

BOARD MEETING DATE: April 6, 2018

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the March 2, 2018 meeting.

RECOMMENDED ACTION:

Approve Minutes of the March 2, 2018 Board Meeting.

Denise Garzaro
Clerk of the Boards

DG

FRIDAY, MARCH 2, 2018

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

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

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

Mayor Ben Benoit,
Cities of Riverside County

Council Member Joe Buscaino
City of Los Angeles

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

Dr. Joseph K. Lyou
Governor's Appointee

Mayor Larry McCallon
Cities of San Bernardino County

Mayor Pro Tem Judith Mitchell
Cities of Los Angeles County – Western Region

Supervisor Shawn Nelson
County of Orange

Council Member Dwight Robinson
Cities of Orange County

Supervisor Janice Rutherford
County of San Bernardino

Supervisor Hilda L. Solis
County of Los Angeles

Member absent:

Supervisor Marion Ashley
County of Riverside

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

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

Chairman Burke announced that he attended a ribbon cutting ceremony for the CV Link project on February 23, 2018, which honored former Board Member and County of Riverside Supervisor John Benoit. Once completed, the project will provide a 50-mile bicycle, pedestrian and low-speed electric vehicle pathway through Coachella Valley cities.

Mayor Benoit announced that he also attended the ribbon cutting ceremony for the CV Link project and spoke about his father's vision for the project and future connections to other venues.

Council Member Robinson reported that he attended the Rethink Methane Conference in Sacramento on February 6-7, 2018, where he moderated a panel and had the opportunity to introduce the keynote speaker Assemblywoman Autumn Burke who gave an impressive speech.

Council Member Cacciotti announced that he attended the demonstration project for hybrid police pursuit vehicles at the Auto Club Speedway in Fontana on February 13, 2018 along with Board Members Benoit and McCallon and Dr. Miyasato where they had the opportunity to test drive the vehicles. He remarked about the overall cost savings and emission reductions in that these vehicles will provide.

Chairman Burke acknowledged Mayor Peggy Lemons to provide public comments.

Peggy Lemons, Mayor of City of Paramount, thanked the Board for SCAQMD'S extensive efforts in investigating and addressing high levels of hexavalent chromium within the city.

Chairman Burke presented Ali Ghasemi, Program Supervisor, a retirement award in recognition of his 30 years of dedicated District service.

CONSENT CALENDAR

1. Approve Minutes of February 2, 2018 Board Meeting

2. Set Public Hearing April 6, 2018 to Consider Adoption of and/or Amendments to SCAQMD Rules and Regulations:
 - A. Certify Final Environmental Assessment and Amend Rule 1469 – Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations
 - B. Certify Final Environmental Assessment and Amend Rule 1178 – Further Reductions of VOC Emissions from Storage Tanks at Petroleum Facilities; and Determine that Proposed Amendments to Rule 219 – Equipment Not Requiring a Written Permit Pursuant to Regulation II are exempt from CEQA and Amend Rule 219

Budget/Fiscal Impact

3. Execute Contract to Implement Consumer Rebate Program for Rule 1111 Compliant Natural Gas-Fired, Fan-Type Central Furnaces
4. Issue RFPs to Implement Recommendations to Enhance Socioeconomic Assessments for AQMP
5. Adopt Resolution Recognizing Funds and Accepting Terms and Conditions for FY 2017-18 Carl Moyer Program Award, Issue Program Announcements for Carl Moyer Program and SOON Provision, Transfer Funds for Voucher Incentive Program and Amend Contract
6. Appropriate Funds and Execute Contract for Strategic Consulting Services
7. Issue Purchase Order to Promote "The Right to Breathe" Video
8. Transfer and Appropriate Funds and Execute Contracts for Short- and Long-Term Systems Development, Maintenance and Support Services
9. Amend Contracts to Provide Systems Development Services for Legal Division Case Management System Development and Implementation
10. Approve SCAQMD Annual Investment Policy and Delegation of Authority to Appointed Treasurer to Invest SCAQMD Funds
11. Approve Contract Awards Approved by MSRC

12. Amend Award for Participation in California Hydrogen Infrastructure Research Consortium

Action Item/No Fiscal Impact

13. Annual Meeting of Health Effects of Air Pollution Foundation

Items 13 through 20 - Information Only/Receive and File

14. Legislative, Public Affairs and Media Report
15. Hearing Board Report
16. Civil Filings and Civil Penalties Report
17. Lead Agency Projects and Environmental Documents Received by SCAQMD
18. Rule and Control Measure Forecast
19. Report of RFQs Scheduled for Release in March
20. Status Report on Major Ongoing and Upcoming Projects for Information Management
21. FY 2017-18 Contract Activity

Mayor Pro Tem McCallon noted that he serves as an alternate on the Board of Directors for Omnitrans which is involved with Item No. 11.

Supervisor Rutherford noted that she serves on the Board of Directors for Omnitrans which is involved with Item No. 11.

Dr. Lyou announced his recusal on Item No. 7 because of a financial interest in Google; and on Item No. 11 because the Los Angeles County Metropolitan Transportation Authority is a potential source of income to him.

Mayor Pro Tem Mitchell noted that she is a Board Member of CARB which is involved with Item Nos. 5 and 12.

Mayor Benoit noted that he serves on the City Council of the City of Wildomar which is involved with Item No. 11.

Agenda Items 2A, 3, 6 and 13 were withheld for comment and discussion.

MOVED BY CACCIOTTI, SECONDED BY SOLIS, AGENDA ITEMS 1, 2B, 4, 5, 7 THROUGH 12 AND 14 THROUGH 21 APPROVED AS RECOMMENDED, ADOPTING RESOLUTION NO. 18-3 RECOGNIZING FUNDS AND ACCEPTING THE TERMS AND CONDITIONS OF THE FY 2017-18 CARL MOYER GRANT AWARD, AND RESOLUTION NO. 18-4 DELEGATING AUTHORITY TO THE TREASURER OF THE COUNTY OF LOS ANGELES TO INVEST AND REINVEST FUNDS OF THE SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT, BY THE FOLLOWING VOTE:

AYES: Benoit, Buscaino, Burke, Cacciotti, Lyou (*except Items #7 and #11*), McCallon, Mitchell, Nelson, Parker, Robinson, Rutherford and Solis

NOES: None

ABSTAIN: Lyou (*Items #7 and #11 only*)

ABSENT: Ashley

22. Items Deferred from Consent Calendar

- 2A. Set Public Hearing April 6, 2018 to Consider Adoption of and/or Amendments to SCAQMD Rules and Regulations:

Certify Final Environmental Assessment and Amend Rule 1469 – Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations

The following individuals addressed the Board on Agenda Item 2A.

Florence Gharibian, Del Amo Action Committee, expressed concern regarding the lack of air monitoring requirements and uncertainty about fume suppressant in the proposed amendments and recommended modifications be made prior to the public hearing.

Yvonne Watson, Sierra Club, expressed concerns about the lack of air monitoring requirements and stressed the importance of facility enclosure requirements.

Felipe Aguirre, Comite Pro Uno, expressed concerns for the Maywood community that has been impacted by harmful emissions from chrome plating businesses, the industrial areas in Vernon, Exide Technologies and the 710 freeway. He added that enclosing business operations is not a viable solution and will still allow emissions to escape.

Lisa Lappin expressed concern for children who are being exposed to hexavalent chrome and urged the Board to adopt strict enclosure requirements and provide air monitors in areas of concern.

Mayor Pro Tem Mitchell recommended that the item be sent back to the Stationary Source Committee to address the concerns raised regarding air monitoring and enclosure requirements. She encouraged those who had given public testimony to attend the Stationary Source Committee meeting on March 16, 2018 to express their concerns.

Susan Nakamura, Assistant DEO/Planning, Rule Development and Area Sources, explained that Rule 1469 addresses facility requirements for hexavalent chromium electroplating and chromic acid anodizing operations. Proposed Rule 1480, which is forecasted for consideration in September, will address ambient monitoring for hexavalent chrome and other toxic contaminants.

Council Member Cacciotti asked if similar regulations have been implemented or proposed in other areas in the United States.

Ms. Nakamura explained that the requirements being proposed for hexavalent chromium-containing tanks will be the first in the nation. In addition, the proposed amendments go beyond U.S. EPA NESHAPS regulations for chromium electroplating. She added that the rule will require building enclosures, additional pollution controls and provide incentives to phase out the use of hexavalent chrome.

Jane Williams, California Communities Against Toxics, expressed concerns about the public health dangers of hexavalent chrome and encouraged a ban on its use. She noted that she participated in the working groups for Rule 1469 and does not support the rule amendments. She encouraged further discussions on incentive funding for alternatives to hexavalent chromium usage.

Dr. Lyou asked Ms. Williams about funding that has been secured to encourage the use of alternative metals, and to expand on use of alternatives.

Ms. Williams explained that 15 years ago, California Communities Against Toxics was successful in petitioning the Department of Defense to alter the manufacturing specifications of military aircraft to eliminate the use of five toxic metals including hexavalent chromium. She added that hexavalent chromium is still used for older planes and for decorative purposes but safer alternatives are available. She noted the organization's commitment to encourage incentive funding.

Robina Suwol, California Safe Schools, expressed concerns about health impacts at schools near facilities. The rule should include monitoring and enclosure requirements and more community input is needed.

John Sermeno, Comite Pro Uno, noted he does not support the rule amendments because the monitoring and enclosure requirements do not address the concerns of the communities impacted by toxic emissions and encouraged increased community involvement.

Dr. Lyou moved to postpone the set hearing and refer the item back to the Stationary Source Committee to address concerns raised by the speakers and allow for further development of rule language.

Mayor Pro Tem Mitchell asked if changes to the content of the rule could be made after the public hearing date has been set.

Bayron Gilchrist, General Counsel, explained that any significant changes made to the rule require continuance of at least 30 days in order to meet noticing requirements.

Supervisor Solis noted her support for referring the item back to the Stationary Source Committee in order to address concerns that were raised.

Mr. Nastri noted that the rule amendments will provide immediate benefits to the impacted communities. He added that there has been an extensive rule development process with stakeholder involvement and cautioned against further delay and suggested an alternative of a 60-day set hearing.

DR. LYOU MOVED TO REFER PROPOSED AMENDED RULE 1469 BACK TO THE STATIONARY SOURCE COMMITTEE FOR CONSIDERATION AT THE MARCH 16, 2018 MEETING. THE MOTION WAS SECONDED BY COUNCIL MEMBER CACCIOTTI AND PASSED BY THE FOLLOWING VOTE:

AYES: Benoit, Buscaino, Cacciotti, Lyou, Nelson, Parker and Solis

NOES: Burke, McCallon, Mitchell, Robinson, and Rutherford

ABSENT: Ashley

3. Execute Contract to Implement Consumer Rebate Program for Rule 1111 Compliant Natural Gas-Fired, Fan-Type Central Furnaces

Nathan Walker, Goodman Manufacturing, expressed support for the rebate program which will assist with the commercialization of compliant products.

Dave Winningham, Lennox Industries, expressed support but noted concern about the viability of compliant products on the market and encouraged monitoring of the rebate program in order to continue to offer rebates to consumers who purchase compliant products and provide a degree of certainty to manufacturers who are investing in these products.

Harvey Eder, Public Solar Power Coalition, noted concern about natural gas and expressed support for solar options which are more cost effective than natural gas.

Council Member Cacciotti inquired about the turnover rate of units per year in the District and how quickly the rebate funds may be depleted.

Tracy Goss, Planning and Rules Manager, responded that the turnover rate is 150,000 units per year and 6,000 units are included in the initial phase of the rebate program. He added that a dashboard system will be used to track rebates in real time to allow staff to come back to the Board for additional funding if necessary.

MOVED BY CACCIOTTI, SECONDED BY MITCHELL, AGENDA ITEM NO. 3 APPROVED, AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Buscaino, Cacciotti,
Lyou, McCallon, Mitchell, Nelson,
Parker, Robinson, Rutherford and Solis

NOES: None

ABSENT: Ashley

6. Appropriate Funds and Execute Contract for Strategic Consulting Services

Supervisor Nelson inquired about the scope of work under the proposed contract and how it differs from the work of the District's lobbyists. He expressed concern about potential lobbying efforts by a consultant who is not a registered lobbyist.

Derrick Alatorre, DEO/Legislative, Public Affairs and Media, responded that the firm will assist the District by providing strategic consulting services related to the legislative process in Sacramento and will not be engaging in lobbying efforts.

Dr. Lyou commented on federal and state lobbying requirements and encouraged staff to further review and clarify the role of the consultant.

Mr. Nastri responded that staff will review the consultant's contract and bring the item back to the Board at the April meeting.

AGENDA ITEM NO. 6 WAS CONTINUED TO
THE APRIL 6, 2018 BOARD MEETING AT
STAFF'S RECOMMENDATION AND WITH
THE CHAIRMAN'S CONCURRENCE.

13. Annual Meeting of Health Effects of Air Pollution Foundation

Council Member Cacciotti requested an updated presentation on the current studies that the foundation is supporting.

Chairman Burke asked staff to arrange for Dr. Black to make a presentation at a future Board meeting.

MOVED BY CACCIOTTI, SECONDED BY
SOLIS, AGENDA ITEM NO. 13 APPROVED,
AS RECOMMENDED, BY THE FOLLOWING
VOTE:

AYES: Benoit, Burke, Buscaino, Cacciotti,
Lyou, McCallon, Mitchell, Nelson,
Parker, Robinson, Rutherford and Solis

NOES: None

ABSENT: Ashley

BOARD CALENDAR

- 23. Administrative Committee
- 24. Investment Oversight Committee
- 25A. Legislative Committee
- 25B. Special Legislative Committee
- 26. Mobile Source Committee
- 27. Refinery Committee
- 28. Stationary Source Committee
- 29. Technology Committee
- 30. Mobile Source Air Pollution Reduction Review Committee
- 31. California Air Resources Board Monthly Report

Agenda Item Nos. 25A and 25B were withheld for comment and discussion.

MOVED BY CACCIOTI, SECONDED BY MITCHELL, AGENDA ITEMS 23, 24 AND 26 THROUGH 31, APPROVED AS RECOMMENDED, RECEIVING AND FILING THE COMMITTEE AND MSRC REPORTS, BY THE FOLLOWING VOTE:

AYES: Benoit, Buscaino, Burke, Cacciotti,
Lyou, McCallon, Mitchell, Nelson,
Parker, Robinson, Rutherford
and Solis

NOES: None

ABSENT: Ashley

25A. Legislative Committee

25B. Special Legislative Committee

Denny Zane, Move LA, commented on the success of the Carl Moyer Program and the need to continue to develop strategies to combat diesel emissions which is the largest contributor of pollution in the District. He expressed support for the prospect of a ballot measure to address the shortfall in resources for implementing the goals of the AQMP and researching other available options with the legislature.

Mr. Nastri noted that the recommendations made in Items 25A and 25B are outdated with regard to the legislative concept for a proposed sales tax increase. The Legislative Committee will review the results of the polling at its March 9, 2018 meeting and the recommendation will be brought to the Board at the April 6 meeting for consideration.

Council Member Robinson recommended that public testimony be received at both the present time and when the item is considered next month. Chairman Burke concurred with Council Member Robinson's recommendation.

Mayor McCallon expressed concerns that the public survey was not reviewed by the Board prior to being released.

Carolyn Cavecche, OC Taxpayers Association, expressed opposition to the proposal to seek authority for a legislative bill for a sales tax increase because sales taxes are regressive and hurt those who are least able to afford it. She added that some cities within the District have a sales tax cap and inquired if the proposed sales tax could be implemented in those instances. She asked if the proposal would adhere to Proposition 62 requirements for a two-thirds vote to enact special taxes for local agencies and whether the survey would also need a two-thirds positive feedback result in order to move forward to a ballot measure.

Council Member Robinson asked if staff could address the issues raised by Ms. Cavecche and whether a two-thirds majority of the Board is also required to place the measure on the ballot.

Barbara Baird, Chief Deputy Counsel, explained that any increase in sales tax in those cities in Los Angeles County that are already at the statutory maximum sales tax would require voter approval. As for the applicability of Proposition 62, that remains uncertain because of a recent court decision involving Proposition 218. She noted that she could respond directly to the Board regarding the issues raised in a confidential memo.

Dr. Lyou asked for clarification of the recommended action for Items 25A and 25B.

Mr. Nastri responded that the proposed sales tax increase and the Proposed Amendments to 2018 State and Federal Legislative Goals for Item 25A will be continued to the April Board meeting as well as the entirety of Item 25B.

MOVED BY LYOU, SECONDED BY CACCIOTTI, AGENDA ITEM 25A, APPROVED RECEIVING AND FILING THE LEGISLATIVE COMMITTEE REPORTS AND APPROVING THE FOLLOWING POSITIONS ON LEGISLATION, BY THE FOLLOWING VOTE:

AYES: Benoit, Buscaino, Burke, Cacciotti, Lyou, McCallon, Mitchell, Nelson, Parker, Robinson, Rutherford and Solis

NOES: None

ABSENT: Ashley

Agenda Item	Recommendation
Proposed Public Fleet Rule Legislative Proposal and Draft Language for Approval	Sponsor in Concept With Amendments to Draft Language
Proposed Public Notice Requirements Modernization Draft Bill Language for Approval	Approve

Staff Presentation/Board Discussion

- 32. Potential Strategies for Facility Based Mobile Source Measures Adopted in Final 2016 AQMP

Ian MacMillan, Planning and Rules Manager, gave the staff presentation on Item No. 32.

The following individuals addressed the Board on Agenda Item 32.

Karissa Willette, Building Industry Association, expressed strong opposition to the proposed indirect source rules (ISRs) on new and redevelopment construction projects because it will lead to project delays and increased costs. She noted the lack of availability of sufficient quantities of compliant construction equipment which will further drive up the cost of housing in Southern California, and have negative job impacts. (Submitted Written Comments)

DeAndre Valencia, BizFed, expressed opposition to the adoption of ISRs as voluntary measures are successful. He noted the success of voluntary measures at the Ports with the Clean Air Action Plan and the proposed air quality improvement MOU with the airports. He added that the Carl Moyer Program has been successful in reducing NOx emissions and new technology is being tested at railyards which will further reduce emissions.

Kendal Asuncion, Los Angeles Area Chamber of Commerce, spoke in opposition to the adoption of ISRs which will negatively impact competitiveness, increase the cost of housing and affect employment in the region.

Nidia Erceg, representing Los Angeles Mayor Eric Garcetti, expressed support for the emission reduction plan that is proposed in the MOU with airports and encouraged more collaborative efforts in delivering air quality improvements. (Submitted Written Comments)

Bruce Wick, CALPASC, spoke in opposition to the ISRs regarding housing development as it will further impact affordable and available housing in the region and detrimentally impact construction workers who already commute long distances to work.

John Orta, Inland Empire Economic Partnership, spoke in opposition to the adoption of ISRs due to the potential economic impacts on employment and poverty in the Inland Empire.

Chris Shimoda, California Trucking Association, spoke in opposition to ISRs and noted the progress the trucking industry has made in reducing emissions by investing in cleaner equipment. He added that the trucking association continues to sponsor legislation and support investments in technology that will further reduce emissions.

Mariela Manzo, Natural Resources Defense Council and resident of Wilmington, expressed concern about entering into MOUs with the Ports because a more aggressive approach is required to reach clean air attainment goals by 2023.

Peter Herzog, NAIOP, spoke in opposition to the ISRs related to warehouses, noting that the emissions that have been reduced to date have occurred without any ISRs. He added that regulations will impact employment, poverty and the economy in the region.

Bill La Marr, California Small Business Alliance, cautioned against additional rules that will impede economic growth, hurt the region's competitiveness and negatively impact the remaining manufacturing sectors in the region. He expressed support for continued voluntary measures.

Michele Hasson, Center for Community Action and Environmental Justice (CCA EJ) and ICEP
Kathleen Dale, CCA EJ and ICEP

Noted that they look forward to working on the rule making process for ISRs to address warehouses and distribution centers. The warehouse industry in western Riverside has more than tripled and impacted traffic and contributed to poor air quality.

David Serrato, ILWU
Marvin Pineda, ILWU

Expressed opposition to ISRs for the Ports which will negatively impact jobs and the local economy and added that voluntary measures have provided significant reductions in diesel particulate matter and NOx emissions.

John Erickson, Los Angeles World Airports (LAWA)
Tamara McCrossen-Orr, LAWA
Sarah Johnson, California Airports Council

Expressed appreciation for the partnership with the District in the development of Clean Air Action Plans for the airports. Discussed major past and on-going efforts to reduce pollution and spoke in support of the voluntary measures for airports proposed by staff, and expressed commitment to enhancing and adopting new measures to further reduce emissions.

Thomas Jelenic, PMSA, expressed concerns that adopting ISRs and facility based measures for Ports, railyards and warehouses will harm the supply chain, local economy and employment. He expressed support for voluntary measures which have already resulted in significant emission reductions. He added that adopting facility based measures will delay the progress that has been made through collaborative efforts to reduce emissions.

Adrian Martinez, Earthjustice, expressed support for the use of facility-based measures for railyards, warehouses and new development to continue to reduce air pollution in the region and achieve clean air attainment standards. He encouraged regulation of the Ports and airports as voluntary measures have not led to sufficient emission reductions. (Submitted Written Comments)

Michael Lewis, Construction Industry Air Quality Coalition, expressed concerns over the effectiveness of ISR programs and spoke in favor of voluntary and incentive programs such as the Carl Moyer Program to achieve emission reductions.

Chris Cannon, Port of Los Angeles
Heather Tomley, Port of Long Beach

Spoke in favor of voluntary measures and collaborative programs to reduce emissions at the Port. They noted the success of past efforts at the Ports to achieve emission reductions and noted that ISRs would negatively affect the goods movement industry.

Peter Okurowski, representing BNSF Railway and Union Pacific, spoke in opposition to ISRs as it would burden rail operations and exceeds the District's authority. He recommended continued collaboration with District staff including the exploration of emission inventory adjustments due to fuel efficiency and other improvements made to railyards in recent years.

Harvey Eder, Public Solar Power Coalition, expressed support for ISRs and encouraged the use of solar electric trucks to further reduce emissions.

Richard Lambros, Southern California Leadership Council, noted the success of voluntary measures and technological advancements in reducing emissions for mobile sources, freight equipment and operations at the Ports. He stressed the importance of continuing voluntary measures that support the regional economy and employment rather than pursuing ISRs.

Todd Campbell, Clean Energy and California Natural Gas Vehicle Coalition, noted the advancements in low NOx engines and near-zero emission technology for heavy-duty trucks and buses. He spoke in support of state efforts to pursue renewable natural gas as a low carbon fuel.

Council Member Buscaino spoke in support of staff's proposal for the MOU approach for airports and the continuation of voluntary measures with the Ports, noting the progress that has been made with the Clean Air Action Plan. He requested support for removal of the 2019-2020 reference to assessment and automatic ISR process for both Ports as voluntary measures have produced emission reductions. He asked staff to provide additional information about the District's legal authority to pursue ISRs for railyards. He noted that ISRs addressing the development of warehouses appears to be targeting stationary sources for a mobile source issue and expressed the need for the state to support statewide requirements for zero and near-zero emission truck technologies. He expressed concern with imposing additional fees on development of any type, particularly housing when there is a statewide housing crisis. He expressed appreciation to all who provided comments.

Council Member Robinson noted the importance of the issues being considered and moved to continue the item to the next meeting so that Supervisor Ashley and the full Board can participate in the discussion and vote.

Chairman Burke noted that the motion follows past practice of continuing items in order to allow the full Board to participate. He confirmed with General Counsel that Supervisor Ashley would need to view all public testimony from the meeting in order to participate in the vote at the April 6, 2018 Board meeting.

Mr. Gilchrist inquired whether the Board intended to close public testimony on the item. Chairman Burke confirmed that no additional public testimony will be taken at the April Board meeting.

COUNCIL MEMBER ROBINSON MOVED TO CONTINUE AGENDA ITEM NO. 32 TO THE APRIL 6, 2018 BOARD MEETING. THE MOTION WAS SECONDED BY MAYOR MCCALLON AND CARRIED BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Buscaino, Lyou, McCallon, Mitchell, Nelson, Parker, Robinson and Rutherford

NOES: Solis

ABSTAIN: Cacciotti

ABSENT: Ashley

PUBLIC HEARINGS

33. Certify Final Environmental Assessment and Amend Rule 1111 – Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces

Tracy Goss, Planning and Rules Manager, gave the staff presentation on Item No. 33.

The public hearing was opened and the following individuals addressed the Board on Item 33.

Howard Berman, representing Howard Industries, expressed support for the rule amendments and Resolution and noted his concern about the mitigation fee period serving as a sell-through period, adding that distributors may be left with non-compliant inventory after the mitigation period.

David Stephens, Johnson Controls, spoke in favor of the rule amendments and expressed concern about the scarcity of compliant products, market viability and the impact of a hard end date for the mitigation fee structure. He expressed appreciation to staff for their collaboration and assistance during the rulemaking process.

Chris Day, Rheem Manufacturing, expressed opposition to the rule amendments as they do not support the manufacturers who have already invested in the development of compliant furnaces. He urged the Board to proceed with the original October 1, 2018 implementation date for non-condensing furnaces and the mitigation fee extension for weatherized and condensing units only. He expressed their commitment to manufacturing and providing compliant non-condensing furnace products that will result in significant emission reductions. (Submitted Written Comments)

Dave Winningham, Lennox International, noted his opposition as the proposed amendments do not support manufacturers who have invested in compliant products and offers an economic advantage for non-compliant products. He added that the mitigation fees and incentives will delay early commercialization of compliant products, impact market competitiveness, and limit consumer choice.

Nathan Walker, Goodman Manufacturing, spoke in favor of the proposal and expressed appreciation to staff for developing a proposal that supports early adopters of compliant products and promotes consumer choice with the extension of the mitigation fees. (Submitted Written Comments)

Bruce Wick, CALPASC, spoke in opposition to the increase in mitigation fees that will be passed on to consumers and could further increase the cost of housing in the region.

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

Council Member Cacciotti asked staff to provide information on the mitigation fee and rebate program and requested that staff return to the Board in 60 to 90 days to provide an update to the Board regarding the rebate program.

Dr. Philip Fine, DEO/Planning, Rule Development and Area Sources, explained that staff has worked with stakeholders throughout the rulemaking process to balance industry concerns while providing a range of product options for consumers. The proposal phases in mitigation fees and provides rebates in order to ease the transition and support the commercialization of compliant products. The mitigation fees are tiered according to the size of the unit and encourages manufacturers to develop compliant units before the second phase of the mitigation fees is implemented. A dashboard system will be used to track the

status of the rebate program in real time and staff can provide the status of the program to the Board at a future meeting.

Dr. Parker expressed concerns about managing the program including the availability of sufficient funding to incentivize compliant units noting the potential volume of units sold. He also expressed concern that the consumer should be informed that they are paying a fee for non-compliant furnaces sold in the market place and that there are compliant units that are eligible for money back through the rebate program. He expressed a desire for the consumer to be notified that a mitigation fee is applied.

Dr. Fine explained that the estimates of units available from the manufacturers was used to develop the rebate program but the actual incremental cost between the complaint and non-compliant units is dependent on a number of factors and is unknown at this time. The dashboard system will allow staff to track the sales of compliant units closely and, if needed, request additional funds for the program. He added that the District cannot specify how the mitigation fee is passed on to the consumer.

Mr. Goss noted that the incremental increase between a compliant and non-compliant unit is approximately \$500 and the rebate was designed to mitigate the increased cost and provide an incentive for consumers to purchase a compliant unit. The increase in mitigation fees will be put into the rebate program where the base emissions fee will go through an RFP process to offset the emission reductions that have not been achieved. The combination of the mitigation fee and rebate will provide an incentive to commercialize and encourage purchase of compliant units.

Based on Dr. Parker's comments, Chairman Burke recommended that a sticker or label be placed on the non-compliant units specifying that a mitigation fee has been assessed because the unit is not compliant with the latest regulations.

Dr. Lyou commented that the Stationary Source Committee has heard from stakeholders several times and there have been changing positions from some manufacturers about whether the mitigation fee and rebate will cover the cost of commercializing compliant products. He expressed support for a label regarding the mitigation fee for a non-compliant unit and noted that the tracking system will allow for ongoing reporting on the progress of the program.

Mr. Nastri noted that all units will become non-compliant on April 1, 2018 so it is necessary to amend the rule promptly and recommended that only the labeling concept be sent back to the Stationary Source Committee and the full Board for future consideration.

Mayor Pro Tem Mitchell commented on the need to balance providing consumer choice and commercializing compliant products. She explained that the rule attempts to balance the market so that the non-compliant products are not less expensive than the compliant products and the mitigation fee for the non-compliant units equalizes the pricing while funding the rebate program and offsetting other mechanisms to reduce NOx.

MOVED BY BENOIT, SECONDED BY CACCIOTTI, AGENDA ITEM NO. 33 APPROVED AS RECOMMENDED, ADOPTING RESOLUTION NO. 18-5 CERTIFYING THE FINAL SUBSEQUENT ENVIRONMENTAL ASSESSMENT (SEA) FOR PROPOSED AMENDED RULE 1111—REDUCTION OF NOx EMISSIONS FROM NATURAL-GAS FIRED, FAN-TYPE CENTRAL FURNACES AND AMENDING RULE 1111, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Cacciotti, Lyou, McCallon, Mitchell, Parker, and Solis

NOES: None

ABSENT: Ashley, Buscaino, Nelson, Robinson and Rutherford*

**Although Supervisor Rutherford was present, her vote on the Item was not locked in and she was marked as absent.*

34. Approve and Adopt Technology Advancement Office Clean Fuels Program 2017 Annual Report and 2018 Plan Update and Resolution, Receive and File Revised Membership of Technology Advancement Advisory Group, and Approve and Adopt Membership Changes for Clean Fuels Advisory Group

The presentation on Item No. 34 was waived.

The public hearing was opened; there being no requests to speak, the public hearing was closed.

MOVED BY LYOU, SECONDED BY CACCIOTTI, AGENDA ITEM NO. 34 APPROVED AS RECOMMENDED, ADOPTING RESOLUTION 18-6, APPROVING THE TECHNOLOGY ADVANCEMENT OFFICE CLEAN FUELS PROGRAM ANNUAL REPORT FOR 2017 AND ADOPTING THE SCAQMD CLEAN FUELS PROGRAM PLAN UPDATE FOR 2018, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Buscaino, Cacciotti, Lyou, McCallon, Mitchell, Parker, Rutherford and Solis

NOES: None

ABSENT: Ashley, Nelson and Robinson

35. Annual RECLAIM Audit Report for 2016 Compliance Year

The presentation on Item No. 35 was waived.

The public hearing was opened; there being no requests to speak, the public hearing was closed.

MOVED BY BENOIT, SECONDED BY LYOU, AGENDA ITEM NO. 35 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Buscaino, Cacciotti, Lyou, McCallon, Mitchell, Parker, Robinson, Rutherford and Solis

NOES: None

ABSENT: Ashley and Nelson

OTHER BUSINESS

36. Approve Amendments to Compensation and Work Condition Provisions for Non-Represented Employees, and Amend Agreements with Executive Officer and General Counsel for Comparable Terms

Ms. Baird summarized the proposed amendments to the Executive Officer and General Counsel's salaries and benefits. She also introduced amendments to Attachments D and E of the board letter which specify amendments to both salary and benefit provisions and added that copies had been distributed to Board Members and made available to the public.

MOVED BY SOLIS, SECONDED BY BUSCAINO, AGENDA ITEM NO. 36 APPROVED AS RECOMMENDED, ADOPTING RESOLUTION 18-7 AMENDING SCAQMD'S SALARY RESOLUTION AND ADMINISTRATIVE CODE, TO APPROVE, FOR NON-REPRESENTED EMPLOYEES, MODIFICATIONS TO COMPENSATION AND WORK CONDITION PROVISIONS, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Buscaino, Cacciotti, Lyou, McCallon, Mitchell, Parker, Robinson, Rutherford and Solis

NOES: None

ABSENT: Ashley and Nelson

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

Florence Gharibian, Del Amo Action Committee, expressed concern about scrap metal yards located in the parking lot at Jordan High School and another one near an elementary school in the city of Watts. She also noted that a recycling facility had created a high wall by stacking shipping containers against the wall of a residential property in the same community. She requested assistance from the District in investigating these locations.

Mr. Nastri responded that the passage of AB 617 will assist with the creation of programs to address the issues being raised. Staff will also investigate the specific concerns noted by Ms. Gharibian.

Dr. Parker noted that these types of situations exist because of poor planning and zoning requirements and recommended seeking assistance from local municipalities in rezoning industrial areas located near residential properties.

Mr. Nastri responded that the District works closely with cities in educating them about hazardous risks and partners with CAPCOA and CARB in the development of guidance documents, but land use authority is within the jurisdiction of local municipalities.

Mr. Eder commented that the Health and Safety Code outlines land use issues and the District's role in cooperating with local municipalities. He noted that he is currently in settlement discussions with the District and CARB regarding pending litigation. He also expressed concerns about ultrafine particulates and health impacts from natural gas.

CLOSED SESSION

The Board recessed to closed session at 12:50 p.m., pursuant to Government Code sections:

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

- 54956.9(a) and 54956.9(d)(1) to confer with its counsel regarding pending litigation which has been initiated formally and to which the SCAQMD is a party. The actions are:

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

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

SCAQMD v. EPA, U.S. Court of Appeals, D.C. Circuit, Case No. 15-1115 (consolidated with 15-1123, Sierra Club, et al. v. EPA) (Out-of-Area RFP Ozone);

SCAQMD v. EPA, U.S. Court of Appeals, D.C. Circuit, Case No. 16-1364 (Out-of-Area RFP PM2.5);

Gluck vs. South Coast Air Quality Management District, WCAB Case No. ADJ 9937438; and

Zbigniew (Phil) Szymanski v. SCAQMD, WCAB No: ADJ9752399.

CONFERENCE WITH LEGAL COUNSEL – INITIATING LITIGATION

- 54956.9(a) and 54956.9(d)(4) to consider initiation of litigation (two cases).

Following closed session, Mr. Gilchrist announced that a report of any reportable actions taken in closed session will be filed with the Clerk of the Board's office and made available to the public upon request.

ADJOURNMENT

There being no further business, the meeting was adjourned by Mr. Gilchrist at 1:15 p.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on March 2, 2018.

Respectfully Submitted,

Denise Garzaro
Clerk of the Boards

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

AQMP = Air Quality Management Plan
CAPCOA = California Air Pollution Control Officers Association
CARB = California Air Resources Board
CEQA = California Environmental Quality Act
DEO = Deputy Executive Officer
EJ = Environmental Justice
FY = Fiscal Year
ISR = Indirect Source Rule
MATES = Multiple Air Toxics Exposure Study
MSRC = Mobile Source (Air Pollution Reduction) Review Committee
NESHAPS = National Emission Standards for Hazardous Air Pollutants
NOx = Oxides of Nitrogen
PM = Particulate Matter
RFP = Request for Proposals
SOON = Surplus Off-Road Opt-in for NOx
U.S. EPA = United States Environmental Protection Agency
VOC = Volatile Organic Compound