

BOARD MEETING DATE: December 5, 2014

AGENDA NO. 29

REPORT: Administrative Committee

SYNOPSIS: The Administrative Committee met on Friday, November 14, 2014. The Committee discussed various issues detailed in the Committee report. The next Administrative Committee meeting is scheduled for Friday, December 12, 2014 at 10:00 a.m.

RECOMMENDED ACTION:
Receive and file.

Dr. William A. Burke, Chair
Administrative Committee

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Attendance: Attending the November 14, 2014 meeting were Committee Members Mayor Dennis Yates at SCAQMD headquarters and Chairman William Burke and Dr. Clark E. Parker, Sr. via videoconference. Supervisor Josie Gonzales was unable to participate.

ACTION/DISCUSSION ITEMS:

1. **Board Members' Concerns:** None
2. **Chairman's Report of Approved Travel:** Executive Officer Barry Wallerstein reported that Mayor Judith Mitchell anticipated trips to Sacramento to attend the monthly CARB Board meetings on November 19-21 and December 17-19, 2014.
3. **Approval of Compensation for Board Member Assistant(s)/Consultant(s):** None to report.
4. **Report of Approved Out-of-Country Travel:** None to report.

5. **Update on AB 1318 Emission Mitigation Projects in Coachella Valley:** Director of Technology Implementation Fred Minassian was to provide an update presentation on the AB 1318 projects. However, due to the lengthy agenda, Dr. Wallerstein recommended that Mr. Minassian only present the two proposed recommendation items, which were: 1) Execute a contract with Renova Energy for solar projects in three locations at the Boys and Girls Club in an amount not to exceed \$1.2 million, comprised of \$785,881 in project funds and \$414,119 in accrued interest from the AB 1318 Fund (58); and 2) Amend the contract with Quality Interiors for additional residential weatherization projects “within 6-mile vicinity” for the increased amount of up to \$932, 848, comprised of \$742,450 in project funds and \$190,398 in accrued interest from the AB 1318 Fund (58). Dr. Burke commented that he was happy with the state of the projects and would like to hear progress updates at the Administrative Committee meeting in December.

Moved by Yates; seconded by Parker; unanimously approved.

6. **Establish Board Meeting Schedule for Calendar Year 2015:** Dr. Wallerstein advised that this item is the annual establishment of the meetings scheduled for the Governing Board in 2015.

Moved by Yates; seconded by Parker; unanimously approved.

7. **Annual Audited Financial Statement for FY Ended June 30, 2014:** Chief Financial Officer Michael O’Kelly provided brief background information on the audited financial statements and introduced Melba Simpson of Simpson & Simpson, the CPA firm engaged to provide an opinion on the financial statements. Ms. Simpson gave a lengthy and detailed presentation on the annual audited financial statements, noting there were no deficiencies, no material weaknesses, and no instances of noncompliance, nor were there any disagreements with management on financial accounting and reporting matters. Dr. Parker inquired whether there was any input regarding pension liability. Ms. Simpson responded that in an audit of this type of government where the agency is in a cost-sharing pension plan, the disclosures are noted in the footnotes that the cost-sharing plan is audited by other independent auditors. However, she explained that the Government Accounting Standards Board has issued new pension requirements for employers effective for FY 2014-15 where pension plans will have to change the way they account and report for liability. The major difference in the financial reporting is that governments will have to record any unfunded liability for pension plans on the face of their financial statements. Prior to the new requirements, as long as the organization paid 100% of the annually required contribution that is determined by the actuaries, there was no requirement to record the liability on the financial statements. Dr. Burke inquired about our movement to investigate a change in pension funds.

Dr. Wallerstein responded that the report is being finalized by Counsel and the Committee Members will be getting it shortly. General Counsel Kurt Wiese added that he is going to reach out to Dr. Burke and Dr. Parker to schedule another meeting with Lance Olson and his partner (outside Advisors). Dr. Burke recommended scheduling the meeting after the December Board meeting. Mayor Yates expressed the appreciation of the Governing Board to Mike O'Kelly and his staff for an outstanding audit outcome with no discrepancies found.

Moved by Yates; seconded by Parker; unanimously approved.

8. **Execute Contract for Biennial Audit of Motor Vehicle Registration:**

Mr. O'Kelly reported that this item is to execute a contract with Simpson & Simpson, Certified Public Accountants, for performance of the biennial audit of Motor Vehicle Registration revenues for AB 2766. This audit is required by the Health & Safety Code for the \$4 in vehicle registration fees that the District receives and distributes to the MSRC and local government agencies.

Moved by Parker; seconded by Yates; unanimously approved.

9. **Approve Dissolution of SCAQMD Building Corporation:** Mr. O'Kelly reported that the SCAQMD Building Corporation was created in 1978 as a non-profit under the laws of California to finance the acquisition and improvement of the SCAQMD headquarters building. The cost to maintain the Building Corporation is about \$10,000 per year. At present, it does not seem that the Board is looking to acquire or construct any other buildings; therefore, staff recommends approval of the dissolution of the Building Corporation. In the event that the Board again wanted to create an organization to finance construction of a building, there would be enough cost savings by not spending \$10,000 a year until that decision was made to establish a new corporation. If approved, it would be dissolved in accordance with the Attorney General's Guide for dissolving non-profit corporations. The dissolution would result in about \$200,000 currently held in trust with the Building Corporation coming back to the District. Dr. Burke commented that he is not going to vote on the item and recommended that the Committee send it directly to the Board for consideration. He mentioned that he and Dr. Wallerstein have had a number of abstract conversations about improvements they would like to see on the property which would necessitate this non-profit. Given Dr. Burke's comments, Dr. Wallerstein recommended that the Committee direct staff to revisit this issue a year from now. Dr. Burke remarked that would be more than appropriate.

This item is continued until next year.

10. **Approve Transfer of Monies from General Fund to Health Effects Research Fund:** Mr. O’Kelly reported that this item requests authorization to transfer \$2.8 million from the General Fund, Undesignated Fund Balance to the Health Effects Research Fund. In 2008, the Board established a Health Effects Research Fund. The Board further authorized, upon Board approval, the transfer of 20% of annual penalty settlement monies received that exceeds \$4 million to the Health Effects Research Fund. For FY 2013-14, there was \$18 million of penalty settlement monies, leaving \$14 million available in which to apply the 20%. The result is \$2.8 million to be transferred to the research fund.

Moved by Yates; seconded by Parker; unanimously approved.

11. **Report of RFPs Scheduled for Release in December:** Mr. O’Kelly advised that staff is requesting authority to issue an RFP for travel agency services.

Moved by Yates; seconded by Parker; unanimously approved.

12. **Establish Pilot Program with Commercial Electric Lawnmowers for Government and Non-Profits within San Bernardino Clean Communities Plan Pilot Study Area:** Director of Strategic Initiatives Susan Nakamura reported that this item is to approve a sole source contract with Mean Green Products, LLC to provide 21 commercial electric lawn mowers for non-profit organizations in the San Bernardino area. Funding for this project will be provided from the Targeted Air Shed Grant Program and will help to implement the Clean Communities Plan pilot programs. The total cost of the lawn mowers is an amount not to exceed \$415,838. Dr. Parker inquired why is this a sole source contract. Deputy Executive Officer Matt Miyasato responded that the Board had previously awarded funds to the same company as a result of an RFP in which they were the only vendor offering the riding-size electric lawn mowers. Staff is confident that this is the only company with this commercial technology, justifying the sole source purchase under our procurement guidelines.

Moved by Yates; seconded by Parker; unanimously approved.

13. **Issue Purchase Order for Ingres Relational Database Management System Software Support:** Assistant Deputy Executive Officer Chris Marlia reported that this item is to issue a three-year purchase order with Actian Corporation to provide continued maintenance support for the period of November 30, 2014 through November 29, 2017 for a total amount not to exceed \$564,967.

Moved by Yates; seconded by Parker; unanimously approved.

14. **Recognize Revenue and Appropriate Funds for U.S. EPA PAMS Program, Amend and Award Contracts for Technical Support for U.S. EPA PAMS and Near-Roadway Programs, Issue Purchase Orders for Air Monitoring Equipment and Issue RFQ for Pure Air Generators:** Assistant Deputy Executive Officer Laki Tisopulos reported that this item is to recognize and appropriate funding for the U.S. EPA PAMS Program and to amend and award contracts for technical support for the various programs. Staff is also requesting to issue purchase orders for air monitoring equipment and an RFQ for pure air generators.

Moved by Yates; seconded by Parker; unanimously approved.

15. **Annual Report on 457 Deferred Compensation Plan:** Assistant Deputy Executive Officer Bill Johnson reported that this item is an annual report to the Board on the status of the Section 457 Deferred Compensation Plan. The report addresses the Board's responsibility for monitoring the activities of the Deferred Compensation Plan Committee and ensuring the Committee carries out its fiduciary duties and responsibilities under the Committee Charter.

The report was received and filed.

16. **Execute Contract for Operation of Diamond Bar Headquarters Cafeteria:** Mr. Johnson reported that this item is to execute a three-year contract with California Dining Services for the period of January 1, 2015 through December 31, 2017, with an option to extend the contract for up to two additional years at SCAQMD's discretion.

Moved by Yates; seconded by Parker; unanimously approved.

17. **Execute Contract for Carpet Installation at Diamond Bar Headquarters:** Mr. Johnson reported that this item is to execute a contract with Signature Commercial Floor Covering for carpet installation in an amount not to exceed \$99,107.

Moved by Yates; seconded by Parker; unanimously approved.

18. **Recommend to Appoint Member to SCAQMD Local Government & Small Business Assistance Advisory Group:** Assistant Deputy Executive Officer Derrick Alatorre reported that this item is to appoint David Rothbart to serve on the Local Government & Small Business Assistance Advisory Group.

Moved by Yates; seconded by Parker; unanimously approved.

19. **Local Government & Small Business Assistance Advisory Group Minutes for the July 18 and September 12, 2014 Meetings (written report):** Attached for information only are the minutes from the July 18 and September 12, 2014 meetings of the Local Government & Small Business Assistance Advisory Group.
20. **Review of the December 5, 2014 Governing Board Agenda:** There were no questions regarding the December 5, 2014 Governing Board Agenda.
21. **Other Business:** None
22. **Public Comment:** None

Meeting adjourned at 11:25 a.m.

Attachments

Local Government & Small Business Assistance Advisory Group Minutes from the July 18 and September 12, 2014 Meetings



South Coast Air Quality Management District

21865 Copley Drive, Diamond Bar, CA 91765-4178
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LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE ADVISORY GROUP FRIDAY, JULY 18, 2014 MEETING MINUTES

MEMBERS PRESENT:

Dennis Yates, Mayor, City of Chino and LGSBA Chairman
Ben Benoit, Councilman, City of Wildomar and LGSBA Vice Chairman
Felipe Aguirre
Paul Avila, P.B.A. & Associates
Geoffrey Blake, Metal Finishers of Southern California/All Metals
John Hill, Riverside County Representative
Maria Elena Kennedy, Kennedy Communications
Rita Loof, RadTech International
Mary Ann Lutz, Mayor, City of Monrovia
Kelly Moulton, Paralegal
Lupe Ramos Watson, Councilmember, City of Indio

MEMBERS ABSENT:

Todd Campbell, Clean Energy

OTHERS PRESENT:

Mark Abramowitz, Board Member Assistant (*Lyou*)
Earl Elrod, Board Member Assistant (*Yates*)
David Rothbart, Los Angeles County Sanitation District
Ruthanne Taylor Berger, Board Member Assistant (*B. Benoit*)

SCAQMD STAFF:

Derrick Alatorre, Assistant Deputy Executive Officer
Elaine-Joy Hills, AQ Inspector II
Philip Fine, Assistant Deputy Executive Officer
Jean Ospital, Health Effects Officer
Nancy Feldman, Principal Deputy District Counsel
Jeanette Short, Senior Administrative Secretary
Cher Snyder, Senior Enforcement Manager

Agenda Item #1 - Call to Order/Opening Remarks

Mayor Dennis Yates called the meeting to order at 11:32 a.m.

Agenda Item #2 – Approval of June 13, 2014 Meeting Minutes/Review of Follow-Up/Action Items

Chair Yates called for approval of the June 13, 2014 meeting minutes. The Minutes were approved unanimously.

Action Item: Provide an Update on Rule 1147

✓ On Agenda for September

Agenda Item #3 – 2013 Annual Report on AB 2588 Air Toxics Hot Spots Program

Dr. Philip Fine provided a summary of the annual Air Toxics “Hot Spots” report including key accomplishments and activities for 2013.

Mr. Paul Avila asked what triggers an investigation or complaint. Dr. Fine responded that some are complaints from the public or elected officials. In addition, if a company falls under the AB 2588 program, they may be investigated by our inspectors if something in the monitoring is revealed, such as excessive or unusual emissions.

Mr. Avila asked how truck drivers in the port relate to AB 2588. Dr. Fine responded that AB 2588 program does not apply to mobile sources. Mr. Avila asked if there will be any upcoming rules regarding mobile sources. Dr. Fine stated there are many rules from the California Air Resources Board (CARB) on trucks and we are looking at the Port Backstop rule. Mayor Yates explained SCAQMD’s primary responsibility is stationary sources.

Agenda Item #4 – Summary of Studies Estimating the Health Co-Benefits Related to Reductions in Traffic

Dr. Jean Ospital provided an overview of recent studies estimating the potential health benefits related to active transportation.

Ms. Rita Loof asked about the last slide “Summary Findings: SF Bay Area,” confirming whether air pollution improvement accounts for less than 1% of health benefits. Dr. Ospital affirmed.

Mr. Avila asked how you would compare London, San Francisco, and Los Angeles. Dr. Ospital responded that he has never done that comparison. Dr. Ospital continued to state that they were only examples and not exactly comparable in terms of what they are looking at..

Agenda Item #5 – New Website Launched

This item was postponed to the September meeting.

Agenda Item #6 – Monthly Report on Small Business Assistance Activities

No comments.

Agenda Item #7 - Other Business

Ms. Loof requested an update on the American Society for Testing and Materials (ASTM) Volatile Organic Compound (VOC) test method.

Action Item – Agendize an update on the ASTM test method

Agenda Item #8 - Public Comment

No comments.

Adjournment

The meeting adjourned at 11:53 a.m.



South Coast Air Quality Management District

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LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE ADVISORY GROUP FRIDAY, SEPTEMBER 12, 2014 MEETING MINUTES

MEMBERS PRESENT:

Dennis Yates, Mayor, City of Chino and LGSBA Chairman
Paul Avila, P.B.A. & Associates
Geoffrey Blake, Metal Finishers of Southern California/All Metals
John Hill, Riverside County Representative
Maria Elena Kennedy, Kennedy Communications
Rita Loof, RadTech International
Kelly Moulton, Paralegal
Lupe Ramos Watson, Councilmember, City of Indio

MEMBERS ABSENT:

Ben Benoit, Councilman, City of Wildomar and LGSBA Vice Chairman
Felipe Aguirre, City of Maywood
Todd Campbell, Clean Energy

OTHERS PRESENT:

Mark Abramowitz, Board Member Assistant (*Lyou*)
Earl Elrod, Board Member Assistant (*Yates*)
David Rothbart, Los Angeles County Sanitation District
Ruthanne Taylor Berger, Board Member Assistant (*B. Benoit*)

SCAQMD STAFF:

Derrick Alatorre, Assistant Deputy Executive Officer
Debra Ashby, Senior Public Information Specialist
Lara Brown, Office Assistant
Joe Cassmassi, Planning & Rules Manager
Elaine-Joy Hills, AQ Inspector II
Aaron Katzenstein, Program Supervisor
Nancy Feldman, Principal Deputy District Counsel
Roberta Lewis, Systems & Programming Supervisor
Chris Marlia, Assistant Deputy Executive Officer
Matt Miyasato, Deputy Executive Officer
Jeanette Short, Senior Administrative Secretary
Cher Snyder, Senior Enforcement Manager

Agenda Item #1 - Call to Order/Opening Remarks

Mayor Dennis Yates called the meeting to order at 11:32 a.m.

Agenda Item #2 – Approval of July 18, 2014 Meeting Minutes/Review of Follow-Up/Action Items

Chair Yates called for approval of the July 18, 2014 meeting minutes. The Minutes were approved unanimously.

Mr. Alatorre addressed Ms. Rita Loof's request for an update on the American Society for Testing and Materials (ASTM) Volatile Organic Compound (VOC) test method and it would be agendized.

Action Item – Agendize an update on the ASTM test method

Mr. Alatorre informed the advisory group about the upcoming 26th Annual Clean Air Awards Ceremony being held on October 3, 2014.

Agenda Item #3 – Update on Greenhouse Gas-related Activities

Dr. Aaron Katzenstein provided an update on activities in support of greenhouse gas reductions and AB 32 implementation.

Ms. Rita Loof asked if, under the new definition, industrial sources would be subject to the regulations, whereas in the past, it was focused on the energy producers under the Scoping Plan. Dr. Katzenstein stated that Ms. Loof may have been referring to the new scoping plan (2015), which includes nine (9) different sectors, energy, agriculture, water, etc. with recommended actions but no set paths.

Ms. Loof asked for examples of large stationary industrial sources. Dr. Katzenstein stated refineries, power plants, chemical facilities and facilities that use a large amount of fuel.

Mr. Paul Avila inquired if all states equally share the cap and trade limits under AB 32 and Dr. Katzenstein responded, that AB 32 was applicable only to California.

Mayor Yates expressed his concern that credit proceeds would be spent elsewhere, rather than mitigating pollution within SCAQMD. He asked if there was a standard of where the money goes. Mr. Avila further asked what the cash equivalent of a credit was. Dr. Katzenstein responded that entities that participate in the cap and trade program receive allowances which are typically free. Any additional allowances needed are purchased on the auction market that the state runs. At the first auction, one allowance or one (1) metric ton was priced at \$10. The price has increased annually by 5% plus rate of inflation and at the last auction the price was at \$11.50 per allowance.

Dr. Katzenstein stated that under SB 535, cap and trade auction proceeds benefit disadvantaged communities with at least 10% invested in projects located within these communities. Mr. Avila

inquired if there are separate bureaucracies set up for this purpose and what OEHHA stood for. Ms. Loof stated it was the Office of Environmental Health Hazard Assessment and Dr. Katzenstein responded that there are separate bureaucracies and the OEEHA is tasked with identifying the disadvantaged communities.

Ms. Loof asked what the average company is spending on these allowances. Dr. Katzenstein stated that they are not releasing that information in order to protect their competitiveness in the market.

Dr. Katzenstein presented on Greenhouse Gas (GHG) credits derived from voluntary projects in California. Mr. Avila asked if a project took a few years how the program worked if they needed more credits. Dr. Katzenstein responded that the developer could view the exchange online at www.ghgrx.org and find existing credits.

Ms. Kelly Moulton asked Dr. Katzenstein for examples of the expansion of energy efficiency programs. Dr. Katzenstein responded, under the state program, many of these programs fall under the California Public Utilities (CPUC) and the California Energy Commission (CEC). They are looking at putting cap and trade funds back into existing programs starting in 2015 to 2016 while looking at new programs with additional focus on disadvantaged communities under SB 535.

Mr. Avila asked if an update can be provided within a year to track where the funds are going and Dr. Katzenstein stated it was doable.

Agenda Item #4 – Rule 1147 – NO_x Reduction from Miscellaneous Sources

Mr. Joe Cassmassi provided an update on staff's efforts to facilitate Rule 1147 implementation.

Ms. Loof asked if there will be an assessment on low nitrogen oxides (NO_x) burners increasing carbon monoxide (CO) emissions, which are resulting in businesses being out of compliance with Rule 1147. Mr. Cassmassi responded that if they are out of compliance with CO emissions, they may be adjusting the burner to reach the low NO_x limit and essentially making the CO go up. Ms. Loof questioned whether it is more of a retro-fit situation or, if they installed a new low NO_x burner, CO will not increase. Mr. Cassmassi concurred and indicated that the installation of proper low NO_x burners should not cause an increase in CO.

Mr. Blake commented that companies in the business of spray painting cars, six months prior to this rule being passed, spent a large amount of money to comply with another SCAQMD rule. Now they are shocked at having to buy a new low NO_x burner to replace burners that meet this rule and there are approximately 3,000 spray booths with licenses.

Mr. Cassmassi responded that they met with association representatives, individual spray booth operators, and Toyota who has the most up-to-date spray booths in the basin, and 95% of them emit less than one pound per day. As a consequence, the rule amendment gives them additional years (about five years) before we would address compliance and give ourselves additional time

to reassess the situation; see if the burners and spray booths would be available; and given the VOC make-up of the paints changing, the size of the problem might go down with time. Mr. Cassmassi continued to say they are hoping people in the industry are keeping records to supply information but they are very aware of this situation.

Mr. Avila asked what the life expectancy of a heat treat furnaces was. Mr. Cassmassi stated about 20-25 years but that it was a vague number because people don't replace ovens or furnaces unless they have to. Mr. Blake stated that you can replace parts of the unit, for example the burner system can be upgraded, but you don't have to replace the whole unit.

Mr. Blake asked who the point of contact would be regarding this rule. Mr. Cassmassi stated it would be him.

Agenda Item #5 – New Website Launched

Ms. Roberta Lewis demonstrated the new redesigned SCAQMD website which was launched on May 28, 2014. Ms. Lewis pointed out where various items were on the new expanded home page website including widgets, meetings, air quality forecasts, permit information, links, current and important news.

Ms. Loof stated that there are now multiple pages to go through in order to get information. Ms. Lewis concurred noting that the website has more information.

Mr. John Hill asked about reports on the website such as the AQMP white papers to which Ms. Lewis demonstrated on how to search for them.

Mr. Avila asked about complaints and Ms. Lewis showed where to find contacts, the number to call SCAQMD's smog hotline, and where to submit a complaint on-line.

Agenda Item #6 – Monthly Report on Small Business Assistance Activities

No comments.

Agenda Item #7 - Other Business

No comments.

Agenda Item #8 - Public Comment

No comments.

Adjournment

The meeting adjourned at 12:36 p.m.