

BOARD MEETING DATE: July 6, 2018

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the June 1, 2018 meeting.

RECOMMENDED ACTION:

Approve Minutes of the June 1, 2018 Board Meeting.

Denise Garzaro
Clerk of the Boards

DG

FRIDAY, JUNE 1, 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

Supervisor Marion Ashley
County of Riverside

Council Member Joe Buscaino (Arrived at 9:25 a.m.)
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

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 Shawn Nelson
County of Orange

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

- Pledge of Allegiance: Led by Dr. Lyou.
- Opening Comments

Dr. Parker reported that he attended the SCAQMD Healthy Living and Clean Air Fair for Seniors at the Los Angeles Convention Center on May 17, 2018, where Los Angeles City Council President Herb J. Wesson, Jr. presented the keynote speech to over 2,000 attendees. He noted that senior citizens are particularly susceptible to the health effects of pollution and expressed support for hosting additional senior events in other communities.

Council Member Cacciotti commented on his recent experience test driving the Chevrolet Bolt and noted the technological advancements that have been made for electric vehicles.

Chairman Burke recognized Charlene Nguyen, Assistant Air Quality Specialist, for receiving the 3M Personal Safety Division Occupational Health and Safety Scholarship and noted that she started at the District as an intern before becoming a full-time employee, and is pursuing a Ph.D. He thanked her for her dedicated service to the District.

Chairman Burke recognized the District employees who participated in Bike-to-Work day on May 3, 2018 and presented a plaque to Council Member Cacciotti in recognition of his participation in the event.

Chairman Burke announced that item number 24 would be taken out of order to allow for the recognition of employees who have contributed to the success of the permit backlog reduction effort.

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Staff Presentation/Board Discussion

24. Status Report on Permit Backlog Reduction Effort

Dr. Laki Tisopulos, DEO/Engineering and Permitting, provided an update on the status of the District's permit backlog reduction effort.

(Council Member Buscaino arrived at 9:25 a.m.)

Chairman Burke recognized Engineering and Permitting staff present in the auditorium and expressed appreciation for their efforts in meeting the goal to reduce the permit backlog by fifty percent ahead of schedule and under budget.

Supervisor Rutherford praised staff for reducing the permit backlog and the development of an online permit processing system. She commented on her role in the development of the application processing system after seeing a similar program in place at the Bay Area AQMD and commended staff for quickly implementing the new system.

Bill LaMarr, California Small Business Alliance, expressed support for the work that has been accomplished in reducing the permit backlog and noted the benefits that an automated permit processing system will provide to business owners.

Curtis Coleman, Southern California Air Quality Alliance, expressed appreciation to staff for their efforts to reduce the permit backlog and the development of the automated permitting system.

Mr. Nastri acknowledged the dedication and efforts of staff in exceeding the goals that were set to reduce the backlog and noted the team effort across multiple District departments that contributed to the project's success.

INFORMATION ONLY; NO ACTION NECESSARY.

CONSENT CALENDAR

1. Approve Minutes of May 4, 2018 Board Meeting
2. Set Public Hearing July 6, 2018 to Consider Adoption of and/or Amendments to SCAQMD Rules and Regulations:

Determine that Proposed Amendments to Rule 1111 – Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces are Exempt from CEQA and Amend Rule 1111

Budget/Fiscal Impact

3. Execute Contracts to Implement Recommendations to Enhance Socioeconomic Assessments for AQMP
4. Execute Contract for Heavy-Duty Hydrogen Vehicle Fueling Station and Receive and File California Fuel Cell Partnership Board Meeting Agenda and Activity Updates

5. Adopt Resolution Recognizing Revenue and Accepting Terms and Conditions for Funding Agricultural Replacement Measures for Emission Reductions Program and Reimburse General Fund for Administrative Costs
6. Establish Special Revenue Fund, Recognize Revenue, and Issue Solicitations and Purchase Orders for Community Air Monitoring Stations Near Petroleum Refineries
7. Execute Contract for Removal and Replacement of Parking Structure Waterproof Coating
8. Recognize Revenue and Appropriate Funds for AB 617 Implementation
9. Approve Contract Awards and Modification as Approved by MSRC

Items 10 through 15 - Information Only/Receive and File

10. Legislative, Public Affairs and Media Report
11. Hearing Board Report
12. Civil Filings and Civil Penalties Report
13. Lead Agency Projects and Environmental Documents Received by SCAQMD
14. Rule and Control Measure Forecast
15. Status Report on Major Ongoing and Upcoming Projects for Information Management

BOARD CALENDAR

- 17A. Administrative Committee
- 17B. Special Administrative Committee
18. Investment Oversight Committee

19. Mobile Source Committee
20. Stationary Source Committee
21. Technology Committee
22. Mobile Source Air Pollution Reduction Review Committee
23. California Air Resources Board Monthly Report

OTHER BUSINESS

26. Issue RFP to Seek Contractors to Assist in Planning, Organizing, and Facilitating Two Annual Community Air Quality Events

Dr. Lyou announced his abstention on Item No. 4 because Toyota is a potential source of income to him; and on Item No. 9 because the Los Angeles County Metropolitan Transportation Authority is a potential source of income to him.

Supervisor Ashley announced his abstention on Item No. 6 because of a financial interest in Chevron.

Mayor Pro Tem Mitchell noted that she is a Board Member of the CARB which is involved with Item Nos. 5 and 8.

Supervisor Solis noted that she is a Board Member of the Los Angeles County Metropolitan Transportation Authority which is involved with Item No. 9.

Mr. Nastri inquired whether Item 26 would be included with the Consent Calendar items and Chairman Burke responded affirmatively. Mr. Nastri also noted that due to the CARB meeting occurring just last Friday, May 25, the meeting summary was not yet available, and as such, Item No. 23 was being pulled from consideration.

Agenda Item Nos. 2, 9 and 14 were withheld for comment and discussion.

MOVED BY SOLIS, SECONDED BY ROBINSON, AGENDA ITEMS 1, 3 THROUGH 8, 10 THROUGH 13, 15 THROUGH 22 AND 26 APPROVED AS RECOMMENDED, RECEIVING AND FILING THE COMMITTEE, AND MSRC REPORTS, AND ADOPTING RESOLUTION NO. 18-11 RECOGNIZING REVENUE AND ACCEPTING TERMS AND CONDITIONS OF THE FUNDING AGRICULTURAL REPLACEMENT MEASURES FOR EMISSION REDUCTION (FARMER) GRANT AWARD, BY THE FOLLOWING VOTE:

AYES: Ashley (*except Item #6*), Benoit, Buscaino, Burke, Cacciotti, Lyou (*except Item #4*), McCallon, Mitchell, Parker, Robinson, Rutherford and Solis

NOES: None

ABSTAIN: Ashley (*Item #6*) and Lyou (*Item #4*)

ABSENT: Nelson

16. Items Deferred from Consent Calendar

2. Set Public Hearing July 6, 2018 to Determine That Proposed Amendments to Rule 1111 – Reduction of NOx Emissions from Natural-Gas-Fired, Fan-Type Central Furnaces are Exempt from CEQA and Amend Rule 1111

The following individuals addressed the Board on Item 2.

Rusty Tharp, Goodman Manufacturing, expressed support for the proposal to include compliant equipment and rebate information in the consumer literature for units. He noted opposition to the labeling requirement, as labels on equipment are rarely read. He added that in-home consultations with consumers provide a better opportunity to provide information about compliant equipment and available rebates. (Submitted Written Comments)

Harvey Eder, Public Solar Power Coalition, noted that the rule amendments should not be exempt from CEQA and that solar power is a better alternative to natural gas.

Mayor McCallon, Chairman Burke and Supervisor Rutherford expressed

support for removing the labeling requirement on units.

Bayron Gilchrist, General Counsel, noted that the current agenda item is only to set the public hearing for July 6, 2018 and discussion on the proposed amendments could occur at the public hearing.

Mayor Benoit noted that the label requirement was discussed at length at the Stationary Source Committee and the committee members agreed that the label does not need to be on the units.

MOVED BY MITCHELL, SECONDED BY
BUSCAINO, AGENDA ITEM 2 APPROVED AS
RECOMMENDED, BY THE FOLLOWING
VOTE:

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

NOES: None

ABSENT: Nelson

9. Approve Contract Awards and Modification as Approved by MSRC

Dr. Lyou left the room during the discussion of Item 9.

Mr. Eder urged support for solar-powered electric vehicles which are cost effective and greatly reduce emissions. He expressed concern regarding high CO₂ equivalent levels.

MOVED BY MCCALLON, SECONDED BY
BENOIT, AGENDA ITEM 9 APPROVED, AS
RECOMMENDED, BY THE FOLLOWING
VOTE:

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

NOES: None

ABSTAIN: Lyou

ABSENT: Nelson

14. Rule and Control Measure Forecast

Dr. Lyou reported that he recently attended a presentation at Garvey Intermediate School in Rosemead where students in a science class used air quality sensors to measure PM levels. The students took measurements at a local restaurant and detected PM levels ten times higher than the ambient air outside of their school and near a freeway. He expressed concerns for both workers and customers of these restaurants. He noted that the AQMP addressed the importance of rulemaking on this issue, adding that restaurant operations are the largest source of directly emitted PM2.5 emissions. He asked staff when PR 1138 regarding the control of emissions from restaurant operations is scheduled to be heard.

Dr. Philip Fine, DEO/Planning, Rule Development and Area Sources, explained that within the AQMP, PR 1138 was scheduled for consideration in 2019. He commented that the high cost of controls has been an impediment due to the number of small establishments that would be impacted. He indicated that the focus has been on bringing the cost of the controls down as well as locating potential funding sources to assist with rule implementation. He added that staff could report to the Stationary Source Committee on the current status of the rule development process.

Mayor Benoit also expressed concern about restaurant operations and reported that he also attended a school presentation where students found high PM levels near a charcoal barbeque that operates daily near their dining area.

Chairman Burke commented that the financial impact for small businesses was minimized when addressing dry cleaning operations many years ago and suggested the possibility of providing funding to restaurant owners to upgrade equipment.

MOVED BY LYOU, SECONDED BY
CACCIOTTI, AGENDA ITEM NO. 14
APPROVED, AS RECOMMENDED, BY THE
FOLLOWING VOTE:

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

NOES: None

ABSENT: Nelson

PUBLIC HEARING

25. Adopt Executive Officer's FY 2018-19 Proposed Budget

Mr. Nastri explained that the Board previously directed staff to return with proposals to balance the budget.

Sujata Jain, ADEO/Finance, noted that the budget being recommended for adoption includes cost-cutting measures to balance the budget.

The public hearing was opened and the following individual addressed the Board on Item 25.

Mr. Coleman expressed appreciation to staff for addressing the concerns that were raised regarding the fee rule and thanked the Board for maintaining a fiscally responsible budget.

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

Supervisor Rutherford commented on the importance of a balanced budget and asked staff to comment on the viability of operating with the proposed increased staff vacancy rate.

Mr. Nastri explained the challenges the District is facing with recruitment of qualified professional staff as a result of competition between other air districts and CARB, which will be opening a new facility in Riverside in the near future. Filling positions vacated by the retirement of current employees also presents a challenge. He added that the vacancy rate has been increased to nine percent for the FY 2018-19 budget period only and is not intended to be a permanent change.

Dr. Lyou commented that in addition to adding staff to support the implementation of AB 617, the proposed budget includes additional staff positions to support the agency overall.

Chairman Burke commented on the challenge of hiring and retaining qualified employees while the state is facing one of the lowest unemployment rates in 18 years.

MOVED BY BENOIT, SECONDED BY
ROBINSON, AGENDA ITEM 25 APPROVED AS
RECOMMENDED, AS SET FORTH BELOW:

- 1) REMOVE FROM RESERVES AND DESIGNATIONS ALL AMOUNTS ASSOCIATED WITH THE FY 2017-18 BUDGET;
- 2) APPROVE TOTAL APPROPRIATIONS OF \$162,631,101;
- 3) APPROVE REVENUES FOR FY 2018-19 OF \$162,631,101;
- 4) APPROVE THE ADDITION OF 4.4 NET AUTHORIZED/FUNDED POSITIONS AS DETAILED IN THE FY 2018-19 BUDGET;
- 5) APPROVE A PROJECTED JUNE 30, 2019 RESERVES AND DESIGNATIONS FUND BALANCE OF \$15,748,899 AND TOTAL UNDESIGNATED FUND BALANCE OF \$36,939,316;

BY THE FOLLOWING VOTE:

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

NOES: None

ABSENT: Nelson

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

Henry Vilchik, VGI Furniture, Inc., commented on an asbestos abatement complaint for the property located at 2137 East 55th Street, Vernon, CA. He noted that VGI Furniture was a tenant in the building and ultimately vacated the premises, abandoning their contaminated inventory, after a portion of the roof was removed. He expressed concern that the removal was not done properly and the contaminated furniture was subsequently sold at auction by their former landlord. (Submitted Written Comments)

Dr. Lyou asked if staff has addressed Mr. Vilchik's concerns.

Nicholas Sanchez, Assistant Chief Deputy Counsel, explained that the District has been in communication with the building owner and tenant since September 2016 and the investigation by staff has been completed. He noted that he has been in communication with Mr. Vilchik's attorney regarding an ongoing insurance claim.

Mr. Eder expressed concern about laws that were passed but never published in the California Air Pollution Control Laws.

Florence Gharibian, Del Amo Action Committee, expressed concern about an issue regarding a new warehouse being built in the Del Amo community and suggested that Rule 1466 be applied.

Chairman Burke recommended that Ms. Gharibian provide any relevant correspondence on this matter to Mr. Nastri.

CLOSED SESSION

The Board recessed to closed session at 10:20 a.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; and

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

CONFERENCE WITH LEGAL COUNSEL – INITIATING LITIGATION

- 54956.9(a) and 54956.9(d)(4) to consider initiation of litigation (four cases), including:

State of California and California Air Resources Board, et al. v. United States Environmental Protection Agency and E. Scott Pruitt, U.S. Court of Appeals, D.C. Circuit, Case No. 18-1114.

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 11:05 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on June 1, 2018.

Respectfully Submitted,

Denise Garzaro
Clerk of the Boards

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

AQMP = Air Quality Management Plan
CARB = California Air Resources Board
CEQA = California Environmental Quality Act
CO₂ = Carbon Dioxide
DEO = Deputy Executive Officer
FY = Fiscal Year
MSRC = Mobile Source (Air Pollution Reduction) Review Committee
PM = Particulate Matter
PM_{2.5} = Particulate Matter ≤2.5 microns
PR = Proposed Rule
RFP = Request for Proposals
U.S. EPA = United States Environmental Protection Agency