensions of programs with authorizations that expire Sept. 30 because there's so much else to do now that Congress has postponed decisions about the fiscal 2018 budget and appropriations for the fiscal year that begins Oct. 1. Time is short. The House has scheduled 12 legislative days next month, five fewer than the Senate. That increases the likelihood that Congress will have to pass a short-term continuing resolution to keep the government funded during negotiations over 2018 appropriations later in the fall.

2. Debt Ceiling

Complicating next month's schedule is the need to extend the government's borrowing authority by raising the debt ceiling. The Treasury Department says the limit must be raised by Sept. 29 to avoid a default on obligations. Congressional leaders have said they intend to

raise the debt limit without any political or financial-market drama but talks have yet get fully under way. Hard-line conservative House Republicans have demanded deep spending cuts as the price for extending the government's borrowing authority. Democrats say want a "clean" debt-limit bill, a goal shared by the Trump administration.

Rep. Mark Meadows (R-N.C.), leader of the House Freedom Caucus, signaled he's softening his demand for spending cuts as a prerequisite for raising the debt ceiling, telling bondholders that Congress shouldn't "play around with the full faith and credit of our country." OMB Director Mick Mulvaney said that the Trump team unified in wanting a 'Clean' Debt Ceiling.

3. Budget and Taxes

A key goal of House leaders upon return from recess is to adopt a fiscal 2018 budget resolution. That would set the stage for tax code overhaul using the reconciliation procedure that bypasses the need for a Senate supermajority. Before they can bring the budget plan to the floor, GOP leaders must resolve differences among their members about how deep proposed cuts to entitlement programs should be and what should be in the tax package. Rather than waiting for the House to act, Senate leaders say they plan to press forward writing their own budget blueprint in September.

4. Appropriations

Congress procrastinated on budget and spending decisions while House and Senate Republicans pursued their unsuccessful quest to repeal Obamacare. While the House Appropriations Committee has reported all 12 spending bills, the full chamber has acted only on four of those measures rolled into a minibus (H.R. 3219) that covers Defense, Military Construction-VA, Energy and Water Development and Legislative Branch. House leaders say they intend to bundle the remaining eight spending bills for floor consideration when they return. The Senate Appropriations Committee has approved just six spending bills, none of which has been taken up on the floor.

If passed and signed into law, the House Interior bill, H.R.3354, acting as the vehicle for the Omnibus contains the following requirement for EPA:

"Administrator Priorities.—EPA is directed to submit a report within 90 days of enactment of this Act that identifies how any fiscal year 2016 and 2017 funding was used, by account, program area, and program project. Each activity funded should include a justification for the effort and any anticipated results."

This provision will present a challenge and an opportunity for each of the programs SCAQMD cares most about within EPA: DERA; Targeted Air Shed Grants; and Section 103/105 funds. That bill provides \$75 million for DERA, \$40 million for Targeted Air Shed Grants, \$1 billion for EPA grants including Section 103/105 grants.

DERA

The Senate Environment and Public Works Committee, on July 12, 2017, passed the Diesel Emissions Reduction Act of 2017 (S. 1447), by Senator Tom Carper (D-DE), joined by Senators John Barrasso (R-WY), James Inhofe (R-OK) and Sheldon Whitehouse (D-RI). This bill would reauthorize the DERA program for another five years, 2018 through 2022, with a recommended annual funding level of \$100 million. The sponsors also proposed several changes to the DERA program including requiring the recognition of "differences in typical vehicle, engine, equipment, and fleet use throughout the United States." Directly, and as a member of NACAA, SCAQMD is part of a coalition, also including industry groups, environmental and public health organizations and other stakeholders, which is urging Congress to support reauthorization of DERA.



Joe A. Gonsalves & Son

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TO: SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

FROM: ANTHONY, JASON, AND PAUL GONSALVES

SUBJECT: AUGUST LEGISLATIVE UPDATE

DATE: FRIDAY, AUGUST 25, 2017

As you are aware, the Legislature adopted their State Budget on June 15, 2017, which did not include an agreement on the extension of the cap & trade program. However, just prior to adjourning for summer recess the Legislature and Governor came to an agreement on a Cap-and-Trade extension until 2030. Now that they have returned from summer recess, the Legislature is focused on how to allocate the \$1.4 billion in the Greenhouse Gas Reduction Fund (GGRF).

CAP-AND-TRADE/GGRF

Before the Legislature adjourned for summer recess on July 21, 2017, Legislators passed and the Governor signed into law AB 617 and AB 398. AB 617 implements an air pollution monitoring program while AB 398 extends cap-and-trade to 2030. Meanwhile, the California Air Resources Board held their August Cap-and-trade auction, which generated \$935 million for the State.

During each auction, the state sets a minimum price per permit, which was \$13.57 in the latest round. The bidding led to a final price of \$14.75, the highest it's been above the minimum in years. While total revenue in the auction was \$935 million, only about \$640 million will go to the state's GGRF. Most of the revenue is already pre-programmed to affordable housing, mass transit and High-Speed Rail. However, there is still at least \$1.4 billion available, which includes some money left over from the last fiscal year and more cash expected to roll in over the next one, for the Legislature to allocate.

On August 21, 2017, the Legislature reconvened from their summer recess and Senate President Pro Tem Kevin de León announced his proposal to spend about \$1 billion to help retire old, dirtier engines, replacing tractors, trucks and cars with newer, more efficient models.

On August 29, 2017, State Senators Nancy Skinner, Richard Pan, Bob Wieckowski and Ricardo Lara announced their plan for a major investment to fund diesel free school buses, transit vehicles, and commercial medium and heavy-duty trucks in an effort to make California diesel free by 2030. The Senators were participating in CALSTART's Clean Truck and Bus Day, which brought 9 clean energy trucks and buses, and an EV school bus, to the Capitol East Lawn for public viewing.

The proposal uses Cap and Trade revenue paired with funding from the Carl Moyer Program and other sources to make a nearly \$1 billion investment in the retrofit and/or replacement of dirty diesel-fueled vehicles. The existing California Clean Truck and Bus Program, which includes the Hybrid and Zero-Emission Truck and Bus Voucher Incentive Program (HVIP), can also assist in the implementation of this goal

SCAQMD staff and consultants are currently working with Senate and Assembly Leadership, along with the Governor's office, to allocate funds from the GGRF account to the District. The Legislature has until September 15, 2017 to adopt a spending package on GGRF and SCAQMD representatives will continue to work hard to ensure that the District receives its fair share.

LEGISLATIVE CALENDAR

The following will provide you with the upcoming Legislative deadlines for the 2017-18 legislative session:

September 1, 2017 – Last Day for Fiscal Committees to Hear Bills
September 5-15, 2017 – Floor Session Only
September 8, 2017 – Last Day to Amend on the Floor
September 15, 2017 – Last Day of Session

LEGISLATION

AB 1073 (E. Garcia)

The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program funds zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies and related projects. Existing law requires the state board, when funding a specified class of projects, to allocate, until January 1, 2018, no less than 20% of that available funding to support the early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

This bill proposes to require the state board, when funding a specified class of projects, to allocate, until January 1, 2023, no less than 20% of that available funding to support the early commercial deployment or existing zero- and near-zero-emission heavy-duty truck technology.

This bill was heard in the Senate Environmental Quality Committee on June 21, 2017 and passed on a 6-0 vote. The bill is now in the Senate Appropriations Committee on the suspense file. The Senate Appropriations Committee will hear the suspense file on Friday, September 1, 2017.

AB 1082 (Burke)

This bill would require a large electrical corporation (100,000 or more service connections) to file with the PUC, by July 30, 2018, a program proposal for the installation of vehicle charging stations at school facilities. Allows an electrical corporation with 100,000 service connections or less the same ability to file with the PUC. The bill would require the PUC to review and approve, or modify and approve, the program proposal filed by the electrical corporation by December 31, 2018.

The bill would also authorize the use of these charging stations by faculty, students, and parents before, during, and after school hours at those times that the school facilities are operated for purposes of providing education or school-related activities. The bill would require the electrical corporation to install, own, operate, and maintain the charging equipment and would require that the approved program include a reasonable mechanism for cost recovery by the electrical corporation.

Lastly, the bill would require that schools receiving charging stations pursuant to the approved program participate in a time-variant rate approved by the commission.

This bill is currently on the Senate Appropriations Committee suspense file, which will be heard on Friday, September 1, 2017.

AB 1083 (Burke)

This bill proposes to require large electrical corporations (100,000 or more service connections) to file with, and the California Public Utilities Commission (CPUC) to approve, a program proposal for the installation of electric charging stations at state parks and beaches. The bill allows an electrical corporation with 100,000 service connections or less the same ability to file with the PUC.

Specifically, the bill would require electrical corporations to file with the CPUC a program proposal for the installation of electrical grid integrated level-two charging stations at state parks and beaches, by September 30, 2018.

Additionally, the electrical corporations would be required to work in consultation with the CPUC, the California Energy Commission, and the California Air Resources Board (CARB), to develop a plan to create a robust charging network at all state parks and beaches within its service territory, by July 31, 2018 with the CPUC to review and approve, or modify and approve, the program by December 31, 2018.

The electrical corporations would be required to install, own, operate, and maintain the electric vehicle charging equipment. The approved program would include a mechanism for reasonable cost recovery by the electrical corporation.

This bill is currently on the Senate Appropriations Committee suspense file, which will be heard on Friday, September 1, 2017.

AB 1646 (Muratsuchi)

This bill would require the risk management plan of a petroleum refinery to be posted on the Internet Web site of the Office of Emergency Services or on the Internet Web site of the UPA that has jurisdiction over the petroleum refinery.

In addition to existing requirements for the contents of a risk management plan, the bill would require the plan to provide for a system of automatic notification for residents who live within a 5-mile radius of the petroleum refinery, an audible alarm system that can be heard within a 10-mile radius of the petroleum refinery, and an emergency alert system for schools, public facilities, hospitals, and residential care homes located within a 10-mile radius of the petroleum refinery. The bill would require a petroleum refinery to implement those systems on or before January 1, 2019.

This bill was heard in the Senate Environmental Quality Committee on June 21, 2017 and passed on a 5-1 vote. The bill is now on the Senate Appropriations Committee suspense file, which will be heard on Friday, September 1, 2017.

AB 1647 (Muratsuchi)

This bill is the companion bill to AB 1646. The bill proposes to require an air district to require the owner or operator of a petroleum refinery to install a community air monitoring system on or before January 1, 2020, and to install a fence-line monitoring system on or before January 1, 2019.

The bill would also require the owner or operator of a refinery to collect real-time data from these monitoring systems, to make that data available to the public at the time of collection in a publicly accessible format, and to maintain records of that data.

This bill is currently on the Senate Floor and is eligible to be heard at any time.



SCAQMD Report
Gonzalez, Quintana, Hunter & Cruz, LLC
September 8, 2017 Legislative Committee Hearing

General Update

After today, September 8, 2017, five legislative days remain in the first year of this two year session. This Legislature has passed a large transportation package, has extended cap and trade, and is poised to pass a housing package as well as an appropriation of cap and trade funds and funding for air quality.

Cap & Trade

On July 25, 2017, Governor Brown signed into law an extension until 2030 of the state's cap and trade program (AB 398 (E. Garcia)) and a companion air quality bill (AB 617 (C. Garcia)) that creates a new state collaboration between air districts and the California Air Resources Board for air toxics community monitoring.

AB 398 does the following:

- 1) Requires the Air Resources Board (ARB), no later than January 1, 2018, to update the scoping plan, and requires all greenhouse gas rules and regulations adopted by ARB to be consistent with the scoping plan.,
- 2) Extends ARB's authority to establish and utilize, through regulations, a market-based mechanism,
- 3) Specifically authorizes a system of market-based declining annual aggregate emissions limits for sources or categories of sources that emit greenhouse gases (cap-and-trade) until December 31, 2030,
- 4) Extends, and expands upon, the 3.94 percent state sales and use tax (SUT) exemption available to qualified manufacturers and specified research and development firms for an additional eight years, until July 1, 2030,
- 5) Clarifies the definition of useful life to ensure that businesses that expensed some qualifying purchases also receive the SUT exemption, and
- 6) Effective 2017-18, suspends the fire prevention fee and repeals the fire prevention fee statutes on January 1, 2031.

AB 617 does the following:

- 1) Requires the Air Resources Board (ARB) to improve air pollution data collection and reporting,

- 2) Requires expedited pollution control retrofit of large stationary sources,
- 3) Increases penalties for air pollution violations
- 4) Requires enhanced air pollution monitoring
- 5) Requires ARB to adopt a statewide emissions reduction strategy targeting pollution-burdened communities, and
- 6) Requires ARB and air districts to implement community emissions reduction programs.

Sponsored Legislation

AB 1132 (C. Garcia) Non-vehicular air pollution: order of abatement.

This bill would authorize the air pollution control officer, if he or she determines that a person has violated air quality requirements and the violation presents an imminent and substantial endangerment to the public health or welfare, or the environment, to issue an order for abatement pending a hearing before the hearing board of the air district.

Update

AB 1132 was signed by the Governor on 8/7/2017. Shortly thereafter, in cooperation with South Coast staff, Assemblymember Cristina Garcia submitted a letter to the journal clarifying some opposition concerns about issues relating to odors.

AB 1274 (O'Donnell) Carl Moyer Memorial Air Quality Standards Attainment Program. Smog Abatement Fee.

This bill would, except as provided, exempt motor vehicles that are 8 or less model-years old from being inspected biennially upon renewal of registration. The bill would assess an annual smog abatement fee of \$24 on motor vehicles that are 7 or 8 model-years old. The bill would require nearly all of this fee to be deposited into the Air Pollution Control Fund and be available for expenditure, upon appropriation by the Legislature, to fund the Carl Moyer Memorial Air Quality Standards Attainment Program.

This bill requires a 2/3 vote for passage.

Update

AB 1274 passed out of Senate Environmental Quality committee with a vote of 4-2.

The bill is currently with the Senate Appropriations Committee where it has been sent to the Committee's suspense file. The Senate Appropriations suspense hearing will occur on 9/1/2017. We have been working with Senate Appropriations and leadership staff on any needed amendments that will facilitate passage of the bill. However, we will not know if the bill will move off of the suspense file until everyone finds out during the hearing.

Assembly Bill No. 617

CHAPTER 136

An act to amend Sections 40920.6, 42400, and 42402 of, and to add Sections 39607.1, 40920.8, 42411, 42705.5, and 44391.2 to, the Health and Safety Code, relating to nonvehicular air pollution.

[Approved by Governor July 26, 2017. Filed with
Secretary of State July 26, 2017.]

legislative counsel's digest

AB 617, Cristina Garcia. Nonvehicular air pollution: criteria air pollutants and toxic air contaminants.

(1) Existing law requires the State Air Resources Board to make available on its Internet Web site data concerning the emissions of greenhouse gases, criteria air pollutants, and toxic air contaminants, as specified.

This bill would require the state board to develop a uniform statewide system of annual reporting of emissions of criteria air pollutants and toxic air contaminants for use by certain categories of stationary sources. The bill would require those stationary sources to report their annual emissions of criteria air pollutants and toxic air contaminants, as specified.

(2) Existing law generally designates air pollution control and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources. Existing law authorizes the state board or an air district to require the owner or the operator of an air pollution emission source to take any action that the state board or the air district determines to be reasonable for the determination of the amount of air pollution emissions from that source.

This bill would require the state board, by October 1, 2018, to prepare a monitoring plan regarding technologies for monitoring criteria air pollutants and toxic air contaminants and the need for and benefits of additional community air monitoring systems, as defined. The bill would require the state board to select, based on the monitoring plan, the highest priority locations in the state for the deployment of community air monitoring systems. The bill would require an air district containing a selected location, by July 1, 2019, to deploy a system in the selected location. The bill would authorize the air district to require a stationary source that emits air pollutants in, or that materially affect, the selected location to deploy a fence-line monitoring system, as defined, or other specified real-time, on-site monitoring. The bill would authorize the state board, by January 1, 2020, and annually thereafter, to select additional locations for the deployment of the systems. The bill would require air districts that have deployed a system to provide to the state board air quality data produced by the system. By increasing the duties of air districts, this bill would impose a state-mandated

local program. The bill would require the state board to publish the data on its Internet Web site.

This bill would require the state board, by October 1, 2018, to prepare and update, at least once every 5 years, a statewide strategy to reduce emissions of toxic air contaminants and criteria pollutants in communities affected by a high cumulative exposure burden. The bill would require the state board to select locations around the state for the preparation of community emissions reduction programs, and to provide grants to community-based organizations for technical assistance and to support community participation in the programs. The bill would require an air district containing a selected location, within one year of the state board's selection, to adopt a community emissions reduction program. By increasing the duties of air districts, this bill would impose a state-mandated local program.

(3) Existing law requires air districts, prior to adopting rules to meet the requirement for best available retrofit control technology or for a specified feasible measure, to take specified actions, including, among others, identifying one or more potential control options that achieve the emissions reduction objectives for the rule. Existing law also authorizes a district to establish its own best available retrofit control technology requirement based upon the consideration of specified factors.

This bill would require a district that is in nonattainment for one or more air pollutants to adopt an expedited schedule for the implementation of best available retrofit control technology, as specified. The bill would require the schedule to apply to each industrial source that, as of January 1, 2017, was subject to a specified market-based compliance mechanism and give highest priority to those permitted units that have not modified emissions-related permit conditions for the greatest period of time.

This bill would require the state board to establish and maintain a statewide clearinghouse that identifies the best available control technology, best available retrofit control technology for criteria air pollutants, and related technologies for the control of toxic air contaminants.

(4) Existing law establishes maximum criminal and civil penalties for any person, as defined, for violations of air pollution laws from nonvehicular sources. Existing law generally establishes the maximum criminal and civil penalties at \$1,000, unless otherwise specified.

This bill would increase the maximum for the generally applicable criminal and civil penalties under these provisions to \$5,000. The bill would annually adjust maximum penalties for violations of these laws based on the California Consumer Price Index.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so

mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

The people of the State of California do enact as follows:

SECTION 1. Section 39607.1 is added to the Health and Safety Code, to read:

39607.1. (a) For purposes of this section, the following definitions apply:

(1) “Nonattainment pollutant” means a criteria pollutant for which a district is classified as a nonattainment area pursuant to this division or the federal Clean Air Act (42 U.S.C. Sec. 7401 et seq.).

(2) “Stationary source” means any of the following:

(A) A facility that is required to report to the state board the facility’s greenhouse gas emissions pursuant to Section 38530.

(B) A facility that is authorized by a permit issued by a district to emit 250 or more tons per year of any nonattainment pollutant or its precursors.

(C) A facility that receives an elevated prioritization score based on cancer or noncancer health impacts pursuant to Section 44360.

(b) (1) The state board, in consultation with districts, shall establish a uniform statewide system of annual reporting of emissions of criteria pollutants and toxic air contaminants for a stationary source.

(2) The state board shall require a stationary source to report to the state board its annual emissions of criteria pollutants and toxic air contaminants using the uniform statewide system of annual reporting developed pursuant to paragraph (1).

(c) With the report required pursuant to paragraph (2) of subdivision (b), the state board may require, as appropriate, a stationary source to provide relevant facility-level emissions data.

(d) The state board may require, as appropriate, a stationary source to verify or certify the accuracy of its annual emissions reports by a third-party verifier or certifier that is accredited by the state board.

SEC. 2. Section 40920.6 of the Health and Safety Code is amended to read:

40920.6. (a) Prior to adopting rules or regulations to meet the requirement for best available retrofit control technology pursuant to Sections 40918, 40919, 40920, and 40920.5, or for a feasible measure pursuant to Section 40914, districts shall, in addition to other requirements of this division, do all of the following:

(1) Identify one or more potential control options which achieves the emission reduction objectives for the regulation.

(2) Review the information developed to assess the cost-effectiveness of the potential control option. For purposes of this paragraph, “cost-effectiveness” means the cost, in dollars, of the potential control option divided by emission reduction potential, in tons, of the potential control option.

(3) Calculate the incremental cost-effectiveness for the potential control options identified in paragraph (1). To determine the incremental cost-effectiveness under this paragraph, the district shall calculate the difference in the dollar costs divided by the difference in the emission reduction potentials between each progressively more stringent potential control option as compared to the next less expensive control option.

(4) Consider, and review in a public meeting, all of the following:

(A) The effectiveness of the proposed control option in meeting the requirements of this chapter and the requirements adopted by the state board pursuant to subdivision (b) of Section 39610.

(B) The cost-effectiveness of each potential control option as assessed pursuant to paragraph (2).

(C) The incremental cost-effectiveness between the potential control options as calculated pursuant to paragraph (3).

(5) Make findings at the public hearing at which the regulation is adopted stating the reasons for the district's adoption of the proposed control option or options.

(b) A district may establish its own best available retrofit control technology requirement based upon consideration of the factors specified in subdivision (a) and Section 40406 if the requirement complies with subdivision (d) of Section 40001 and is consistent with this chapter, other state law, and federal law, including, but not limited to, the applicable state implementation plan.

(c) (1) On or before January 1, 2019, each district that is a nonattainment area for one or more air pollutants shall adopt an expedited schedule for the implementation of best available retrofit control technology (BARCT), by the earliest feasible date, but in any event not later than December 31, 2023.

(2) The schedule shall apply to each industrial source that, as of January 1, 2017, was subject to a market-based compliance mechanism adopted by the state board pursuant to subdivision (c) of Section 38562.

(3) The schedule shall give highest priority to those permitted units that have not modified emissions-related permit conditions for the greatest period of time. The schedule shall not apply to an emissions unit that has implemented BARCT due to a permit revision or a new permit issuance since 2007.

(d) Prior to adopting the schedule pursuant to paragraph (1) of subdivision (c), a district shall hold a public meeting and take into account:

(1) The local public health and clean air benefits to the surrounding community.

(2) The cost-effectiveness of each control option.

(3) The air quality and attainment benefits of each control option.

(e) A district shall allow the retirement of marketable emission reduction credits under a program which complies with all of the requirements of Section 39616, or emission reduction credits which meet all of the requirements of state and federal law, including, but not limited to, the requirements that those emission reduction credits be permanent, enforceable, quantifiable, and surplus, in lieu of any requirement for best available retrofit

control technology, if the credit also complies with all district rules and regulations affecting those credits.

(f) After a district has established the cost-effectiveness, in a dollar amount, for any rule or regulation adopted pursuant to this section or Section 40406, 40703, 40914, 40918, 40919, 40920, 40920.6, or 40922, the district, consistent with subdivision (d) of Section 40001, shall allow alternative means of producing equivalent emission reductions at an equal or lesser dollar amount per ton reduced, including the use of emission reduction credits, for any stationary source that has a demonstrated compliance cost exceeding that established dollar amount.

SEC. 3. Section 40920.8 is added to the Health and Safety Code, to read:

40920.8. (a) The state board shall establish and maintain a statewide clearinghouse that identifies the best available control technology and best available retrofit control technology for criteria air pollutants, and related technologies for the control of toxic air contaminants.

(b) When updating best available control technology determinations, a district shall use the information in the statewide clearinghouse established and maintained by the state board.

SEC. 4. Section 42400 of the Health and Safety Code is amended to read:

42400. (a) Except as otherwise provided in Section 42400.1, 42400.2, 42400.3, 42400.3.5, or 42400.4, any person who violates this part, or any rule, regulation, permit, or order of the state board or of a district, including a district hearing board, adopted pursuant to Part 1 (commencing with Section 39000) to Part 4 (commencing with Section 41500), inclusive, is guilty of a misdemeanor and is subject to a fine of not more than five thousand dollars (\$5,000) or imprisonment in the county jail for not more than six months, or both.

(b) If a violation under subdivision (a) with regard to the failure to operate a vapor recovery system on a gasoline cargo tank is directly caused by the actions of an employee under the supervision of, or of any independent contractor working for, any person subject to this part, the employee or independent contractor, as the case may be, causing the violation is guilty of a misdemeanor and is punishable as provided in subdivision (a). That liability shall not extend to the person employing the employee or retaining the independent contractor, unless that person is separately guilty of an action that violates this part.

(c) Any person who owns or operates any source of air contaminants in violation of Section 41700 that causes actual injury, as defined in subdivision (d), to the health or safety of a considerable number of persons or the public is guilty of a misdemeanor and is subject to a fine of not more than fifteen thousand dollars (\$15,000) or imprisonment in the county jail for not more than nine months, or both.

(d) As used in this section, “actual injury” means any physical injury that, in the opinion of a licensed physician and surgeon, requires medical treatment involving more than a physical examination.

(e) Each day during any portion of which a violation of subdivision (a) or (c) occurs is a separate offense.

SEC. 5. Section 42402 of the Health and Safety Code is amended to read:

42402. (a) Except as provided in Sections 42402.1, 42402.2, 42402.3, and 42402.4, any person who violates this part, any order issued pursuant to Section 42316, or any rule, regulation, permit, or order of a district, including a district hearing board, or of the state board issued pursuant to Part 1 (commencing with Section 39000) to Part 4 (commencing with Section 41500), inclusive, is strictly liable for a civil penalty of not more than five thousand dollars (\$5,000).

(b) (1) Any person who violates any provision of this part, any order issued pursuant to Section 42316, or any rule, regulation, permit or order of a district, including a district hearing board, or of the state board issued pursuant to Part 1 (commencing with Section 39000) to Part 4 (commencing with Section 41500), inclusive, is strictly liable for a civil penalty of not more than ten thousand dollars (\$10,000).

(2) (A) If a civil penalty in excess of five thousand dollars (\$5,000) for each day in which a violation occurs is sought, there is no liability under this subdivision if the person accused of the violation alleges by affirmative defense and establishes that the violation was caused by an act that was not the result of intentional conduct or negligent conduct.

(B) Subparagraph (A) shall not apply to a violation of federally enforceable requirements that occur at a Title V source in a district in which a Title V permit program has been fully approved.

(C) Subparagraph (A) does not apply to a person who is determined to have violated an annual facility emissions cap established pursuant to a market based incentive program adopted by a district pursuant to subdivision (b) of Section 39616.

(c) Any person who owns or operates any source of air contaminants in violation of Section 41700 that causes actual injury, as defined in subdivision (d) of Section 42400, to the health and safety of a considerable number of persons or the public, is liable for a civil penalty of not more than fifteen thousand dollars (\$15,000).

(d) Each day during any portion of which a violation occurs is a separate offense.

SEC. 6. Section 42411 is added to the Health and Safety Code, to read:

42411. Notwithstanding any other law, maximum penalties assessed by the state board or a district pursuant to this chapter as of January 1, 2018, shall be increased annually based on the California Consumer Price Index as compiled and reported by the Department of Industrial Relations.

SEC. 7. Section 42705.5 is added to the Health and Safety Code, to read:

42705.5. (a) For purposes of this section, the following definitions and related provisions shall apply:

(1) "Community air monitoring system" means advanced sensing monitoring equipment that measures and records air pollutant concentrations in the ambient air at or near sensitive receptor locations and in disadvantaged

communities and that may be useful for estimating associated pollutant exposures and health risks, determining trends in air pollutant levels over time, and in supporting enforcement efforts.

(2) “Disadvantaged community” means a community identified as disadvantaged pursuant to Section 39711.

(3) “Fence-line monitoring system” means monitoring equipment that measures and records air pollutant concentrations at or adjacent to a stationary source that may be useful for detecting or estimating emissions of pollutants from the source, including the quantity of fugitive emissions, and in supporting enforcement efforts.

(4) “Nonattainment pollutant” has the same meaning as in Section 39607.1.

(5) “Sensitive receptors” includes hospitals, schools and day care centers, and such other locations as the district or state board may determine.

(6) “Stationary source” has the same meaning as in Section 39607.1.

(b) On or before October 1, 2018, the state board shall prepare, in consultation with the Scientific Review Panel on Toxic Air Contaminants, the districts, the Office of Environmental Health Hazard Assessment, environmental justice organizations, affected industries, and other interested stakeholders, a monitoring plan regarding the availability and effectiveness of toxic air contaminant and criteria air pollutant advanced sensing monitoring technologies and existing community air monitoring systems, as well as the need for and benefits of establishing additional community air monitoring systems. In preparing the monitoring plan, the state board shall conduct at least one public workshop in each of the northern, central, and southern parts of the state.

(c) Based on findings and recommendations in the monitoring plan prepared pursuant to subdivision (b), the state board shall select, concurrent with the monitoring plan, in consultation with the districts and based on an assessment of the locations of sensitive receptors and disadvantaged communities, the highest priority locations around the state to deploy community air monitoring systems, which shall be communities with high exposure burdens for toxic air contaminants and criteria air pollutants. By July 1, 2019, any district containing a location selected pursuant to this subdivision shall deploy a community air monitoring system in the selected location or locations. In implementing this subdivision, the district may require any stationary source that emits pollutants in, or that materially affect, the highest priority locations identified pursuant to this subdivision to deploy a fence-line monitoring system or other appropriate real-time, on-site monitoring, taking into account technical capabilities, cost, and the degree to which additional data would materially contribute to an understanding of community risk.

(d) By January 1, 2020, and January 1 of every year thereafter, the state board shall select additional locations pursuant to subdivision (c), as the state board deems appropriate based on the monitoring plan described in subdivision (b). Any district containing a location selected pursuant to this subdivision shall deploy a community air monitoring system in the selected

location within one year of the state board selecting the location. The state board shall hold an annual public hearing on the status of implementing the network of community air monitoring systems and make recommendations for improvements.

(e) The districts shall provide to the state board the air quality data produced by the community air monitoring systems deployed pursuant to this section. The state board shall publish the air quality data on its Internet Web site.

SEC. 8. Section 44391.2 is added to the Health and Safety Code, to read:

44391.2. (a) For purposes of this section, the following provisions shall apply:

(1) “Disadvantaged community” means a community identified as disadvantaged pursuant to Section 39711.

(2) “Sensitive receptors” includes the same locations as specified in subdivision (a) of Section 42705.5.

(b) On or before October 1, 2018, the state board shall prepare, in consultation with the Scientific Review Panel on Toxic Air Contaminants, the districts, the Office of Environmental Health Hazard Assessment, environmental justice organizations, affected industry, and other interested stakeholders, a statewide strategy to reduce emissions of toxic air contaminants and criteria air pollutants in communities affected by a high cumulative exposure burden. The state board shall update the strategy at least once every five years. In preparing the strategy, the state board shall conduct at least one public workshop in each of the northern, central, and southern parts of the state. The strategy shall include criteria for the development of community emission reduction programs. The criteria presented in the state strategy shall include, but are not limited to, all of the following:

(1) An assessment and identification of communities with high cumulative exposure burdens for toxic air contaminants and criteria air pollutants. The assessment shall prioritize disadvantaged communities and sensitive receptor locations based on one or more of the following: best available modeling information, existing air quality monitoring information, existing public health data based on consultation with the Office of Environmental Health Hazard Assessment, and the monitoring results obtained pursuant to Section 42705.5.

(2) A methodology for assessing and identifying the contributing sources or categories of sources, including, but not limited to, stationary and mobile sources, and an estimate of their relative contribution to elevated exposure to air pollution in impacted communities identified pursuant to paragraph (1).

(3) An assessment of whether a district should update and implement the risk reduction audit and emissions reduction plan developed pursuant to Section 44391 for any facility to achieve emission reductions commensurate with its relative contribution, if the facility’s emissions either cause or significantly contribute to a material impact on a sensitive receptor location or disadvantaged community, based on any data available for

assessment pursuant to paragraph (1) of subdivision (b) or other relevant data.

(4) An assessment of the existing and available measures for reducing emissions from the contributing sources or categories of sources identified pursuant to paragraph (2), including, but not limited to, best available control technology, as defined in Section 40405, best available retrofit control technology, as defined in Section 40406, and best available control technology for toxic air contaminants, as defined in Section 39666.

(c) (1) Based on the assessment and identification pursuant to paragraph (1) of subdivision (b), the state board shall select, concurrent with the strategy, locations around the state for preparation of community emissions reduction programs. The state board shall select additional locations annually thereafter, as appropriate.

(2) Within one year of the state board's selection, the district encompassing any location selected pursuant to this subdivision shall adopt, in consultation with the state board, individuals, community-based organizations, affected sources, and local governmental bodies in the affected community, a community emissions reduction program to achieve emissions reductions for the location selected using cost-effective measures identified pursuant to paragraph (4) of subdivision (b).

(3) The community emissions reduction programs shall be consistent with the state strategy and include emissions reduction targets, specific reduction measures, a schedule for the implementation of measures, and an enforcement plan.

(4) The community emissions reduction programs shall be submitted to the state board for review and approval within 60 days of the receipt of the program. Programs that are rejected shall be resubmitted within 30 days. To the extent that a program, in whole or in part, is not approvable, the state board shall initiate a public process to discuss options for achievement of an approvable program. Concurrent with the public process to achieve an approvable program, the state board shall develop and implement the applicable mobile source elements in the draft program to commence achievement of emission reductions.

(5) The programs shall result in emissions reductions in the community, based on monitoring or other data.

(6) In implementing the program, the district and the state board shall be responsible for measures consistent with their respective authorities.

(7) A district encompassing a location selected pursuant to this subdivision shall prepare an annual report summarizing the results and actions taken to further reduce emissions pursuant to the community emissions reduction program.

(8) Compliance with the community emissions reduction program prepared pursuant to this section, including its implementation, shall be enforceable by the district and state board, as applicable.

(d) The state board shall provide grants to community-based organizations for technical assistance and to support community participation in the implementation of this section and Section 42705.5.

SEC. 9. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act, within the meaning of Section 17556 of the Government Code.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.



South Coast Air Quality Management District

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HOME RULE ADVISORY GROUP

Wednesday, July 12, 2017

MEETING MINUTES

CHAIR:

Dr. Joseph Lyou, Governing Board member

MEMBERS PRESENT:

Curt Coleman (Southern California Air Quality Alliance); Mike Carroll (Regulatory Flexibility Group); Bill LaMarr (California Small Business Alliance); Terry Roberts (American Lung Association of California); David Rothbart (Los Angeles County Sanitation District); TyRon Turner (Dakota Communications); and Amy Zimpfer (EPA).

The following members participated by conference call: Jayne Joy (Eastern Municipal Water District); Rongsheng Luo (SCAG); and Bill Quinn (California Council for Environmental & Economic Balance).

MEMBERS ABSENT:

Micah Ali (Compton Unified School District Board of Trustees); Michael Downs (Downs Energy); Jaclyn Ferlita (Air Quality Consultants); Chris Gallenstein (CARB); Art Montez (AMA International); Penny Newman (Center for Community Action and Environmental Justice); Mark Olson (Gerdau Rancho Cucamonga Mill); Larry Rubio (Riverside Transit Agency); Patty Senecal (Western States Petroleum Association); Larry Smith (Cal Portland Cement); and Morgan Wyenn (Natural Resources Defense Council).

OTHER ATTENDEES:

Mark Abramowitz (Board Consultant to Dr. Lyou); Rita Loof (RadTech), Lauren Nevitt (SoCalGas), and Susan Stark (Tesoro)

SCAQMD STAFF:

| | |
|-----------------|-----------------------------|
| Philip Fine | Deputy Executive Officer |
| Barbara Baird | Chief Deputy Counsel |
| Philip Crabbe | Community Relations Manager |
| Ian MacMillican | Planning & Rules Manager |
| Ann Scagliola | Administrative Secretary |

OPENING COMMENTS AND SELF-INTRODUCTIONS

The meeting was called to order at 10:00 a.m. by Dr. Joseph Lyou (Chairman).

APPROVAL OF JANUARY 11, 2017 MEETING MINUTES

Dr. Lyou asked for comments on the May 10, 2017 meeting minutes. Hearing none, the minutes were approved.

EPA AND FEDERAL ACTIVITIES

Amy Zimpfer provided an update on recent U.S. EPA and federal activities.

- At the July 7, 2017 South Coast Air Quality Management District (SCAQMD) Governing Board meeting, the RECLAIM Reasonably Available Control Measures (RACM)/Reasonably Available Control Technologies (RACT) demonstration was adopted. EPA has proposed full approval, with the comment period to close on July 17, 2017.
- A Concurrent action was the SCAQMD modification of RECLAIM rules and incorporation of the rules into the State Implementation Plan (SIP). EPA has proposed full approval, with the comment period closed on July 6, 2017. A comment letter was received from EARTHJUSTICE, which contains substantive comments on the RECLAIM RACT. Comments letters will be evaluated and final action should occur in the next month.
- RECLAIM rule modifications will be evaluated in relation to the previously identified 2006 State Implementation Plan RACT deficiency and EPA will propose final action in September 2017.
- Review of the SCAQMD 2016 Air Quality Management Plan, submitted earlier this year, will begin soon. Review will likely be pollutant-by-pollutant.
- Diesel Emission Reduction Act (DERA) funding competitive grant request for proposal period closed July 5, 2017. EPA staff will review submittals and award grants in the fall of 2017.
- The next round in the DERA School Bus Rebate Program will be announced soon.
- Tribal DERA request for proposal period will begin this summer.
- In 2016, DERA grants were issued to the Port of Los Angeles, City of Long Beach Harbor, and the South Coast Air Quality Management District.
- Targeted Air Shed Grants requests for proposals for 2017 will be announced soon.
- EPA continues to work collectively on the Clean Air Technology Initiative with SCAQMD, San Joaquin Valley Air Pollution Control District, the Energy Commission, and California Air Resources Board to focus efforts on how to advance technology.
- Volkswagen Diesel Settlement mitigation trust fund agreements are being finalized.
- National updates - Executive Orders from President (Regulatory Reform and Two-for-One Regulation), no political appointees yet for Region 9 Regional Administrator and related offices, the 2015 National Ambient Air Quality Standards for Ozone and extended deadline, moving forward on SIP rule for Particulate Matter, and Administrator Pruitt still needs to be briefed on the District's and State's petition to move forward on a Low NOx Standard for Heavy-Duty Trucks.

Discussion

Curt Coleman inquired if the RECLAIM rules modification included the recent shave and the amendments on how to handle shutdowns. Amy Zimpfer replied yes.

Barbara Baird requested a copy of the EARTHJUSTICE comment letter received by EPA. Amy Zimpfer indicated that she could provide a copy for the advisory group members.

Dr. Lyou requested that staff reach out to tribes within the District to make sure they are aware of EPA's Tribal DERA, for potential emission reductions.

Bill LaMarr inquired about the infusion of new available funding and if the District has the authority to allocate this funding for the 2016 AQMP incentives. Staff commented that we are continually working to allocate existing and new funding for AQMP incentives.

CARB REGULATORY ACTIVITIES

There was no update provided.

LEGISLATIVE UPDATE

Philip Crabbe reported on the May 12, 2017 Legislative Committee, at which SCAQMD's federal legislative consultants reported on President Donald Trump's cabinet appointments, stating that the United States Senate confirmed Robert Lighthizer to be the United States Trade Representative, thus completing the filling of the 13 cabinet level appointee positions. It was also reported that President Trump named a couple of people to the Federal Energy Regulatory Commission (FERC), including Neil Chatterjee, who was the main energy and environment staffer for Senator Mitch McConnell. SCAQMD staffers and officials have met with Mr. Chatterjee several times over the past couple of years in Washington, D.C.

Mr. Crabbe stated that the Legislative Committee considered the following four state bills for positions:

AB 378 (C. Garcia) - Greenhouse Gases, Criteria Air Pollutants and Toxic Air Contaminants.

This bill would extend the California Air Resources Board's (CARB) cap-and-trade authority to 2030, prohibit a facility from increasing its annual greenhouse gas (GHG) emissions compared to its 2014-2016 average, authorize CARB to adopt "no-trade zones" or facility-specific declining GHG limits, and require CARB to adopt air pollutant emissions that industrial facilities must meet to receive free allowances after 2020. Mr. Crabbe stated that this bill is essentially dead, however the concept of matching cap-and-trade program reauthorization with legislative language relating to criteria pollutant and toxic emissions reduction has continued on as a concept in current cap and trade-related legislation. The Legislative Committee adopted staff's recommended position of WORK WITH AUTHOR on this bill.

AB 890 (Medina) - Local Land Use Initiatives: Environmental Review. This bill would require the city attorney or county counsel, within 15 days after a proposed initiative measure is filed, to determine whether the measure constitutes a project proposing specific activity that would eliminate discretionary land use approval for future development. If the city attorney or county counsel makes the determination that the measure constitutes such a project, the bill would require the city or county to comply with the requirements of CEQA. Within 5 days of completing the CEQA process, the bill would require the election officials to furnish to the proponents of the proposed measure an environmental summary of the measure. The bill would establish that the provision of the environmental summary to the proponent of the proposed measure constitutes approval of the project for purposes of CEQA. The bill would then require the governing body to submit the proposed ordinance, without alteration, to the voters at a special election. Mr. Crabbe reported that SCAQMD staff recommended a position of SUPPORT on this bill, however the Legislative Committee approved a WATCH position.

AB 1073 (E. Garcia) - California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program. This bill would extend the statutory sunset of January 1, 2018 to January 1, 2023 requiring CARB to allocate no less than 20 percent of available funding of the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program to support the early commercial deployment of existing zero and near-zero-emission heavy-duty truck technology. The Legislative Committee adopted staff's recommended position of SUPPORT on this bill.

AB 1647 (Muratsuchi) - Petroleum Refineries: Air Monitoring Systems. This bill would, among other things, require an air district to require a petroleum refinery owner or operator to

install monitoring systems, which would include a community air monitoring system and a fence line monitoring system.

SCAQMD staff expressed concerns that this bill, as a state-wide approach to refineries, could impede the work currently being done by SCAQMD on local rulemaking regarding this issue. The Legislative Committee adopted staff's recommended position of WORK WITH AUTHOR on this bill.

Next, Mr. Crabbe reported on the June 9, 2017 Legislative Committee meeting, at which SCAQMD's federal legislative consultants reported that the White House is currently holding an "infrastructure summit" with mayors and governors in attendance. It was also stated that President Trump was at the United States Department of Transportation to discuss infrastructure. An update on U.S. EPA and the status of the ozone rule was also given: U.S. EPA will extend the implementation of the ozone rule for one year, and it is expected that they will review the rule and have another rulemaking in a year reflecting their final decisions.

In addition, SCAQMD's federal consultants mentioned President Trump's proposed budget and highlighted concerns regarding the proposed cuts in the U.S. EPA budget. The first hearing with U.S. EPA Administrator Scott Pruitt has been scheduled for June 15, in the House Appropriations Interior, Environment, and Related Agencies Subcommittee and SCAQMD consultants made sure that SCAQMD's concerns were made known.

The Legislative Committee was also updated on the results of the special election for the 34th congressional district, with now Congressional Member Jimmy Gomez winning that seat.

On the state side, Mr. Crabbe reported on the California Legislature's house of origin deadline and stated that the deadline applies to all bills except urgency bills. Bills that did not meet the house of origin deadline are now considered two-year bills.

An update was also given on the status of cap and trade and noted that while AB 378 did fail in the Assembly, the Senate's version, SB 775, also essentially has stalled. It was reported that Governor Brown and the legislative leadership have a new cap and trade program legislative package that has two parts; the first being an extension of the existing cap and trade program, and the second companion bill that focuses more on criteria pollutants and air toxic emission reduction from stationary sources. SCAQMD's strong concerns about this legislative package is that it imposes a large unfunded mandate related to local stationary source emissions monitoring and remediation and does not include new needed funding for reducing mobile source criteria pollutant and toxic emissions reduction.

Mr. Crabbe also reported that SCAQMD's sponsored bill AB 1132 (C. Garcia), regarding authority for orders for abatement in response to an imminent and substantial endangerment to public health, welfare or the environment, passed out of the Senate Environmental Quality Committee with minor amendments. AB 1132 was reported to be eligible to be taken up for consideration on the Senate Floor in the near future.

SCAQMD's other sponsored bill, AB 1274 (O'Donnell), regarding a smog abatement fee that would provide for additional Carl Moyer Program funding, passed out of the Senate Transportation Committee and the Senate Environmental Quality Committee and is now headed to the Senate Appropriations Committee. The bill will likely be placed on the Appropriations Committee's suspense file for later consideration in August.

Mr. Crabbe stated that the Legislative Committee considered the following proposed policy regarding Cap and Trade Program reauthorization for approval and five state bills for positions:

SCAQMD Policy Regarding the Reauthorization of the California Greenhouse Gas Cap-and-Trade Program. The California Greenhouse Gas Cap-and-Trade Program improves air quality and provides a potential source of funding for reduction of emissions from mobile and stationary sources of air pollution. Staff recommended adopting a support position regarding reauthorization of the California Greenhouse Gas Cap-and-Trade Program beyond the year 2020.

The Legislative Committee approved staff's recommendation that the Committee adopt the Proposed Policy Regarding the Reauthorization of the California Greenhouse Gas Cap-and-Trade Program. However, at the July Governing Board meeting, this position was amended so that SCAQMD supports reauthorization of the cap-and-trade program, provided that sufficient and sustained funding is provided for any additional criteria and toxic pollution reduction efforts that might be required by the cap-and-trade legislative package.

AB 739 (Chau) - State vehicle fleet: purchases. This bill would require at least 15% of specified heavy-duty vehicles purchased by state agencies to be zero-emission (ZEV) by 2025 and at least 30% of those vehicles to be ZEV by 2030. The Legislative Committee adopted staff's recommended position of SUPPORT on this bill.

AB 797 (Irwin) - Solar thermal systems. This bill seeks to extend, from August 1, 2018 to August 1, 2020, and modify an existing incentive program for solar water heating systems administered by investor-owned utilities under the supervision of the California Public Utilities Commission. The Legislative Committee adopted staff's recommended position of SUPPORT on this bill.

AB 1239 (Holden) - Building standards: electric vehicle charging infrastructure. This bill would require the Department of Housing and Community Development (HCD) and the California Building Standards Commission (CBSC) to research, propose and adopt mandatory building standards regarding electric vehicle (EV) capable parking spaces. The Legislative Committee adopted staff's recommended position of SUPPORT on this bill.

SB 100 (De Léon) - California Renewables Portfolio Standard Program: emissions of greenhouse gases. This bill would establish a target of generating 100% of California's retail sales of electricity from renewable energy resources by 2045. In addition, the bill would accelerate and expand the existing Renewable Portfolio Standard (RPS) and require state agencies to incorporate into existing climate programs the planning goal and regulatory requirement of achieving 100-percent reliance on renewable energy resources or zero-carbon resources by the end of 2045. The Legislative Committee adopted staff's recommended position of SUPPORT on this bill.

SB 518 (De Léon) - Clean Energy Job Creation Program and citizen oversight board. This bill would establish the Clean Energy Job Creation Program to fund, through annual budget appropriations, energy efficiency and clean energy projects in public schools and community colleges (K-14). The bill would also appropriate unallocated Proposition 39 monies, including \$75 million for school bus retrofit and replacements. The Legislative Committee adopted staff's recommended position of SUPPORT on this bill.

Discussion

David Rothbart asked about SCAQMD's position on AB 617. Staff explained how SCAQMD's position changed at the July 2017 Board meeting to oppose, unless amended to cover funding for the new mandates.

TyRon Turner inquired about SCAQMD's position on AB 1647 (Muratsuchi). Staff indicated that we support the bill's goals in concept, but we do not want the bill requirements to preclude our public process. SCAQMD is currently working on our own rule with essentially the same requirements, and we want fully flexibility in our rulemaking process.

TyRon Turner further inquired if the petroleum companies would be responsible for paying SCAQMD for the monitoring. Staff indicated that the Bay Area AQMD already has a rule that requires refineries to do their own fenceline monitoring and then pay the District for community based monitoring, and we are looking at their rule and considering what aspects will or will not work for SCAQMD.

Bill La Marr expressed concern about the affordability of fenceline monitoring for small businesses, as outlined in the current rulemaking process for Rules 1469 and 1426. Staff indicated that SCAQMD is considering the costs and benefits of monitoring, and mentioned proposed AB 617 which will require monitoring in many communities.

District Counsel indicated that the District has objected to unfunded mandates, and in our comment letter to the California Legislature, we indicated that one has to consider the legal ability to raise fees and the practical ability to implement them. Staff added that monitoring is an invaluable tool in finding out information that we were not aware of previously. Bill La Marr asked if the Advisory Group could be provided with a copy of the District's AB 617 comment letter.

Lauren Nevitt inquired if the recent changes to the Greenhouse Gas Reduction Fund (GGRF) cap-and-trade bill which included GGRF funding for mobile and stationary source air pollution reduction was seen as beneficial for the District's quest for funding. Staff indicated that we would like to see more specific dollar amounts involved in actual allocation, rather than just expressions of priority without funding being specified.

UPDATE REGARDING LITIGATION ITEMS AND RELATED EPA ACTIONS

Barbara Baird proved an update to the litigation status report handout.

- Case #9 –this case is now set for oral argument on September 15, 2017 in Washington, D.C.
- There are two new SCAQMD litigation cases:
 - ✓ Communities for a Better Environment (CBE) vs SCAQMD, Case No. BS169841
 - ✓ Safe Fuel and Energy Resources California (SAFER) vs SCAQMD, Case No. BS169923

UPDATE ON FACILITY-BASED MOBILE SOURCE MEASURES

Mr. Ian MacMillan presented a summary of recent and upcoming activities with the Facility-Based Mobile Source Measures (FBMSM).

Discussion

Dr. Lyou asked if EPA had any comments on the proposed approach. Ms. Zimpfer responded that they are continuing to work productively with staff on how to get credit in the State Implementation Plan (SIP) for these measures. She also provided an example in Plumas County of a wood stove change-out program that EPA is reviewing now to determine if it is SIP creditable. Dr. Lyou asked how any voluntary emission reductions obtained through FBMSM could get us to attainment, regardless if they can get credit in the SIP. Staff replied that these measures can be used to reduce the amount of emission reductions that rely on Clean Air Act 182 (e)(5) flexibility and that by reducing that undefined commitment, it reduces the amount of emission reductions that would need to be sought in any later regulations, such as indirect source rules if they should need to be pursued.

Dr. Lyou asked if the Health and Safety Code states that Districts ‘may’ or ‘shall’ require indirect sources to reduce emissions. District counsel replied that Health and Safety Code section 40716 states that Districts ‘may’ adopt indirect source rules, but that section 40440 includes a ‘shall’ provision, with some caveats.

Dr. Lyou inquired about the process for FBMSM. Staff replied that working groups are ongoing, and that by March 2018 staff will return to the Governing Board with a recommended approach, including potential voluntary approaches, SIP crediting mechanisms, and rule concepts including credit generation or indirect source rules. Ms. Zimpfer noted that technology advancement is key. Staff commented that the approach for each Facility Based Measure may be very different, and will likely be tailored to each sector.

Curt Coleman inquired about a people mover at LAX. Staff replied that there are projects underway on this.

Dr. Lyou inquired about any particular challenges staff foresees in getting SIP credit. Staff replied that timing will be a challenge as financial incentives and regulations at the state and federal level are not yet fully identified, and the number of stakeholders involved may affect how each measure moves forward.

Dr. Lyou asked how CEQA plays a role in FBMSM. Staff replied that CEQA may provide opportunities, however additional pieces may need to be added to get SIP credit.

Dr. Lyou asked if feasible mitigation is implemented, would it automatically be SIP creditable. Staff indicated that it depends, for example requiring Tier 4 off-road equipment may be feasible, but the SIP inventory already assumes some level of Tier 4 utilization and determining surplus reductions is key. Staff also replied that there may be an ability to use CEQA and develop standard guidance to encourage lead agencies to reduce emissions.

Curt Coleman asked when working groups are joined together or kept apart. Staff replied that groups are brought together depending on topic.

Lauren Nevitt inquired about a fee based indirect source rule like San Joaquin Valley Air Pollution Control District’s Rule 9510. Staff replied that a fee based approach is possible, but that a fee or plan based program also has a large administrative component that poses some challenges with a large District like South Coast with potentially thousands of projects.

CONSENSUS BUILDING

There was no report.

SUBCOMMITTEE STATUS REPORTS

A. Freight Sustainability (Lauren Nevitt)

There is no report.

Discussion

Dr. Lyou reported that the Ports of Los Angeles and Long Beach are schedule to release their draft Clean Air Action Plan on July 19, 2017.

B. Small Business Considerations (Bill LaMarr)

There was no report.

C. Environmental Justice (Curt Coleman)

Curt Coleman reported that the OEHHA Calenviroscreen 3.0 webpage is up, with maps to download.

D. Climate Change (David Rothbart)

David Rothbart reported on legislation to extend California's cap-and-trade program, AB 398.

Public Comments

Rita Loof expressed concerns about the Rule 1168 recordkeeping requirements. Ms. Loof also inquired about the low VOC materials (LVM) form, presented at the Rule 219 hearing, and wanted to follow-up with staff on the draft LVM form and the public outreach mentioned at the Board meeting.

REPORT FROM AND TO THE STATIONARY SOURCE COMMITTEE

Philip Fine reported on items on July 2017 meeting agenda.

- Home Rule Advisory Group new membership appointees.
- Proposed Amendments to Rule 1401.
- Proposed Rules 1304.2 and 1304.3.
- Status report on New Source Review (NSR).

OTHER BUSINESS

There was no discussion.

PUBLIC COMMENT

Rita Loof inquired about the comment period on the potential change to the Public Comment Procedure. Barbara Baird suggest that Ms. Loof contact Derrick Alatorre, who is overseeing the public workshop.

ADJOURNMENT

The meeting was adjourned at 12:22 p.m. The next meeting of the Home Rule Advisory Group is scheduled for 10:00 a.m. on September 13, 2017, and will be held at SCAQMD in Conference Room CC-8.