

BOARD MEETING DATE: October 7, 2011

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the September 9, 2011 meeting.

RECOMMENDED ACTION:

Approve Minutes of the September 9, 2011 Board Meeting.

Sandra McDaniel,
Clerk of the Boards

SM:dp

FRIDAY, SEPTEMBER 9, 2011

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 (left at 11:30 a.m.)
Speaker of the Assembly Appointee

Mayor Dennis R. Yates, Vice Chairman
Cities of San Bernardino County

Mayor Michael D. Antonovich (left at 10:30 a.m.)
County of Los Angeles

Supervisor John J. Benoit
County of Riverside

Mayor Pro Tem Michael A. Cacciotti
Cities of Los Angeles County – Eastern Region

Ms. Jane W. Carney
Senate Rules Committee Appointee

Supervisor Josie Gonzales
County of San Bernardino

Mayor Ronald O. Loveridge (left at 11:30 a.m.)
Cities of Riverside County

Dr. Joseph K. Lyou
Governor's Appointee

Councilmember Judith Mitchell
Cities of Los Angeles County – Western Region

Supervisor Shawn Nelson (arrived at 9:35 a.m.)
County of Orange

Councilmember Jan Perry (arrived at 9:15 a.m. and left at 1:10 p.m.)
City of Los Angeles

Mayor Miguel A. Pulido
Cities of Orange County

CALL TO ORDER: Chairman Burke called the meeting to order at 9:10 a.m.

- Pledge of Allegiance: Led by Councilman Cacciotti.
- Presentation of Retirement Awards to Chandrashekar Bhatt and Nola Oriola-Jackson

Chairman Burke presented a retirement award to Chandrashekar Bhatt, Air Quality Engineer II in Engineering and Compliance, in recognition of 24 years of dedicated District service.

(Councilwoman Perry arrived at 9:15 a.m.)

Chairman Burke presented a retirement award to Nola Oriola-Jackson, Air Quality Analysis & Compliance Supervisor in Engineering and Compliance, in recognition of 30 years of dedicated District service.

- Election of Chair and Vice Chair for Terms January 2012 – January 2014

The floor was opened for nominations.

SUPERVISOR GONZALES NOMINATED DR. WILLIAM A. BURKE AND DENNIS YATES, PRESENT CHAIR AND VICE CHAIR, RESPECTIVELY, MAYOR PULIDO SECONDED THE NOMINATION. THERE BEING NO FURTHER NOMINATIONS AND NO OBJECTIONS, THE NOMINATIONS WERE CLOSED, AND THE BOARD CAST A UNANIMOUS VOTE (Absent: Nelson), RE-ELECTING DR. WILLIAM BURKE AS CHAIR AND MAYOR DENNIS YATES AS VICE CHAIR FOR THE TERMS JANUARY 2012 THROUGH JANUARY 2014.

- Opening Comments

Dr. Barry R. Wallerstein, Executive Officer. 1) Noted that an errata sheet containing an amendment to Item No. 10 was distributed to Board members and copies made available to the public. 2) Suggested that Items 32 and 34 be taken up first due to the number of individuals requesting to comment on the items.

Dr. Lyou. Reported that he, along with Supervisor Gonzales and Councilmember Mitchell, attended the Mobility 21 conference on September 6, 2011 which focused on transportation issues. He would have preferred to see more coverage about the interconnectedness of the transportation industry and

air quality and he recognizes the need to continue to educate the transportation sector about the consequences of non-attainment.

Supervisor Gonzales. Noted that she also attended the Mobility 21 conference and was thankful that Dr. Matt Miyasato was able to give a presentation to an audience that is not typically aware of the challenges the AQMD faces.

Chairman Burke. Announced that he, along with Councilwoman Mitchell, attended a meeting with community leaders in Carson where the District also held an outreach for the Japanese-American community. He noted the success of recent outreach programs to various communities and asked staff to present to the Board an organized plan for community outreach to ensure that all segments of the population in the region are being reached.

Mayor Yates. Noted that he attended the Women in Green Forum which was held on August 30, 2011 in Santa Monica where he introduced the debut of the District's new "The Right to Breathe" film. He recognized Mayor Pro Tem Cacciotti, for his influence in developing this type of outreach, and also for his participation at the event by overseeing a panel discussion. He added that the successful event concluded with closing comments by Ms. Carney.

Supervisor Gonzales. Added that she had the privilege of delivering the welcome address at the conference which was well attended by women from various backgrounds and locations. She was particularly impressed with a speaker who highlighted the difficulties that many communities face in accessing even basic services including water and power. The speaker encouraged attendees to look for ways to fulfill those needs in local communities, and she feels that the AQMD can also benefit from that advice.

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Agenda Item No. 32 was taken out of order.

BOARD CALENDAR

Staff Presentation/Board Discussion

32. Approve AQMD Air Quality-Related Energy Policy
(Continued from July 8, 2011 Board Meeting)

Dr. Elaine Chang, DEO/Planning, Rule Development and Area Sources, gave the staff presentation. An errata sheet containing a modification to Action 9, page 10 of the Draft Air Quality-Related Energy Policy was distributed to Board members and copies made available to the public.

(Supervisor Nelson arrived at 9:35 a.m.)

The following individuals addressed the Board on Agenda Item 32.

LEE WALLACE, Southern California Gas and San Diego Gas & Electric

Acknowledged the improvements that have been made to the proposed policy, but his organization still withheld endorsement of the policy because of the following concerns: 1) the ability of the policy to coordinate with California state energy policy; 2) the lack of cost-effective paths for implementation of the policy principles and 3) the policy still seems to show bias towards electrification and should not favor one technology over another. He added that they look forward to continuing their work with the District in the development process for the 2012 AQMP.

*ELIZABETH WARREN, Futureports

JESSICA DUBOFF, Los Angeles Area Chamber of Commerce

Expressed appreciation for the outreach meetings that staff has participated in to assist their various businesses in gaining insight into the policy. However, they still have concerns about the economic impact and the cost to businesses. They requested the use of third party review to determine the most effective and feasible implementation of a plan that would integrate air quality and energy needs with economic and technological realities. *(Submitted Written Comments)

ANDREW MCALLISTER, California Center for Sustainable Energy

Expressed strong support for the innovative energy policy that will attempt to address California's fundamental challenges with the broad energy economy and its relationship to the environment. He stressed the importance of staying focused on ensuring efforts will benefit both the community and the economy.

MARNIE PRIMMER, Mobility 21

Expressed gratitude for the ability to participate in the process; requested that the Board delay action at the present time and include the policy in the upcoming RTP and AQMP processes rather than rushing to implement the current proposal; and expressed the following concerns about the policy: 1) the policy would be used to dictate how transportation funding is used or projects are built and that it might infringe upon the jurisdiction of local transportation commissions; and 2) the need for a more in-depth socioeconomic analysis to gain a better understanding of the impacts of the policy. (Submitted Written Comments)

KATE KLIMOW, Orange County Business Council

Expressed concern regarding the necessity of the proposal and its implementation relative to the multiple state and federal agencies that have jurisdiction over many of the areas covered in the policy; suggested that the AQMD stay neutral regarding energy and technology and recommended that the Board delay action until an independent review of alternative fuel technology infrastructure, capacity and demand and an independent economic impact analysis using current economic data is completed.

DR. ELISA NICHOLAS, The Children's Clinic

Expressed strong support for the policy which addresses the challenge of meeting increasing energy needs while improving the air quality thereby improving the public health. She noted that as a pediatrician serving low-income communities she treats children who have asthma and witnesses the economic and physical costs to families affected by the disease and other pollution-related illnesses. She applauded the AQMD for taking steps to make the air the community breathes cleaner.

Mayor Yates thanked Dr. Nicholas for participating as a panelist at the Women in Green event.

LUCY DUNN, California Transportation Commission

Noted that the Commission had not taken a position on the energy policy, but they are dedicated to ensuring a financially sustainable, world-class, multi-modal transportation system that reduces congestion, improves the environment and facilitates the economic development of the state through the efficient movement of goods and people. She added that they look forward to further partnership with the AQMD in future efforts to achieve the environmental health goals for the State.

THOMAS GROSS, Southern California Edison

Expressed support for the objectives of the policy; noted the importance of collaboration between agencies whose policies impact the ability to plan, permit and build facilities necessary for safe, reliable and affordable electricity systems; and highlighted ways that Edison plans to continue partnering with the District in an effort to achieve air quality goals including greater integration of efforts between stakeholders in the area of goods movement and providing greater outreach including targeting underserved communities and offering tools to residents which can greatly reduce electricity use and costs. (Submitted Written Comments)

BILL QUINN, California Council for Environmental and Economic Balance

Stressed that energy policies should be made by the legislature and the State energy agencies, primarily PUC and CEC; noted the importance of greater clarity about the terms zero- or near-zero technologies, including what the baseline for establishing these classifications is, and whether there will be emissions thresholds; and added that the work that has been put into the energy policy discussions should lead to a productive process for development of the 2012 AQMP.

BILL LAMARR, California Small Business Alliance

Noted the effect that ever-increasing energy costs have on small businesses and expressed opposition to the imposition of electric-powered technologies on businesses without giving equal considerations to the cost, utility, versatility and acceptability of other energy sources.

DR. EDWARD HUANG, California Institute of Environmental Design and Management

Spoke in support of the energy policy and urged the Board to implement the policy citing the potential health benefits as well the ability to support the development of a green economy in the region through the development of green jobs.

Councilman Cacciotti recognized Dr. Huang's contributions to the District's Chinese-American community outreach program and thanked him for his comments.

JIM STEWART, Sierra Club

JEANNINE PRIVAT, Global Green USA

LILLIAN LIGHT, Environmental Priorities Network

WILLIAM WHEELER, Monterey Park Chamber of Commerce

Expressed appreciation for the AQMD's leadership in developing a groundbreaking policy that will reduce GHG emissions, reduce air quality impacts, build sustainable communities and improve the economy while providing hundreds of thousands of new jobs.

*MARTIN SCHLAGETER, Coalition for Clean Air

KRISTEN EBERHARD, Natural Resources Defense Council

Expressed support for the draft energy policy that, along with the 2012 AQMP and RTP, will serve to address many key issues for the economic and environmental health of California in the coming years. *(Submitted Written Comments)

MONICA ISABELL, Positive Aging and Wellness Network

Expressed support for the role AQMD is playing in addressing many of the issues that are of concern to seniors including the harmful health impacts of air pollution and the need to innovate green technologies to combat the high cost of fuel and the country's dependence on foreign petroleum.

ANDREW HENDERSON, Building Industry Association of Southern California

Expressed concern with the lack of attention to the serious economic considerations that should be addressed in energy policies and also the lack of expression of deference to other agencies that occupy their respective fields. He added that, with the language change to Action 9 regarding partnership with local government to promote energy efficiency, through an errata sheet, they are no longer opposed to the policy; but, cannot support it either, in light of their other concerns.

(Supervisor Antonovich left at 10:30 a.m.)

SERGIO PALOS, Resident of Huntington Park

Explained that the residents of his community are exposed to many different pollutant sources, noting that two of his five children have brain tumors; urged the Board to continue to take steps to help those living in low income

communities; and added that while he understands businesses are reluctant to change, in the end they will make do and continue to produce their goods and provide their services.

Chairman Burke offered sympathy, on behalf of the Board, for the plight of Mr. Palos' sons and thanked him for his testimony.

Dr. Lyou asked staff to provide Mr. Palos with information concerning the AQMD's support of brain cancer and brain tumor research.

CAROLYN HEMMING, Downtown Pomona Owners Association

Explained that as a business person and a mother she is faced with weighing the cost of both additional expenses to her business and the additional health cost to her children and loved ones. She recognized the importance between air quality and energy generation and expressed support for the policy's intent to promote, develop and deploy cleaner technology.

THOMAS WONG, City of Monterey Park Environmental Commission

Thanked the AQMD for developing a responsible and necessary policy that will assist various communities with their unique air quality concerns, improve the physical environment and ensure the sustainability of our communities.

JENNIFER BRETOI, Kids in Sports

Explained that her organization provides sports leagues for approximately 8,000 children in underserved areas of Los Angeles; acknowledged the direct impact that unhealthy air quality has on children in terms of asthma and other health-related issues; and thanked the Board for adopting a policy that will support clean energy and provide good air quality.

TERRY ROBERTS, American Lung Association of California

Expressed support for the draft energy policy and stressed its importance in light of their recent annual State of the Air report which again showed that the Los Angeles region tops the list of the most polluted areas in the country for ozone and particulate pollution. She emphasized the positive effect the policy will have because it prioritizes energy efficiency, renewable, distributed generation, and other ultra clean energy strategies to meet air quality, energy, security, and climate change objectives. She was also impressed with the energy strategy portion which will address energy storage solutions to support the transition between clean and renewable sources.

DR. JASNA TOMIC, CalStart

Expressed support for the draft plan as an important first step in integrating the concerns of criteria emissions together with energy and climate concerns; recommended an emphasis on renewable and clean distributed energy generation and an even stronger focus on integration of mobile sources and energy into the grid; and encouraged planning to go beyond simple analysis

by incorporating the goals, conclusions and actual programs into the policies.
(Submitted Written Comments)

ORACIO GONZALEZ, Craton Equity Partners

Expressed support for the energy policy citing that it is a necessary step in the efforts to achieve clean air, as well as generate jobs, absent federal guidance on clean air goals.

Written Comments Submitted by:

Stephen Finnegan, Automobile Club of Southern California

Will Kempton, Orange County Transportation Authority

Gregory S. Pettis, Riverside County Transportation Commission

Joint letter submitted by 33 industry associations and 18 chambers of commerce

Dr. Wallerstein emphasized that there is an undeniable link between energy use and local air quality and noted that energy usage is the most significant item that the AQMD must address to achieve federal clean air standards and improved public health. He added that staff estimates that NOx emissions will have to be reduced by about seventy-five percent under the existing clean air standards. He addressed the concerns regarding transportation funding and projects by noting that the District will work closely with the transportation commissions but will not impact the allocation of transportation funds.

Mayor Loveridge commented that the District cannot wait for the state or the federal government to take action to help the region meet upcoming attainment requirements. He noted that the energy policy process helped to identify ways for all parties to collaborate in the future and recognized that the main events are still ahead with the 2012 AQMP, RTP and the Sustainable Communities Strategy.

Mayor Pulido thanked staff as well as the many organizations that have been a part of the effort to address the linkage between the air that residents breathe and how energy is consumed and produced. He stressed the importance of creating sustainable communities like various European countries are in the process of building through alternative energy generation and transportation infrastructure. He noted that the conditions in Southern California are prime for setting precedent because of the combination of entrepreneurial companies, universities, forward-thinking governments and a huge economy that can be cultivated to grow stronger.

Supervisor Benoit commented that his concern surrounding the draft policy is whether it is balanced and whether all facets have been considered. He recognized the importance of working to minimize the negative health impacts to all communities but also taking into consideration the high unemployment rates and recognizing the impacts the policies can have on the community and the economy. He proposed an amendment to Action 2 that clarifies that both internal and third-party socioeconomic studies are to be conducted when implementing a

strategy in order to make sure there is a well-rounded approach to those far-reaching decisions.

Councilwoman Mitchell commended staff on their extraordinary efforts in public outreach which aided greatly in a collaborative approach to the policy development process. She replied to those who were concerned about the District overstepping its authority that the Board recognizes its jurisdictional limitations, but the issues of air quality, energy and transportation are so integrally related that they need to be addressed together and the hope is that the energy policy will bring awareness to other agencies, businesses and to the public about how important it is to recognize those connections. She added that there is a great need to move forward and meet air quality standards in order to prevent further detriment to public health.

Supervisor Nelson commented that huge strides have already been made in the region to combat poor air quality and there should not be such a rush to institute such a broad policy that could have a dramatic effect on the economy. He suggested that the Board withhold approval until further economic analyses, including third-party peer review of the comprehensive policy, can be completed.

Dr. Lyou thanked those that provided testimony on the item, noting the importance of hearing from all stakeholders to aid in the Board's consideration. He reiterated the need for further economic analysis as well as information regarding the long term cost savings and health benefits associated with the policies. He acknowledged the effectiveness of the agency thus far, but highlighted the need to continue to make enormous progress in air quality to even comply with existing standards.

Councilman Cacciotti stressed the importance of stabilizing the United States economy by developing advanced, efficient transportation systems and ending the reliance on foreign fuel.

MOVED BY LOVERIDGE, SECONDED BY PULIDO, AGENDA ITEM NO. 32 APPROVED, ADOPTING RESOLUTION NO. 11-22, APPROVING THE AQMD AIR QUALITY-RELATED ENERGY POLICY, WITH THE MODIFICATIONS TO THE POLICY AS STATED IN THE ERRATA SHEET AND STATED ON THE RECORD AND SET FORTH BELOW, BY THE FOLLOWING VOTE:

AYES: Benoit, Burke, Cacciotti, Carney, Gonzales, Loveridge, Lyou, Mitchell, Perry, Pulido and Yates.

NOES: Nelson.

ABSENT: Antonovich.

Amend Action 2 of the Draft Air Quality-Related Energy Policy as follows:

Action 2 – Conduct appropriate internal and third party socioeconomic studies to identify the societal costs and benefits for the implementation of zero and near-zero emissions strategies, including but not limited to, further electrification and impacts on businesses and jobs;

Discussion: Socioeconomic studies will identify the capital investment needed and how the funds can be raised to pay for the infrastructure and delivery systems to support the technologies identify from Action #1. The studies will also include socioeconomic impact analysis including third party review of job impacts, businesses competitiveness, small business impacts, ratepayer impacts, etc., resulting from transitioning to zero or near-zero technologies. Status reports regarding preparation and results of these studies will be reported to the Board Committees of appropriate jurisdiction. Input will be solicited from various stakeholders, including business groups, energy companies and transportation agencies.

Delete the following language from Action 9, page 10 of the Draft Air Quality-Related Energy Policy:

Action 9 - Partner with local utilities and local government stakeholders to promote energy conservation and efficiency, ~~through local actions;~~ and

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(Chairman Burke and Mayor Loveridge left at 11:30 a.m.)

CONSENT CALENDAR

1. Approve Minutes of July 8, 2011 Board Meeting

Budget/Fiscal Impact

2. Issue RFP for Legislative Representation in Sacramento, California
3. Amend Contract for Media Relations Services
4. Approve Annual Report on AB 2766 Funds from Motor Vehicle Registration Fees for FY 2009-10
5. Amend Contract for Lease of South Bay Field Office

6. Transfer Funds and Amend Contracts to Conduct Additional 2011 Lawn Mower Exchange Events and Execute Contract to Conduct Pilot Study for Use of Electric Lawn and Garden Equipment
7. Execute Contracts for Natural Gas Fueling Stations
8. Issue Program Announcement for Natural Gas Truck Projects and Amend Contract
9. Recognize Funds and Execute Contracts for Truck Retrofit Projects
10. Approve Contract Modifications and Awards under FY 2010-11 AB 2766 Discretionary Fund Work Program and Fund Transfer for Miscellaneous Costs in FY 2011-12

An errata sheet containing an amendment to the text in Recommended Actions for 5(w) was provided to the Board Members and copies made available to the public.

11. Execute Contracts for Short- and Long-Term Systems Development, Maintenance and Support Services
12. Execute Sole Source Contract for Three-Year Service Agreement for AQMD Access to On-line Legal Research Libraries

Councilwoman Perry announced her abstention on Item No. 6 because of a campaign contribution from Parking Concepts. Supervisors Benoit and Gonzales announced their abstentions on Item No. 9 because of campaign contributions from Robertson's Ready Mix. Dr. Lyou announced his abstention on Item No. 10 because the City of Los Angeles, the City of Riverside, Better World Group, Los Angeles Freightliner/Silver State Truck and Trailer and Velocity Vehicle Group are potential sources of income to him.

Due to the abstentions of four Board Members and a lack of seven votes necessary for Board action, Item No. 7 was continued to the October 7, 2011 Board Meeting by operation of procedure.

Agenda Item No. 2 was withheld for discussion.

MOVED BY NELSON, SECONDED BY PERRY, THE BOARD APPROVED AGENDA ITEMS 1, 3 THROUGH 6 AND 8 THROUGH 12, AS RECOMMENDED BY STAFF, WITH THE MODIFICATION TO ITEM NO. 10 AS STATED IN THE ERRATA SHEET AND SET FORTH BELOW, BY THE FOLLOWING VOTE:

AYES: Benoit (*except Item #9*), Carney, Cacciotti, Gonzales (*except Item #9*), Lyou (*except Item #10*), Mitchell, Nelson, Perry (*except Item #6*), and Yates.

NOES: None.

ABSTAIN: Benoit and Gonzales (*Item #9 only*), Lyou (*Item #10 only*) and Perry (*Item #6 only*).

ABSENT: Antonovich, Burke, Loveridge and Pulido.

Amend language in Recommended Actions for 5(w) with the following:

- 5.(w) A contract with the City of Chino in an amount not to exceed \$35,077 for the purchase of a natural gas heavy-duty vehicle and the re-power (replacement) of an off-road engine with ~~alternative fuel~~ a new, cleaner Tier 3 or better diesel engine;

23. Items Deferred from Consent Calendar

2. Issue RFP for Legislative Representation in Sacramento, California

Dr. Lyou noted that local businesses are being awarded five points, yet they are expected to be based in and work out of Sacramento. He also expressed concern with the high amount being budgeted for this item during these economic times.

Dr. Wallerstein responded that staff can take the standard policy of awarding local incentive points to the Administrative Committee for review. In this situation there is a possibility that a contractor could have an office locally in the South Coast and also have the appropriate staff in Sacramento.

MOVED BY LYOU, SECONDED BY PERRY,
AND UNANIMOUSLY CARRIED (Absent:
Antonovich, Burke, Loveridge and Pulido),
AGENDA ITEM 2 APPROVED, AS
RECOMMENDED BY STAFF.

Items 13 through 22 - Information Only/Receive and File

13. Legislative & Public Affairs Report
14. Hearing Board Report
15. Civil Filings and Civil Penalties Report
16. Lead Agency Projects and Environmental Documents Received by AQMD
17. Rule and Control Measure Forecast
18. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2011-12
19. FY 2010-11 Contract Activity
20. Summary of Changes to FY 2010-11 Approved Budget
21. *This item withdrawn by staff.*
22. Audit Reports of AB 2766 Fee Revenue Recipients for FYs Ending June 30, 2008 and 2009

BOARD CALENDAR

24. Administrative Committee
25. Legislative Committee

- 26. Mobile Source Committee
- 27A. Stationary Source Committee
- 27B. Stationary Source Committee Special Meeting
- 28. Technology Committee
- 29. Mobile Source Air Pollution Reduction Review Committee

MOVED BY NELSON, SECONDED BY CACCIOTTI, AGENDA ITEMS 13 THROUGH 20 AND 22 THROUGH 29 APPROVED AS RECOMMENDED, RECEIVING AND FILING THE BOARD COMMITTEES AND MSRC REPORTS; AND ADOPTING THE POSITIONS ON LEGISLATION AS SET FORTH BELOW, BY THE FOLLOWING VOTE:

AYES: Benoit, Cacciotti, Carney, Gonzales, Lyou, Mitchell, Nelson, Perry and Yates.
NOES: None.
ABSENT: Antonovich, Burke, Loveridge and Pulido.

Bill/Title Position	Recommended
AB 1099 (Lowenthal) Commercial Motor Vehicles: Emissions Standards	Support
SB 859 (Padilla) Vehicles: Records: Confidentiality	Support

- 30A. California Air Resources Board Monthly Report for July
- 30B. California Air Resources Board Monthly Report for August
- 31. California Fuel Cell Partnership Steering Team Meeting Summary and Quarterly Update

MOVED BY PERRY, SECONDED BY LYOU, AGENDA ITEMS 30A THROUGH 31 APPROVED AS RECOMMENDED, RECEIVING AND FILING THE CARB REPORTS, BY THE FOLLOWING VOTE:

AYES: Benoit, Cacciotti, Carney, Gonzales, Lyou, Mitchell, Nelson, Perry and Yates.
NOES: None.
ABSENT: Antonovich, Burke, Loveridge and Pulido.

33. Zero and Near-Zero Emission Technologies and Energy Quarterly Report of Activities Related to Powering Future Vision

WRITTEN REPORT RECEIVED AND FILED; NO ACTION NECESSARY.

PUBLIC HEARINGS

34. Amend Rule 1147 – NO_x Reductions from Miscellaneous Sources
(Continued from July 8, 2011 Board Meeting)

After announcing her abstention from Item 34 because Brithinee Electric, Loma Linda University Medical Center, Maruhachi Ceramics of America, Precision Stampings, U.S. Battery, and Modular Metal Fabricators are sources of income to her, Ms. Carney left the room.

Joe Cassmassi, Planning & Rules Manager, gave the staff presentation.

The public hearing was opened, and the following individuals addressed the Board on Agenda Item 34.

LAURI BIXBY, Sherwin Williams

Asked the Board to consider the devastating economic impact the rule amendment would have on the auto body industry with the cost to replace each spray booth ranging from \$15,000 to \$30,000.

PAUL ENGEL, Printing Industries Association

Expressed concern for their members who will all be impacted by the amended rule by being required to retrofit their units and perform expensive source tests, and urged the Board to continue enforcement discretion for the less-than-one-pound-per-day emitters until AQMD staff reports the findings of the technology assessment to the Board.

GARY STAFFORD, California Small Business Alliance/Terra Furniture

Urged the Board to provide an exemption to those emitting less than one pound per day, and expressed concern with the requirements for replacement of his properly maintained equipment with expensive new units as well as with the rule's recordkeeping requirements that place an additional administrative burden on business to report their emissions.

JIM WAGGONER, Industrial Equipment Sales, LLC

Expressed concern for the timeline and application of the proposed amended rule, detailing the new burner installation process as lengthy and time-consuming and noting the severe economic consequences of forcing businesses to comply. (Submitted Written Comments)

LILLIAN MAIMONE, Marcos Collision Centers, Monterey Park

Stressed that the auto body industry should not be included in the rule because their spray booths emit less than one pound per day; noted that advances in the technology of paints could make heaters obsolete in the coming years, and the costs to comply with this rule now will be wasted when heaters are no longer needed; and added that the cost of \$30,000 or more to retrofit each booth will be too burdensome for most businesses.

ALEX GONZALEZ, Holmes Body Shop

Urged the Board to not impose the rule amendment which would have a devastating financial impact on his auto body business which includes nine locations with over 200 employees. The estimated cost of over half a million dollars to retrofit their booths would result in the closure of his business and the loss of jobs.

KURTIS FREADING, Industrial Equipment, LLC

Expressed concern that the technology needed to comply with the rule amendment at his powder coating business is not available, and he has been unable to find a company that is planning to develop such equipment.

JASON LUEVANOS, Maximum Equipment

Explained that they sell and perform service on body shop equipment and, as a result of existing Rule 1147, they installed numerous meters and timers prior to January 1, 2011 that are no longer required. He fears he will lose customers because they lost money as a result and will now be further burdened by having to replace or retrofit their booths. He questioned staff's estimate of \$15,000 to retrofit a unit, because his estimates were \$30,000 per booth, which would be too much for many businesses to afford and would result in them having to shut off heaters, resulting in a loss of production or close of business entirely.

DAVID NORDEEN, Collision repair business owner

Expressed opposition to the rule amendment, noting that Southern California businesses already operate under the most stringent emissions standards in the country; cited the lack of cost-effective technology; and added that, in addition to facing competition amongst local businesses, he may now be

facing out-of-state competitors because automobile manufacturers are considering transporting vehicles outside of California to have work performed because of the high cost of repairs necessitated by local regulations.

ROGER RANJBAR, California Pulse, Inc.

Commented that emissions should be calculated on a per-finished-cycle basis to provide a platform on which various heating systems can be compared against each other; and stressed the importance of using energy-efficient stable control systems which provide a clear economical benefit to the operator by reducing fuel and electricity consumption. (Submitted Written Comments)

*RICH PANNAZZO, Fix Auto

LINDA HOLCOMB, California Auto Body Association

Asked the Board to withhold the adoption of the amendments to the rule until a technology assessment is completed, and noted the negative economic impact of requiring businesses to replace their equipment prior to the end of its useful life. *(Submitted Written Comments)

BOB MACHUCA, Los Angeles Economic Development Corporation

Urged the Board to consider the testimony of the many businesses that will be negatively impacted by the proposed amended rule; commented that they see firsthand the struggles that businesses are facing and they try to offer them resources including financing options; and acknowledged that while stakeholders are committed to helping the region attain emission goals, it needs to be done in a way that is equitable to both businesses and the environment.

BILL LAMARR, California Small Business Alliance

NOEL MUYCO, Southern California Gas and San Diego Gas and Electric

Expressed concerns with the proposed amended rule including 1) the confusion it has created amongst businesses; 2) the many difficulties it would create for businesses; 3) the technological deficiencies with the low NOx burners; 4) the true cost of the burners and ancillary costs associated with installation and certification of the units; and 5) the lack of a completed technology assessment and third party review prior to the rule amendment.

CURTIS COLEMAN, Attorney representing Fuel Cell Energy

Explained his client's manufacturing process, and asked for confirmation regarding an exemption from required NOx testing for certain processes that operate above 1200 degrees.

Dr. Wallerstein confirmed that Mr. Coleman's understanding of that exemption is correct.

JIM STEWART, Sierra Club

Expressed support for the proposed amendments that will reduce NOx emissions that cause asthma, other respiratory diseases and premature death. He feels the rule is a fair compromise to the smaller businesses because it

provides flexibility by allowing them until 2017 to comply, and, even then, they may have various mitigation measures available to them.

AL ORTIZ, Relyon Technologies

Acknowledged that while the lack of currently available technology is disconcerting, he still supports the amendments and has successfully installed eight spray booths with mid- to low-NOx burners, adding that the various configurations of equipment cost between \$75,000 to \$180,000, with the median price running around \$100,000.

ANTHONY ENDRES, Furnace Dynamics

Urged the Board to withhold a decision on the amendments until the cost-effectiveness can be determined at greater length, noting that his organization calculated the replacement cost of units to be much higher than the staff estimates.

CYNTHIA EAGLESON, Amvac Chemical Corporation

Expressed support for the extended NOx emission limits compliance timeline, technology assessment and the mitigation fee compliance option for the proposed amendment.

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

Written Comments Submitted by:

Charles Aiello, Midco International, Inc.
Joseph M. Pattok, Jr., J.M. Pattok & Associates

Dr. Wallerstein explained that the rule amendments were brought on by requests for regulatory relief from another industry. While staff expected a relatively easy implementation, once workshops were held a number of significant issues were raised, including those from the auto body industry. The rule language provides for the completion of a technology assessment that will address the concerns raised regarding the availability of technology, the cost impact and applicability. He noted that the small emitters would not be affected until 2017, at the earliest, and may be exempted entirely as a result of the technology assessment. He urged the Board to approve the rule amendment at the present time so that it could be submitted to U.S. EPA for approval into the SIP to avoid potential citizen suits.

Supervisor Nelson inquired whether, once the rule is adopted, discussions could begin regarding addressing the other relief requested in the testimony because it is important to listen to the concerns that were voiced and work with the small businesses that may see no other alternative but to close their business or move out of the area.

Dr. Wallerstein confirmed that staff is open to listening to any problems that arise after rule adoption and evaluating the possible need to bring changes to the Board for review and amendment of the rule.

Dr. Lyou suggested that a commitment needs to be made to help businesses avoid costly delays in obtaining permits through not only the District's permit assistance program, but also staff could work with the local governments to make sure their permitting processes go as smoothly as possible. He also noted the importance of assisting businesses with the financial aspect of purchasing the new equipment because of the difficulty many face with obtaining loans.

Councilwoman Mitchell commented that she was involved in extensive discussions with stakeholders about the rule and communicated their concerns to staff. She understands the plight of small businesses as well as the concerns surrounding the lack of available technology, but the current proposal is necessary in light of limitations that the Board is operating under because the existing rule is part of the SIP. She asked staff if the Board could exempt the emitters who are under the one-pound-per-day level.

Dr. Wallerstein recommended that the Board adopt the current proposal and direct staff to propose a rule amendment for consideration in the future if the results of the technology assessment do not exempt that group out of the rule permanently. He suggested that staff provide an update to the Board in January 2012 regarding the technology assessment, as well as any information gained during the installation of the first low-NOx burner.

Supervisor Benoit stressed the importance of eliminating the uncertainty surrounding some of the industries as soon as possible to avoid potential layoffs or business closures as a result of the increased financial burden.

Councilman Cacciotti asked for clarification regarding the financial impact to the auto body businesses from the present to 2015.

Dr. Laki Tisopulos, Assistant DEO/Planning, Rule Development and Area Sources, responded that there is no cost to the vast majority of businesses until 2017 because they fall below the one-pound-per-day NOx threshold and will automatically get a five-year extension to the 2017 timeframe.

In response to Supervisor Gonzales' inquiry regarding the potential unavailability of technology by the compliance deadline, Dr. Wallerstein noted that staff would recommend an exemption be provided in the rule and that revision to the rule be submitted as part of the SIP.

Supervisor Gonzales added that she is sympathetic to the monumental economic obstacles that small businesses face. She sees the opportunity for the AQMD to become a job generator and supporter in the economic recovery for the region and beyond. She recognized the importance of collaboration in reaching

air quality goals which will help everyone be aware of the responsibilities all of the parties face.

In response to Supervisor Nelson's inquiry into whether the motion included a directive for staff to return with an exemption for the less-than-one-pound emitters, Councilwoman Perry indicated that it is premature to ask for that exemption prior to the technology assessment.

MOVED BY PERRY, SECONDED BY CACCIOTTI, AND UNANIMOUSLY CARRIED (Absent: Antonovich, Burke, Carney, Loveridge and Pulido), AGENDA ITEM 34 APPROVED, ADOPTING RESOLUTION NO. 11-23 CERTIFYING THE FINAL SUBSEQUENT ENVIRONMENTAL ASSESSMENT AND AMENDING RULE 1147, AS RECOMMENDED BY STAFF.

35. Amend Rule 1470 - Requirements for Stationary Diesel-Fueled Internal Combustion and Other Compression Ignition Engines

Staff recommended that the public hearing on this item be continued to the October 7, 2011 Board Meeting.

MOVED BY GONZALES, SECONDED BY NELSON, AND UNANIMOUSLY CARRIED (Absent: Antonovich, Burke, Carney, Loveridge, Perry and Pulido) THE PUBLIC HEARING ON RULE 1470 WAS CONTINUED TO THE OCTOBER 7, 2011 BOARD MEETING.

OTHER BUSINESS

36. Execute Lease Contract for Printing Equipment and Copiers

Dr. Wallerstein explained that this item was placed under Other Business because a final review of the bid process was not completed in time for the item to be heard by a Board committee.

MOVED BY LYOU, DULY SECONDED, THE BOARD APPROVED AGENDA ITEM 36 AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Benoit, Gonzales, Lyou, Mitchell,
Nelson, Perry and Yates.

NOES: None.

ABSENT: Antonovich, Burke, Cacciotti, Carney,
Loveridge and Pulido.

(Councilwoman Perry left at 1:10 p.m.)

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

The following AQMD employees and Teamsters 911 Representative Ray Whitmer addressed the Board to express their concerns in regards to salaries and benefits for represented employees, and the ongoing labor negotiations.

KEITH BROWN, ELIZABETH AYRES, JACOB ALLEN, JANE POWERS,
BRANDEE KEITH, SAMIRAH LABAN, NORMA MARTINEZ,
MARTHA THOMAS, GARY BANCROFT and GINA LOMBARDO

Explained that while many employees were sympathetic to the possibility of the current economic circumstances affecting contract negotiations, they were disheartened by the push for unfair pension reform and the switch of the health insurance plan term from 12- to 18-months; expressed concerns with the current contract proposal including 1) a \$90 buy down for health insurance premiums is tied to legislation that may never pass thus no increase in healthcare reimbursement continually escalating medical costs; 2) to enact a two-tiered retirement system would undermine the ability of the District to attract quality employees; and 3) while the majority of employees are being asked to take cuts, upper management is continuing to receive larger retirement packages including a deferred compensation plan with District matching, and greater healthcare reimbursement than the represented employees; and requested the Board's support during labor negotiations.

Mr. Whitmer explained that in his role as representative of approximately 360 AQMD employees he has always worked hard to maintain a relationship that was based on equity and fairness for employees, but overriding inequities at the District need to be addressed. He highlighted portions of handouts that were provided to the Board with respect to the agencies that participate in SBCERA, noting that out of 20 organizations, the AQMD is the only agency seeking legislation to change the pension formula for its employees. He further detailed the inequities that exist between the highest paid employees and the lowest paid employees in terms of healthcare benefit payments and deferred compensation matching.

CLOSED SESSION

The Board recessed to closed session at 1:40 p.m., pursuant to:

- (1) Government Code section 54956.9(a) to confer with its counsel regarding pending litigation which has been initiated formally and to which the District is a party, as follows:
 - Cleanstreet v. SCAQMD, Los Angeles Superior Court Case No. BC441151;
 - NRDC, et al. v. SCAQMD, et al., Los Angeles Superior Court Case No. BS110792; and
 - California Communities Against Toxics, et al. v. U.S. EPA, et al., U.S. Court of Appeals, Ninth Circuit, Case No. 11-71127.
 - (2) Government Code section 54956.9(c) to consider initiation of litigation (two cases).
 - (3) Government Code section 54957.6 to confer regarding upcoming labor negotiations with:
 - designated representatives regarding represented employee salaries and benefits or other mandatory subjects within the scope of representation [Negotiator: William Johnson; Represented Employees: Teamsters Local 911 & SCAQMD Professional Employees Association]
- and to confer with:
- labor negotiators regarding unrepresented employees [Agency Designated Representative: William Johnson; Unrepresented Employees: Designated Deputies and Management and Confidential employees].

Following closed session, General Counsel Kurt Wiese announced that a report of any reportable actions taken in closed session will be filed with the Clerk of the Board and made available upon request.

ADJOURNMENT

There being no further business, the meeting was adjourned by Kurt Wiese at 2:20 p.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on September 9, 2011.

Respectfully Submitted,

Denise Pupo
Senior Deputy Clerk

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

AQMP = Air Quality Management Plan
CARB = California Air Resources Board
CEC = California Energy Commission
CEQA = California Environmental Quality Act
FY = Fiscal Year
GHG = Greenhouse Gas
NATTS = National Air Toxics Trends Station
NOx = Oxides of Nitrogen
PAMS = Photochemical Assessment Monitoring Station
PM_{2.5} = Particulate Matter ≤ 2.5 microns
PUC = Public Utilities Commission
RFP = Request for Proposals
RFQ = Request for Quotations
RTP = Regional Transportation Plan
SBCERA = San Bernardino County Employees' Retirement Association
SCAG = Southern California Association of Governments
SIP = State Implementation Plan
U.S. EPA = United States Environmental Protection Agency