

BOARD MEETING DATE: November 6, 2015

AGENDA NO. 1

MINUTES: Governing Board Monthly Meeting

SYNOPSIS: Attached are the Minutes of the October 2, 2015 meeting.

RECOMMENDED ACTION:

Approve Minutes of the October 2, 2015 Board Meeting.

Sandra McDaniel,
Clerk of the Boards

SM:dg

FRIDAY, OCTOBER 2, 2015

Notice having been duly given, the regular meeting of the South Coast Air Quality Management District Board was held at the Millennium Biltmore Hotel Los Angeles, 506 South Grand Avenue, Los Angeles, California. Members present:

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

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

Mayor Michael D. Antonovich (arrived at 9:35 a.m.)
County of Los Angeles

Mayor Ben Benoit
Cities of Riverside County

Supervisor John J. Benoit
County of Riverside

Councilmember Michael A. Cacciotti (arrived at 9:15 a.m.)
Cities of Los Angeles County – Eastern Region

Dr. Joseph K. Lyou
Governor's Appointee

Supervisor Shawn Nelson (arrived at 10:20 a.m.)
County of Orange

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

Mayor Miguel A. Pulido (left at 11:20 a.m.)
Cities of Orange County

Supervisor Janice Rutherford
County of San Bernardino

Members absent:

Councilmember Joe Buscaino
City of Los Angeles

Councilmember Judith Mitchell
Cities of Los Angeles County – Western Region

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. Barry R. Wallerstein, Executive Officer. Noted that errata sheets for Items 28 and 34 were distributed to Board members and copies made available to the public.

- Swearing in of Reappointed Board Member Dr. Clark E. Parker, Sr.

Chairman Burke administered the oath of office to Dr. Parker, who was reappointed to the Board by the Senate Rules Committee, for a term ending January 15, 2020.

- Election of Chair and Vice Chair for Terms January 2016 – January 2018

The floor was opened for nominations.

MAYOR YATES NOMINATED DR. WILLIAM A. BURKE, PRESENT CHAIR TO SERVE AS CHAIR AND BEN BENOIT TO SERVE AS VICE CHAIR, 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: Antonovich, Buscaino, Cacciotti, Mitchell and Nelson), RE-ELECTING DR. WILLIAM BURKE AS CHAIR AND ELECTING MAYOR BEN BENOIT AS VICE CHAIR FOR THE TERMS JANUARY 15, 2016 THROUGH JANUARY 14, 2018.

(Councilman Cacciotti arrived at 9:15 a.m.)

CONSENT CALENDAR

1. Approve Minutes of September 4, 2015 Board Meeting
2. Set Public Hearings to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations

November 6, 2015:

- A. Amend Regulation XX - Regional Clean Air Incentives Market (RECLAIM)

- B. Amend Rule 1156 - Further Emission Reductions from Cement Manufacturing Facilities

December 4, 2015:

- C. Amend Rule 1110.2 - Emissions from Gaseous- and Liquid-Fueled Engines

Budget/Fiscal Impact

- 3. Execute Contracts to Implement Two Major Recommendations by Abt Associates to Enhance Socioeconomic Assessments
- 4. Execute Contract for Enhancement of Web-Based Annual Emissions Reporting Tool
- 5. Execute Contract to Cosponsor Hydrogen Station Equipment Performance Project **E**
- 6. Execute Contract for Renewable Natural Gas Production and Vehicle Demonstration Project **E**
- 7. Recognize Funds and Amend Contracts to Extend Implementation of Enhanced Fleet Modernization Program
- 8. Execute Contracts for FY 2014-15 "Year 17" Carl Moyer Program and SOON Provision
- 9. Approve Awards for School Bus Replacements and Retrofits **E**
- 10. Recognize Revenue and Appropriate Funds to Support Air Quality Sensor Performance Evaluation Center Program
- 11. Execute Contract for Security Guard Services at Diamond Bar Headquarters
- 12. Amend Contracts to Provide Short- and Long-Term Systems Development, Maintenance and Support Services
- 13. Execute Contract for Community Outreach with Los Angeles Sentinel, Inc.

14. Execute Contract for Consultant Services for SCAQMD Environmental Justice Outreach and Initiatives
15. Approve Contract Awards and Allocation Approved by MSRC

Action Item/No Fiscal Impact

16. Amend SCAQMD Conflict of Interest Code and Incorporate Code, as Amended, into SCAQMD Administrative Code

Dr. Lyou announced his abstention on Item No. 7 because Gladstein Neandross and Associates is a potential source of income to him and on Item No. 14 because The Better World Group is a potential source of income to him.

Supervisor Benoit announced his abstention on Item No. 6 because of campaign contributions from CR&R. He also announced that he serves as a Board Member for the Coachella Valley Associated Governments which is involved with Item No. 15.

Mayor Benoit announced that he has an interest in the City of Wildomar which is involved with Item No. 15.

Agenda Items 2 and 7 were withheld for comment and discussion.

MOVED BY LYOU, SECONDED BY CACCIOTTI, AGENDA ITEMS 1, 3 THROUGH 6 AND 8 THROUGH 16 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: B. Benoit, J. Benoit (*except Item #6*), Burke, Cacciotti, Lyou (*except Item #14*), Parker, Pulido, Rutherford and Yates.

NOES: None.

ABSTAIN: J. Benoit (*Item #6 only*) and Lyou (*Item #14 only*).

ABSENT: Antonovich, Buscaino, Mitchell and Nelson.

24. Items Deferred from Consent Calendar

2. Set Public Hearings to Consider Amendments and/or Adoption to SCAQMD Rules and Regulations

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The following individuals addressed the Board on Agenda Item No. 2A.

Angela Johnson Meszaros, Earth Justice, asked the Board to stay on track with the adoption of RECLAIM at the November 6 meeting.

Curtis Coleman, Southern California Air Quality Alliance, noted that there is still work to be done before Regulation XX is ready for hearing and that hopefully these issues can be resolved by the October Stationary Source Committee meeting.

Sue Gornick, Western States Petroleum Association, addressed several issues that remain unresolved, including the size of the shave above and beyond BARCT, costs associated with implementation, and an aggressive implementation schedule.

MOVED BY YATES, SECONDED BY LYOU,
AGENDA ITEM 2 APPROVED AS
RECOMMENDED, BY THE FOLLOWING
VOTE:

AYES: B. Benoit, J. Benoit, Burke,
Cacciotti, Lyou, Parker, Pulido,
Rutherford and Yates.

NOES: None.

ABSENT: Antonovich, Buscaino, Mitchell and
Nelson.

7. Recognize Funds and Amend Contracts to Extend Implementation of Enhanced Fleet Modernization Program

Dr. Lyou left the room during discussion of Item 7.

Supervisor Rutherford asked staff to provide some background on the projects.

Henry Hogo, Assistant DEO/Technology Advancement, responded that due to an overwhelming interest in the program beyond the anticipated number of vouchers approved by the Board in December 2014, the contracts that are being amended will provide for consultants to focus on case management to handle the applications that have been received and not on continuing outreach and marketing as originally proposed.

MOVED BY CACCIOTTI, SECONDED BY J. BENOIT, AGENDA ITEM 7 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: B. Benoit, J. Benoit, Burke, Cacciotti, Parker, Pulido, Rutherford and Yates.

NOES: None.

ABSTAIN: Lyou.

ABSENT: Antonovich, Buscaino, Mitchell and Nelson.

Items 17 through 23 - Information Only/Receive and File

- 17. Legislative and Public Affairs Report
- 18. Hearing Board Report
- 19. Civil Filings and Civil Penalties Report
- 20. Lead Agency Projects and Environmental Documents Received by SCAQMD

21. Rule and Control Measure Forecast
22. Report of RFPs Scheduled for Release in October
23. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2015-16

MOVED BY YATES, SECONDED BY B. BENOIT, AGENDA ITEMS 17 THROUGH 23 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: B. Benoit, J. Benoit, Burke, Cacciotti, Parker, Pulido, Rutherford and Yates.

NOES: None.

ABSTAIN: Lyou.

ABSENT: Antonovich, Buscaino, Mitchell and Nelson.

BOARD CALENDAR

25. Administrative Committee
26. Mobile Source Committee
27. Stationary Source Committee
28. Special Stationary Source Committee

An errata sheet containing an amendment to page 2 of the Committee's Draft Meeting Minutes was provided to the Board Members and copies made available to the public.

29. Technology Committee
30. Mobile Source Air Pollution Reduction Review Committee

31. California Air Resources Board Monthly Report

MOVED BY YATES, SECONDED BY J. BENOIT, AGENDA ITEMS 25 THROUGH 31 APPROVED AS RECOMMENDED, WITH THE MODIFICATION TO ITEM NO. 28 AS STATED IN THE ERRATA SHEET AND SET FORTH BELOW, RECEIVING AND FILING THE COMMITTEE, MSRC AND CARB REPORTS, BY THE FOLLOWING VOTE:

AYES: B. Benoit, J. Benoit, Burke, Cacciotti, Lyou, Parker, Pulido, Rutherford and Yates.

NOES: None.

ABSENT: Antonovich, Buscaino, Mitchell and Nelson.

Amend the statement on Page 2, Paragraph 5 of the draft minutes of the September 23, 2015 Special Meeting of the Stationary Source Committee as follows:

Dr. Lyou stated that he was not concerned with the lack of consensus because directing staff to compromise with stakeholders only encourages those stakeholders to take extreme positions. He recommended that if staff's analysis shows what level of NOx reductions are required to meet our obligations to clean the air and meet federal and state ambient air quality standards, we should proceed with presenting the current staff proposal to the full Board.

32. 2016 Air Quality Management Plan White Papers

Dr. Philip Fine, DEO/Planning and Rules, provided a status report on the finalization of the AQMP White Papers.

The following individuals addressed the Board on Agenda Item No. 32.

Rita Loof, Radtech, noted that they support the vision articulated in the White Papers; and stressed the importance of holding mobile sources accountable as they have been identified as the major contributor to the pollution problem; and urged for more incentives to be put in place for stationary sources that go above and beyond to control emissions.

Dr. Wallerstein noted that the importance of controlling mobile source emissions will be a key emphasis in the 2016 AQMP.

David Englin, BizFed, expressed his appreciation for the relationship that has been established with staff through the White Paper process; noted that they look forward to focusing on the AQMP and the draft control measures that will be released; and urged for adequate time for stakeholder review and input on those measures.

Written Comments Submitted by:
Michael W. Lewis, Construction Industry Air Quality Coalition

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

Supervisor Rutherford noted that she expected the White Papers to include more in-depth details about what control measures will be selected and how they will be implemented; urged that it be made clear that increasing commercialization and incentives for clean air technologies is a priority and ensuring that the appropriate funding is allocated for such. She stressed the importance of balancing air quality concerns with health needs and economic considerations, adding that one way she suggests to address some of these issues is to create a dialogue with the business community and city planners about how to get jobs close to where people reside.

Chairman Burke noted that he has spoken with Supervisor Nelson on the topic of creating jobs near transportation hubs and that it will be a continued topic of interest.

Dr. Lyou explained that, in the past, the District hosted a gathering of investors and technology developers to communicate about their ideas and products, adding that it might be prudent to hold another such event to encourage the commercialization of low-polluting, air quality control technologies. He added that it is important to come up with a way that those companies that take the risk to invest in cleaner technologies are not put at an economic disadvantage when a newer, clean air technology is developed.

MOVED BY YATES, SECONDED BY
CACCIOTTI, AGENDA ITEM 32 APPROVED
AS RECOMMENDED, BY THE FOLLOWING
VOTE:

AYES: B. Benoit, J. Benoit, Burke,
Cacciotti, Lyou, Parker, Pulido,
Rutherford and Yates.

NOES: None.

ABSENT: Antonovich, Buscaino, Mitchell and
Nelson.

PUBLIC HEARINGS

33. Adopt Proposed Rule 1420.2 – Emission Standards for Lead from Metal Melting Facilities (*Continued from September 4, 2015 Board Meeting*)

Susan Nakamura, Director of Strategic Initiatives, gave the staff presentation.

(Supervisor Nelson arrived at 10:20 a.m.)

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

DAVID WEINBERG, Battery Council International

Spoke on behalf of four battery manufacturers based in the South Coast Air Basin, noting that even though they do not agree with specific provisions, they are not objecting to an ambient lead requirement that is one-third lower than the National Ambient Air Quality Standard, ambient monitoring, and total enclosures. He stressed that there are two issues that need to be resolved: 1) the addition of a definition of Primary Cause and 2) reducing the frequency of sweeping or vacuuming of parking lots; and added that if these outstanding issues are not addressed, the Battery Council International requests that the rule be rejected.

DAVID PETTIT, NRDC

Stressed the importance of protecting public health by limiting any amounts of lead escaping from these facilities.

JAMES WESTBROOK, Senior Aerospace

Expressed opposition to the rule which groups low lead-emitting ancillary operations with smelters and battery manufacturing; and noted that the monitoring requirements of the rule are costly for an organization of their type to implement.

ANGELA JOHNSON MESZAROS, Earth Justice

Commented on the harmful effects of lead exposure, noting that lead is fully absorbed by the body; and expressed support for more stringent regulation of lead emissions.

JAMES SIMONELLI, California Metals Coalition

Expressed support for the goal to reduce lead emissions, but cautioned against the high cost and effort involved in reaching the 0.100 standard; and requested flexibility with the housekeeping requirements.

MARK OLSEN, Gerdau

Explained that Gerdau is the only steel recycler and seismic rebar manufacturer in California; expressed support for the current version of the proposed rule; and noted that upon adoption Gerdau will commence the construction of an anticipated fifty million dollar environmental control system and

other environmental improvements to make the Rancho Cucamonga plant one of the cleanest in North America. (Submitted Written Comments)

TERRY CAMPBELL, U.S. Battery Manufacturing

Noted that while they agree that Rule 1420 needs to be changed, it needs to be done with requirements that are manageable while trying to meet the goal reductions; and expressed concern that the rule limits their ability to expand business operations.

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

Ms. Nakamura explained that the proposed increase to the sweeping requirement for paved areas, is due to the concern of elevated levels of ambient concentration, adding that under Rule 1420.1 the facilities have been performing the sweeping once per shift to control fugitive emissions. In regards to the issue of alternative housekeeping measures, she noted that it is standard practice for pre-approval of any substitute measure to be granted by the Executive Officer. She added that in the event a facility believes the Executive Office has rendered an improper decision, they may request an appeal through the Hearing Board.

Kurt Wiese, General Counsel, spoke in regards to the “primary cause” clause which, as proposed, would provide relief for a plant that is found to not be the primary cause of a lead exceedance, adding that the industry is asking for the definition to indicate that if there is any other contributor to an exceedance, the facility would not to be held responsible.

Mayor Yates confirmed that it would be prudent to add staff’s definition of primary cause to the rule language.

Dr. Wallerstein suggested that the rule be amended to allow the facility 14 days, instead of 5 business days, to respond to or appeal a violation of the ambient lead concentration limit when they believe the monitoring is due to external sources.

Supervisor Benoit expressed appreciation for staff’s efforts to continue to protect public health from lead exposure; noted his concern with the large increase in the required sweeping from once weekly to once per shift, and the potential job losses in the coming years as noted in the staff report; and cautioned against the potential to drive the battery manufacturers out of the area which will give way to additional concerns including the increased transportation of lead products. He recommended that the sweeping of outside areas be required twice per week, and in regards to the voluntary substitution of alternative housekeeping measures that if a facility does not receive a response from the District within seven days of submittal, their request has been deemed to have been approved.

Dr. Lyou suggested that the motion to approve the rule also include the change Dr. Wallerstein recommended which provides a facility 14 days to respond

to an exceedance in the event they believe such an exceedance is the result of an outside source.

Supervisor Rutherford suggested developing a Board policy that will provide some certainty to companies who make large investments that they will not be required to make additional investments for a similar issue in the near-term.

Chairman Burke confirmed that this topic has been discussed previously; and noted that he is open to any suggestion on a possible approach to further address it.

Supervisor Nelson stressed the importance of working with the business community and not continually overburdening them with further regulations.

Dr. Wallerstein suggested that the AQMP would be a good avenue to address this issue, as it will be the forerunner of future regulations by the Board. He added that perhaps Gerdau could be used as a case study to determine the potential for establishing policy guidelines in this regard.

Mayor Pulido suggested that an ad-hoc committee be created that could address ways to encourage industry to make investments for cleaner air as well as protect their investments; and volunteered to participate in such a committee to work toward creating a balance between regulation and fostering a good relationship with the business community.

Chairman Burke confirmed the importance of addressing this issue, and asked that any Board Members who would like to serve on such a committee express their interest to him.

In response to Mayor Yates' request for comment about how a company might increase their throughput as the concern was raised by speakers, Dr. Wallerstein noted that each case would be treated individually, but requests for increased limits on operating permits are often approved.

MOVED BY J. BENOIT, SECONDED BY
NELSON, AGENDA ITEM NO. 33 APPROVED
AS RECOMMENDED BY STAFF WITH THE
MODIFICATIONS NOTED BELOW,
ADOPTING RESOLUTION NO. 15-20
CERTIFYING THE FINAL ENVIRONMENTAL
ASSESSMENT FOR PROPOSED RULE
1420.2 AND ADOPTING RULE 1420.2 –
EMISSIONS STANDARDS FOR LEAD FROM
METAL MELTING FACILITIES, BY THE
FOLLOWING VOTE:

AYES: Antonovich, B. Benoit, J. Benoit, Burke, Cacciotti, Lyou, Nelson, Parker, Pulido, Rutherford and Yates.

NOES: None.

ABSENT: Buscaino and Mitchell.

Modify Proposed Rule 1420.2 as follows:

- Change the outdoor sweeping provision from once weekly to twice weekly;
- For alternative housekeeping measures, instead of requiring written approval by the Executive Officer, allow the facility to submit its alternative measures to the Executive Officer, and proceed with implementation of those measures if after 7 days they have not been notified by the Executive Officer that there is a problem;
- Allow the facility 14 days (instead of 5 business days) to respond to a violation of the ambient lead concentration limit when they believe the overage is due to other sources;
- Take the definition of “primary cause” stated in the staff report, and place it in the rule.

34. Amend Rule 1106 – Marine Coating Operations, as set forth in Proposed Amended Rule 1106 - Marine and Pleasure Craft Coating Operations, and Rescind Rule 1106.1 – Pleasure Craft Coating Operations

Philip Fine, DEO/Planning and Rules, gave the staff presentation.

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

CAROL KAUFMAN, Metropolitan Valley Water District

Explained that in their operation as the nation’s largest provider of treated drinking water to more than 19 million people throughout six counties, they utilize small watercraft for inspections, sampling and maintenance activities; and thanked staff for their cooperation throughout the amendment process which led to the inclusion of the viscosity-based exemption from the traditional transfer efficiency requirements.

DOUG DELONG, ADDU Enterprises

Expressed opposition to the proposal which will not result in any VOC reductions, but will burden small businesses with additional paperwork and provide a possible opportunity for proprietary information to be released. He added that businesses may be forced to pass the cost of compliance onto the end-user.

(Mayor Pulido left at 11:20 a.m.)

RITA LOOF, RadTech

Expressed opposition to the proposal because she said that it places expansive administrative reporting requirements on manufacturers when the District already has sufficient records from UV/EB facilities; and requested an exemption for energy curable coatings that contain less than 50 grams per liter.

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

Supervisor Benoit highlighted a concern that the staff report identifies that no additional costs or other socioeconomic impacts are anticipated, but the speakers indicated that there will in fact be some costs associated with this additional reporting.

In response to Chairman Burke's inquiry into how much VOC emissions are the result of boat bottom paint, Dr. Fine confirmed that the emissions are fairly low and that the amendment is not targeted at obtaining VOC reductions; rather it is to promote clarity and consistency, and to gain a better accounting of the products used through the recordkeeping provision.

DR. LYOU MOVED TO APPROVE THE STAFF
RECOMMENDATION FOR ITEM NO. 34,
SECONDED BY COUNCILMAN CACCIOTTI
BUT FAILED BY THE FOLLOWING VOTE:

AYES: Cacciotti and Lyou.

NOES: Antonovich, B. Benoit, J. Benoit,
Burke, Nelson, Parker, Rutherford
and Yates.

ABSENT: Buscaino, Mitchell and Pulido.

The Public Comment Period was taken out of order.

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

Assemblyman Sebastian Ridley-Thomas, thanked the Board for their coordination with the newly created Los Angeles Caucus, which includes 39 members of the legislature that represent portions of Los Angeles County. He noted that their priorities to address within the region include transportation, water and homelessness and they hope to partner with the District on some of these issues.

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OTHER BUSINESS

35. Recognize Revenue to Develop and Demonstrate Catenary Zero-Emission Goods Movement System

Dr. Lyou announced his abstention on Item No. 35 because Los Angeles Metropolitan Transportation Authority and the Port of Long Beach are potential sources of income to him, and he left the room.

MOVED BY YATES, SECONDED BY NELSON, AGENDA ITEM 35 APPROVED AS RECOMMENDED, BY THE FOLLOWING VOTE:

AYES: B. Benoit, Burke, Cacciotti, Nelson, Parker, Rutherford and Yates.

NOES: None.

ABSTAIN: Lyou.

ABSENT: Antonovich, Buscaino, J. Benoit, Mitchell and Pulido.

CLOSED SESSION

The Board recessed to closed session at 11:35 a.m., pursuant to Government Code sections 54956.9(a) and 54956.9(d)(4) to consider initiation of litigation (one case).

Following Closed Session, General Counsel Kurt Wiese announced that there were no reportable actions taken in closed session.

ADJOURNMENT

There being no further business, the meeting was adjourned by Kurt Wiese at 12:00 p.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on October 2, 2015.

Respectfully Submitted,

Denise Garzaro
Senior Deputy Clerk

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

- AQMP = Air Quality Management Plan
- BARCT = Best Available Retrofit Control Technology
- CARB = California Air Resources Board
- CEQA = California Environmental Quality Act
- FY = Fiscal Year
- MSRC = Mobile Source (Air Pollution Reduction) Review Committee
- NAAQS = National Ambient Air Quality Standards
- RFP = Request for Proposals
- SOON = Surplus Off-Road Opt-In for NOx
- U.S. EPA = United States Environmental Protection Agency