

BOARD MEETING DATE: June 1, 2018

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the May 4, 2018 meeting.

**RECOMMENDED ACTION:**

Approve Minutes of the May 4, 2018 Board Meeting.

Denise Garzaro  
Clerk of the Boards

DG

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**FRIDAY, MAY 4, 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

Supervisor Marion Ashley  
County of Riverside

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 (Arrived at 9:50 a.m.)  
County of Orange

Council Member Dwight Robinson  
Cities of Orange County

Supervisor Janice Rutherford  
County of San Bernardino

Supervisor Hilda L. Solis (Left at 11:00 a.m.)  
County of Los Angeles

**CALL TO ORDER:** Chairman Burke called the meeting to order at 9:00 a.m.

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

Dr. Parker reported that the Refinery Committee met on April 28, 2018 in Torrance and continued discussions about proposed rulemaking related to modified hydrofluoric acid use at refineries. He noted that over 500 people were in attendance and many provided testimony.

Dr. Lyou reported that he attended the American Bar Association Section of Environment, Energy and Resources conference held April 18-20, 2018 where he had the opportunity to present information on air quality sensors. He also reported that he gave the opening remarks at the ACT Expo on April 30, 2018 and commented on the tremendous growth of the event over the past few years.

Council Member Robinson reported that he attended the Breathe LA Awards dinner on April 27, 2018 at the La Brea Tar Pits where he presented the Innovation Award to Cummins Westport, Inc. for their development of the first near-zero heavy-duty engine. He also reported that at a press conference at the ACT Expo he presented the keys for a near-zero 12-liter natural gas truck to AJR trucking, a contractor for the U.S. Postal Service. He noted the great strides that have been made in near-zero heavy-duty trucks and acknowledged the District's involvement in these technological advancements.

Mayor Pro Tem Mitchell reported on the litigation that California and 17 others states have initiated against the U.S. EPA regarding vehicle fuel standards and the regulation of tailpipe emissions.

Council Member Cacciotti noted that he participated in "Bike-to-Work" day with SCAQMD employees on May 3, 2018. He shared photos and recommended that those who participated be recognized at a future Board meeting.

- Presentation to Outgoing Hearing Board Alternate Member Thomas J. McCabe, Jr.

Chairman Burke presented an award to Thomas J. McCabe, Jr. in recognition of his nearly six years of service as alternate engineer member on the Hearing Board.

Chairman Burke announced that Supervisor Solis needed to leave the meeting early and, as such, Item 32 would be taken out of order to allow her to participate in the discussion of the item.

*Staff Presentation/Board Discussion*

32. Potential Strategies for Facility Based Mobile Source Measures Adopted in Final 2016 AQMP (*Continued from April 6, 2018 Board Meeting for Board Deliberation and Action only*)

Mr. Nastri explained that this item had been continued from the April 6, 2018 Board meeting in order to allow for discussion and action by all Board Members. He noted that the public comment period was closed and recommended the Board take action on each measure individually.

Written Comments Submitted by:

Alice Koethe, Association of American Railroads  
Yassi Kavezade, My Generation Campaign

Mayor McCallon noted that he is not in support of indirect source rules for warehouses because of the detrimental impact on the goods movement industry and the economy in Southern California, specifically the Inland Empire.

Dr. Lyou commented on the importance of achieving 45 percent NOx emission reductions within the next five years in order to avoid federal sanctions, increased offset ratios for new source review, loss of billions of dollars in federal highway funds, and risk of the imposition by U.S. EPA of no-drive days or other measures due to non-attainment. The law requires that every feasible measure be taken to clean the air, and indirect source rules are feasible measures that have proven to be effective in other areas. He noted that the San Joaquin Valley Air Pollution Control District adopted an indirect source rule in that region twelve years ago and it has not stopped the construction of warehouse facilities. He expressed concern with negotiating voluntary agreements without having regulations in place. He expressed support for the staff recommendations for voluntary measures with the ports and airports and acknowledged the agreements that have been reached in the past. He added that the Board does have the authority to adopt these regulations and a responsibility to protect the 17 million residents within the District.

Supervisor Ashley noted that he had reviewed the public comments from the March 2, 2018 meeting and thanked all who had provided comments. He commented on the cooperative work by local jurisdictions to arrive at workable solutions for challenging problems within the region and noted the progress that has been made at the ports and airports in improving air quality. He explained that Riverside County has worked hard to find a balanced approach to growth through comprehensive development plans that address traffic impacts and air quality concerns and noted examples in the County where using best practices for site design and operation have been successful. He noted the importance of the logistics industry to the economy in Riverside County and stated that a recent development agreement included an air quality fee that will be invested back into the local area for projects that improve air quality. The Riverside Transportation

Commission is also studying the impacts of the logistics industry on the freeway system and is considering developing policies to address air quality and traffic impacts. He expressed concern about rising housing costs and the homeless population and any decision that may contribute further to these issues. He encouraged a collaborative approach with local and regional stakeholders to address the challenging issues associated with growth within the region.

Supervisor Rutherford commented that technological advances for trucks are key to improving air quality in the region. She expressed concern for jobs and the economy in the Inland Empire and noted that many families have benefited and are supported by jobs in the warehouse and manufacturing industry. She expressed concern about adopting regulations that impact the development of warehouses and noted examples of agreements that have been negotiated with developers that benefit local communities. She encouraged the continued support of incentives to promote new technologies to clean the air rather than indirect source rules.

Mayor Pro Tem Mitchell noted that the rulemaking process, if the Board so directs, would allow for a collaborative process. Proposed rules could include thresholds or exemptions for the Board to consider. She cited San Joaquin Valley's indirect source rules which required close collaboration with local agencies. She noted the positive results of the Ports Clean Air Action Plan and the progress with the airports in developing plans to reduce emissions. She expressed support for indirect source rules for rail yards, warehouses and development and encouraged the collaboration of all stakeholders in promoting a strong economy that supports clean air in the region. She agreed with Dr. Lyou's concerns about the federal government imposing sanctions for non-attainment and noted that indirect source rules were included in the adoption of the AQMP and the District is required by law to take all feasible measures to reach attainment.

(Supervisor Nelson arrived at 9:50 a.m.)

Council Member Robinson noted that he owns businesses in the logistics sector and has seen a dramatic change in the industry over the last few decades. He commented on the recent labor dispute at the Port and the difficulties that occurred as result of the labor slowdown. There was a gradual movement of certain cargo to other areas of the country and some of that business did not return to the region. He noted that other states are eagerly awaiting the opportunity to re-direct cargo from Southern California ports. He expressed concern about not knowing what will be included in the indirect source rule and their potential economic impacts, and stated the importance of controlling the narrative so people would not assume the worst case.

Council Member Buscaino remarked about the economic benefits the Ports have provided to the region as well as the health effects that have

impacted the nearby disadvantaged communities. He noted that he would be proposing motions for warehouses, new and redevelopment, and the Ports.

Supervisor Solis reported that she recently toured the Los Angeles Airport and commented on the energy efficiencies that have been adopted to improve operations and traffic from the airport. She expressed concern for environmental justice communities, as well as workers who are impacted by emissions, and encouraged discussion with all stakeholders in the development of indirect source rules. She noted that advancements in technology will provide green jobs and lead to cleaner air.

Supervisor Nelson commented on the impact of new regulations on landlords who have long-term leases with warehouse tenants. He expressed caution in adopting rules that require landlords to make costly improvements to properties that cannot be recouped.

Dr. Parker noted the success of incentive programs for diesel trucks and cleaner vehicles to reduce air pollution and commented on the challenges that population growth in the state has created. He remarked on the progress that has been made at the ports and airports and encouraged continued collaboration in achieving clean air goals.

Chairman Burke asked staff for clarification on investment costs for equipment that is subject to new regulations.

Mr. Nastri explained that staff is requesting direction in further developing concepts for the five measures and the Board will have multiple opportunities to engage during the development process. The issues of cost, timing, impacts on communities and socio economic impacts will be addressed as the process moves forward. The two measures for the ports and airports include staff recommendations for proceeding with voluntary measures rather than indirect source rules. If the Board desires, staff can report to the Board on the progress of these five measures on a more frequent basis which might address a number of the concerns that have been raised.

Council Member Buscaino requested that the action on the five measures be bifurcated. He noted that due to the economic impacts affecting housing in the region he would like to offer a motion to delay action on housing and redevelopment measures until staff can provide a more detailed analysis on the proposals and return to the Board at the September meeting and then on a quarterly basis.

COUNCIL MEMBER BUSCAINO MOVED TO DELAY CONSIDERATION OF STRATEGIES FOR NEW DEVELOPMENT AND REDEVELOPMENT PROJECTS WITH DIRECTION TO STAFF TO FURTHER DEVELOP CONCEPTS AND REPORT BACK TO THE BOARD AT THE SEPTEMBER 7, 2018 MEETING AND ON A QUARTERLY BASIS THEREAFTER. THE MOTION WAS SECONDED BY SUPERVISOR ASHLEY, AND CARRIED BY THE FOLLOWING VOTE:

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

NOES: Lyou

ABSENT: None

Council Member Buscaino commented on the success of the Clean Air Action Plan 3.0 and voluntary measures taken by the ports. He suggested that staff's recommendation regarding the 2019 reporting timeframe be replaced with language to reflect that reports will be provided on a "periodic basis".

COUNCIL MEMBER BUSCAINO MOVED TO DIRECT STAFF TO PURSUE THE APPROACH FOR DEVELOPING FACILITY-BASED EMISSION REDUCTION STRATEGIES FOR MARINE PORTS THROUGH VOLUNTARY MEASURES ONLY, WITH FURTHER DIRECTION TO REPLACE THE 2019 TIMELINE LANGUAGE WITH PERIODIC REVIEW. THE MOTION WAS SECONDED BY MAYOR PRO TEM MITCHELL, AND CARRIED BY THE FOLLOWING VOTE:

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

NOES: Lyou

ABSENT: None

Council Member Buscaino expressed support for staff's recommendation for voluntary measures for the airports and noted the progress the airports have made in developing plans to reduce congestion and incorporating alternative modes of transportation.

COUNCIL MEMBER BUSCAINO MOVED TO DIRECT STAFF TO PURSUE THE APPROACH FOR DEVELOPING FACILITY-BASED EMISSION REDUCTION STRATEGIES FOR COMMERCIAL AIRPORTS THROUGH VOLUNTARY MEASURES ONLY. THE MOTION WAS SECONDED BY COUNCIL MEMBER CACCIOTTI, AND CARRIED BY THE FOLLOWING VOTE:

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

NOES: Nelson and Robinson

ABSENT: None

Mayor Pro Tem Mitchell noted the importance of proceeding with measures to improve emissions at rail yards and expressed support for staff's recommendation.

Supervisor Rutherford expressed concern about the potential for litigation from the railroads and asked for a few months delay, noting her willingness to work with staff, the railroads, and impacted communities on the development of voluntary measures in lieu of indirect source rules for rail yards.

Mr. Nastri explained that throughout the past year staff has been engaged with the railroads on a number of issues and moving forward with the rulemaking process will allow the most flexibility. Voluntary measures could also be pursued.

Chairman Burke suggested an approach that would include rulemaking and pursuing voluntary measures at the same time, with Supervisor Rutherford's participation.

Council Member Robinson asked if staff could provide information on the type and extent of rulemaking that is proposed for rail yards.



Mr. Nastri explained that a number of issues have been raised in previous litigation with the railroads and the rulemaking would not include emission standards for locomotives. There are a number of areas within the rail yards where there are opportunities for emission reductions through best management practices. Staff will explore both voluntary and regulatory options and report back to the Board.

MAYOR PRO TEM MITCHELL MOVED TO DIRECT STAFF TO PURSUE THE APPROACH FOR DEVELOPING FACILITY-BASED EMISSION REDUCTION STRATEGIES FOR RAIL YARDS THROUGH REGULATORY MEASURES AND ALSO PURSUE VOLUNTARY MEASURES. THE MOTION WAS SECONDED BY SUPERVISOR SOLIS, AND CARRIED BY THE FOLLOWING VOTE:

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

NOES: Ashley, McCallon, Nelson, Robinson and Rutherford

ABSENT: None

Council Member Buscaino commented on the complicated issues surrounding jobs and the economy in the goods movement industry and requested that staff's analysis of each strategy or proposed measure contain the following: 1) anticipated emission reductions; 2) estimated total cost of compliance; 3) an economic impact study reviewed by a third party to look at the impact on the competitiveness of the logistics sector, potential of cargo diversion, and resulting impact on jobs; 4) estimated impact on the industrial real estate market within the District; 5) the commercial availability of new technologies; 6) will SIP credits be received; and 7) impact on eligibility for grants and incentive funds. He asked that staff report to the Board on the status of their analysis every three months.

Council Member Cacciotti expressed support for the guidelines set by Council Member Buscaino with a modification to the reporting timeline to a period of three to six months. Council Member Buscaino accepted the suggested change.

Supervisor Nelson asked about the type of rules or measures that are proposed that would not violate federal preemption and expressed concern for

the effects that rulemaking will have on warehouse owners. He expressed support for continuing to pursue voluntary agreements to achieve emission reductions.

Dr. Philip Fine, DEO/Planning, Rule Development and Area Sources, explained that while several concepts are included in staff's recommendation, he could explain one of the options which is to require that warehouse facilities provide the necessary infrastructure to accommodate emerging technologies that support cleaner trucks.

Dr. Parker noted the unique challenges that California faces due to emissions and noted the difficulties in achieving reductions with limited authority over mobile sources.

Council Member Robinson expressed concern about job impacts and stated his support for a voluntary approach.

COUNCIL MEMBER BUSCAINO MOVED TO DIRECT STAFF TO PURSUE THE APPROACH FOR DEVELOPING FACILITY-BASED EMISSION REDUCTION STRATEGIES FOR WAREHOUSES AND DISTRIBUTION CENTERS THROUGH VOLUNTARY AND REGULATORY MEASURES WITH FURTHER DIRECTION TO REPORT TO THE BOARD EVERY THREE TO SIX MONTHS ON THE STATUS OF ALL MEASURES BEING EXPLORED. THE MOTION WAS SECONDED BY COUNCIL MEMBER CACCIOTTI, AND CARRIED BY THE FOLLOWING VOTE:

AYES: Burke, Buscaino, Cacciotti, Lyou, Mitchell, Parker and Solis

NOES: Ashley, Benoit, McCallon, Nelson, Robinson, and Rutherford

ABSENT: None

**CONSENT CALENDAR**

1. Approve Minutes of April 6, 2018 Board Meeting
2. Set Public Hearings to Consider Adoption of and/or Amendments to SCAQMD Rules and Regulations

June 1, 2018:

- A. Certify Final Environmental Assessment and Amend Rules 1146, 1146.1, 1146.2 and Adopt Rule 1100

July 6, 2018:

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

**Budget/Fiscal Impact**

3. Execute Contract to Develop, and Certify Near-Zero Emission Propane Engine for On-Road Medium-Duty Vehicles
4. Recognize Revenue, Appropriate and Transfer Funds and Issue Purchase Orders for Air Monitoring Programs and Equipment
5. Approve Awards for Alternative Fuel School Bus Replacement Program
6. Modify Contract and Purchase Order for Media, Advertising and Public Outreach and Google AdWords Campaign for 2018-19 Check Before You Burn Program
7. Appoint Members to SCAQMD Hearing Board
8. Execute Contract for Three-Year Service Agreement for Access to On-line Legal Research Libraries
9. Appropriate Funds and Amend or Execute Contracts with Outside Counsel and Specialized Legal Counsel and Services

10. Establish Special Revenue Fund, Recognize AB 134 Grant Revenue, Transfer, Appropriate, Redistribute Funds, and Execute Contracts
11. Approve Compensation Adjustments for Board Member Assistants and Board Member Consultants for FY 2018-19
12. Execute and Amend Contracts to Provide Short- and Long-Term Systems Development, Maintenance and Support Services
13. Issue Purchase Order for New Carpet
14. Issue Purchase Order for Higher Efficiency HVAC Valves
15. Approve Contract Awards Approved by MSRC

**Action Item/No Fiscal Impact**

16. Approve Charter for Young Leaders Advisory Council

**Items 17 through 23 – Information Only/Receive and File**

17. Legislative, Public Affairs and Media Report
18. Hearing Board Report
19. Lead Agency Projects and Environmental Documents Received by SCAQMD
20. Civil Filings and Civil Penalties Report
21. Rule and Control Measure Forecast
22. Report of RFPs/RFQs Scheduled for Release in May
23. Status Report on Major Ongoing and Upcoming Projects for Information Management

Mayor McCallon and Supervisor Rutherford noted that they are members of the San Bernardino County Transportation Commission which is involved with Item No. 15.

Mayor Pro Tem Mitchell noted that she is a Board Member of the CARB which is involved with Item No. 10.

Dr. Lyou announced his abstention on Item No. 4 because Envirosuite is a potential source of income to him; on Item No. 6 because of a financial interest in Google; and on Item No. 15 because the City of Long Beach and City of Riverside are potential sources of income to him.

Agenda Item Nos. 2A, 2B and 7 were withheld for comment and discussion.

MOVED BY ROBINSON, SECONDED BY CACCIOTTI, AGENDA ITEMS 1, 3 THROUGH 6 AND 8 THROUGH 23 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: Ashley, Benoit, Burke, Buscaino, Cacciotti, Lyou (*except Items #4, #6 and #15*), McCallon, Nelson, Parker, Robinson, and Rutherford

NOES: None

ABSTAIN: Lyou (*Items #4, #6 and 15 only*)

ABSENT: Mitchell and Solis

24. Items Deferred from Consent Calendar

- 2A. Set Public Hearing June 1, 2018 to Certify Final Environmental Assessment and Amend Rules 1146, 1146.1, 1146.2 and Adopt Rule 1100

Council Member Robinson announced his abstention on Item No. 2A because of a financial interest in Darling Ingredients International and Cargill Inc. and left the room during discussion of Item No. 2A.

Bill LaMarr, California Small Business Alliance, expressed concern about proposed amendments related to RECLAIM and requested the hearing for these rules be delayed until all issues have been adequately addressed.

Harvey Eder, Public Solar Power Coalition, noted the cost effectiveness of solar energy and recommended that it be evaluated as BARCT. He also expressed support for Community Choice Aggregation.

Joseph Hower, Los Angeles County Business Federation, expressed concerns that the CEQA evaluation for the sunseting of the RECLAIM program does not adequately address the complexities related to sunseting of the program and encouraged the District to pursue a more thorough CEQA evaluation of the impacts of this process.

Michael Carroll, Regulatory Flexibility Group  
Bill Quinn, California Council for Environmental and Economic Balance

Urged that setting hearing on the proposed rule amendments be delayed until more basic structures of the New Source Review program are developed and stakeholders have had an adequate opportunity to provide input.

Bridget McCann, Western States Petroleum Association, asked that the hearing for these rules be delayed until there is a BARCT assessment completed for the facilities transitioning from RECLAIM and a thorough review of the environmental and socio economic impacts for the entire RECLAIM transition project has been conducted. (Submitted Written Comments)

Dr. Lyou asked for clarification on the CEQA, BARCT analysis and New Source Review issues.

Barbara Baird, Chief Deputy Counsel, explained that the CEQA guidelines allow for a program EIR which provides a broad perspective of project impacts and then allows for a subsequent EIR or Negative Declaration to analyze specific impacts of subsequent projects. In this instance, the EIR for the 2016 AQMP examined the environmental impacts of the installation of controls and the operation of controls and construction impacts which would result from implementing control measure CMB-01, which was seeking further emission reductions for RECLAIM. Therefore, staff concluded that the Program EIR requirement was met by the AQMP EIR and, of course, the impacts of any specific project would be reviewed when the rule proposals come to the Board.

Dr. Fine noted that a BARCT analysis was conducted for Rule 1146 and the requested action under these rule amendments is to except the potential RECLAIM facilities that will be exiting RECLAIM and become subject to this rule. The rule amendments will provide regulatory certainty to the facilities that are exiting RECLAIM and provide BARCT target limits. The NSR program is a complex undertaking and staff has committed to not exit any facility from RECLAIM that could potentially be subject to the NSR program in the future. A transition plan will be provided, but in the short-term these amendments are necessary to provide regulatory certainty.

SUPERVISOR RUTHERFORD MOVED TO DELAY SET HEARING OF THIS ITEM AND DIRECT STAFF TO CONTINUE TO WORK WITH STAKEHOLDERS. THE MOTION WAS SECONDED BY MAYOR MCCALLON AND FAILED BY THE FOLLOWING VOTE:

AYES: Ashley, Benoit, McCallon, Nelson, and Rutherford

NOES: Buscaino, Cacciotti, Lyou, Mitchell and Parker

ABSTAIN: Robinson

ABSENT: Burke\* and Solis

*\*Although Chairman Burke was present, his vote on the Item was not locked in and he was marked as absent by the voting system.*

COUNCIL MEMBER CACCIOTTI MOVED TO APPROVE ITEM 2A AS RECOMMENDED BY STAFF. THE MOTION WAS SECONDED BY DR. LYOU, AND FAILED BY THE FOLLOWING VOTE:

AYES: Burke, Buscaino, Cacciotti, Lyou, Mitchell and Parker

NOES: Ashley, Benoit, Nelson, McCallon and Rutherford

ABSTAIN: Robinson

ABSENT: Solis

- 2B. Set Public Hearing July 6, 2018 to Certify Final Environmental Assessment and Amend Rule 1469 – Hexavalent Chromium Emissions from Chromium Electroplating and Chromic Acid Anodizing Operations

Bryan Leiker, Metal Finishing Association of Southern California (MFASC)  
Ricardo Osorio, EME Inc  
Graciela Hurtado, AAA Plating  
Kevin Aparicio, MSI

Jerry Wahlin, MFASC  
Ray Bokelman, Chromal Plating Company  
Lourdes Ortiz, MFASC  
Alan Olick, Brite Plating  
Fatima Reyes, AAA Plating  
Martina Ramirez, AAA Plating  
Gary R. Wannlund, Hawker Pacific Aerospace

Expressed concerns regarding the impact the proposed rule will have on the economy and the potential loss of jobs.

Wesley Turnbow, MFASC  
David Trinidad Gonzales, General Plating  
Vince Grana, MFASC/California Electro Plating  
Brian Ward, MFASC  
Ed Appleton, Metal Finishing Marketers, Inc.  
Brad Kerr  
Jim Meyer  
Rodolfo Cortines, Metal Surfaces, Inc.  
Joe Stevens, Bridge Safety Consultants  
Teresa Bell Payton, MFASC  
Joe Lipsey Jr., MFASC  
Justin Guzman, Aircraft X-Ray  
Jan Clark, Metal Surfaces, Inc.  
Douglas Vogel, Coventra Inc.  
Demetrio Davila, Multichrome Co  
Dilip Patel, General Plating Company  
Kushiruan Patel, Brite General Plating

Expressed concerns about the cost of implementing the proposed rule requirements and the potential loss of jobs; and stressed the importance of developing science-based regulations.  
(MFASC Submitted Written Comments)

Mr. Nastri noted that Item 2B is proposing a 60-day set hearing.

Mayor McCallon noted that he will be out of the country in July and requested that the hearing for this item be scheduled for a different meeting.

Supervisor Nelson expressed concerns for businesses and jobs in the metal finishing and aerospace industries and noted that many businesses have already moved out of state due to increased regulations. He cautioned against adopting additional regulations that might impact jobs in these industries.

Mayor Pro Tem Mitchell asked staff to comment on the two types of processes for decorative chrome plating and aerospace chrome anodizing



that are included in the rule and the outreach that has been conducted with stakeholders.

Susan Nakamura, Assistant DEO/Planning, Rule Development and Area Sources, explained that Rule 1469 is also implementing portions of the state ATCM and the federal NESHAP which combine all chrome plating and anodizing facilities together and the rule has been developed to be consistent with state and federal regulations. She commented that staff has reached out to all of the facilities that have identified themselves at the Stationary Source Committee meetings and has conducted site visits to better understand the concerns that have been expressed and additional revisions to the rule will be presented to address those concerns. She added that staff will continue to work with stakeholders and explore hexavalent chrome alternatives.

Dr. Fine clarified that Rule 1469 has different thresholds, requirements and approaches for different processes and sizes of facilities.

Mayor Pro Tem Mitchell noted that a speaker at the Stationary Source Committee meeting mentioned an alternative for hexavalent chrome called Chemeon. She added that the Department of Defense standards and aerospace standards would need to change in order to allow for the use of another type of metal.

Council Member Robinson commented on the need to educate the federal government on the issues related to hexavalent chrome and the impact on communities within the District. He acknowledged that changing the national standards would be a lengthy process and encouraged addressing the issue at the legislative level.

Dr. Lyou expressed concern with setting a hearing date with the number of outstanding issues that seem to be points of concern for stakeholders.

Ms. Nakamura addressed a number of specific concerns that have been expressed by stakeholders including increased costs, source testing frequency, high pressure air drying techniques, barrier provisions and enclosure requirements. Staff has worked with stakeholders to provide clarification regarding the actual requirements of the proposed rule. As a result of input from industry, the proposed rule now provides a longer time period for source testing, has added specificity to the language related to air drying, provided alternatives for barriers, and clarified the enclosure requirement.

Dr. Lyou asked about the possibility of bifurcating the rule between decorative plating applications and aerospace applications. He expressed support for referring the rule to the Stationary Source Committee for further discussion.

Ms. Nakamura explained that it was more streamlined to propose one rule with different thresholds to avoid duplication and overlap in separate rules. The federal NESHAP and state ATCM include the same sources in their regulations.

Mr. Nastri noted that if the hearing were to be set for the September Board Meeting, additional discussions could occur and, if needed, edits to the proposed rule could be made prior to the public hearing.

COUNCIL MEMBER CACCIOTTI MOVED TO SET THE PUBLIC HEARING TO CONSIDER PROPOSED AMENDED RULE 1469 AT THE SEPTEMBER 7, 2018 BOARD MEETING. THE MOTION WAS SECONDED BY DR. LYOU AND CARRIED BY THE FOLLOWING VOTE:

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

NOES: McCallon

ABSENT: Solis

#### 7. Appoint Members to SCAQMD Hearing Board

Edward Camarena, Hearing Board Member, expressed concern regarding the recommendation to appoint a new engineer member to the Hearing Board and commented that several statements regarding his performance on the Hearing Board made at the April 13, 2018 Administrative Committee Meeting were inaccurate. He referenced the conclusions of a study conducted on the Hearing Board that reflected his esteemed performance and requested the Board take this information, as well as his 24 years of service on the Hearing Board, into consideration. There was a brief discussion about the alternate Hearing Board position. (Submitted Written Comments)

MOVED BY BUSCAINO, SECONDED BY CACCIOTTI, AGENDA ITEM 7 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

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

NOES: Rutherford

ABSENT: Solis

**BOARD CALENDAR**

- 25. Administrative Committee
- 26. Legislative Committee
- 27. Mobile Source Committee
- 28. Stationary Source Committee
- 29. Technology Committee
- 30. Mobile Source Air Pollution Reduction Review Committee
- 31. California Air Resources Board Monthly Report

MOVED BY BENOIT, SECONDED BY BUSCAINO, AGENDA ITEMS 25 THROUGH 31, APPROVED AS RECOMMENDED, RECEIVING AND FILING THE COMMITTEE, CARB AND MSRC REPORTS, AND APPROVING THE FOLLOWING POSITIONS ON LEGISLATION, BY THE FOLLOWING VOTE:

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

NOES: None

ABSENT: Solis

<b>Agenda Item</b>	<b>Recommendation</b>
AB 2091 (Grayson) Fire prevention: prescribed burns	Support with Amendments
AB 2453 (E. Garcia) Air Pollution: schools	Support with Amendments
SB 210 (Leyva) Heavy-Duty Vehicle Inspection and Maintenance Program	Support with Amendments
Proposed Amendments to 2018 SCAQMD State and Federal Legislative Goals and Objectives	Support State Legislative Goals and Objectives without Amendments Support Federal Legislative Goals and Objectives with Amendments

## **PUBLIC HEARINGS**

33. Adopt Executive Officer's FY 2018-19 Proposed Goals and Priority Objectives, and Draft Budget; and Determine that Proposed Amendments to Regulation III – Fees Are Exempt from CEQA and Amend Regulation III

The presentation on Item No. 33 was waived.

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

Bill LaMarr, California Small Business Alliance, expressed appreciation to staff for their efforts to reduce the permit backlog, control costs, and noted the impact fee increases have on small businesses.

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

Mayor McCallon expressed concerns about adopting an unbalanced budget and asked staff to respond.

Sujata Jain, Assistant DEO/Finance, explained that several factors such as increased retirement costs and added positions have affected the budget. Funds that are expected but have not yet been received are not reflected in the proposed budget. Once those funds are received they may offset the deficit.

Mr. Nastri added that a number of measures are being explored to increase funding and noted the investment needed to implement AB 617 and the operational costs associated with updating the District's information management systems.

Supervisor Nelson recommended that staff prepare cost cutting recommendations for the Board's review at the upcoming Board Retreat.

Chairman Burke concurred with Supervisor Nelson's recommendation.

Dr. Lyou noted that the unreserved fund balance is used to cover expenditures that exceed the budget amounts and that while this proposed budget keeps the unreserved fund balance at twenty-five percent it might be prudent to look at expenditures going forward as the projections show the balance dropping to sixteen percent in the future.

MOVED BY NELSON, SECONDED BY CACCIOTTI AGENDA ITEM 33 APPROVED WITH AMENDMENT AS SET FORTH BELOW:

- 1) APPROVE THE EXECUTIVE OFFICER'S FY 2018-19 GOALS AND PRIORITY OBJECTIVES;
- 2) ADOPT RESOLUTION 18-9 DETERMINING THAT THE PROPOSED AMENDMENTS TO REGULATION III— FEES ARE EXEMPT FROM THE REQUIREMENTS OF CEQA AND AMENDING RULES 301, 303, 304, 304.1, 306, 307.1, 308, 309, 311, 313, 314 AND 315; AND
- 3) CONTINUING THE HEARING ON THE ADOPTION OF THE DRAFT BUDGET TO THE JUNE 1, 2018 BOARD MEETING TO ALLOW STAFF TO PROPOSE COST-CUTTING MEASURES IN AN EFFORT TO BALANCE THE BUDGET.

BY THE FOLLOWING VOTE:

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

NOES: None

ABSENT: Solis

34. Determine that Proposed Amendments to Rule 408 - Circumvention Are Exempt from CEQA and Amend Rule 408

The presentation on Item No. 34 was waived.

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

MOVED BY PARKER, SECONDED BY  
BUSCAINO, AGENDA ITEM NO. 34  
APPROVED AS RECOMMENDED,  
ADOPTING RESOLUTION NO. 18-10  
DETERMINING THAT THE PROPOSED  
AMENDMENTS TO RULE 408 ARE EXEMPT  
FROM THE REQUIREMENTS OF CEQA AND  
AMENDING RULE 408 – CIRCUMVENTION,  
BY THE FOLLOWING VOTE:

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

NOES: None

ABSENT: Solis

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

Mr. Eder expressed concerns about his litigation against the District and CARB.

Mr. LaMarr requested clarification regarding the appointments to the Hearing Board.

Bayron Gilchrist, General Counsel, confirmed that Julie Prussack was reappointed as the Attorney Member, Douglas Lofgren as the Alternate Attorney Member, Mohan Balagopalan was appointed as the Engineer Member and Edward Camarena as the Alternate Engineer Member.

### **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:

Communities for a Better Environment v. SCAQMD, Los Angeles Superior Court Case No. BS161399 (RECLAIM);

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);

Johnson Controls, Inc., v. SCAQMD, Los Angeles Superior Court Case No. BS173108; and

Rainbow Transfer/Recycling, Inc. v South Coast Air Quality Management District, et al., Los Angeles Superior Case No. BS171620; In the Matter of SCAQMD v. Rainbow Transfer/Recycling, Inc., SCAQMD Hearing Board Case No. 4394-2;

#### CONFERENCE WITH LEGAL COUNSEL – INITIATING LITIGATION

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

United States v. Exxon Mobil Corporation, U.S. Court of Appeals, Ninth Circuit, Case No. 18-55481 (amicus brief).

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 1:30 p.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on May 4, 2018.

Respectfully Submitted,

Denise Garzaro  
Clerk of the Boards

Date Minutes Approved: \_\_\_\_\_

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Dr. William A. Burke, Chairman

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**ACRONYMS**

AQMP = Air Quality Management Plan  
ATCM = Airborne Toxic Control Measures  
BARCT = Best Available Retrofit Control Technology  
CARB = California Air Resources Board  
CEQA = California Environmental Quality Act  
EIR = Environmental Impact Report  
FY = Fiscal Year  
MSRC = Mobile Source (Air Pollution Reduction) Review Committee  
NESHAP = National Emission Standards for Hazardous Air Pollutants  
NOx = Oxides of Nitrogen  
NSR = New Source Review  
PM = Particulate Matter  
RECLAIM = REgional Clean Air Incentives Market  
RFP = Request for Proposals  
U.S. EPA = United States Environmental Protection Agency