

BOARD MEETING DATE: September 1, 2017

AGENDA NO. 22

REPORT: Legislative Committee

SYNOPSIS: The Legislative Committee held a meeting on Friday, July 14, 2017. The following is a summary of the meeting.

Agenda Item	Recommendation/Action
AB 246 (Santiago) Hazardous waste: facilities: permits: fence-line monitoring systems	WORK with AUTHOR
AB 1036 (McCarty) Organic waste: composting	OPPOSE
SB 615 (Hueso) Salton Sea restoration	SUPPORT with AMENDMENTS
SB 701 (Hueso) Salton Sea Obligations Act of 2018	NO RECOMMENDATION

RECOMMENDED ACTION:

Receive and file this report, and approve agenda items as specified in this letter.

Dr. William A. Burke, Acting Chair
Legislative Committee

DJA:PFC:MJK:jns

Committee Members

Present: Dr. William A. Burke (Acting Chair), Supervisor Shawn Nelson (*arrived at 9:51 a.m.*), and Dr. Clark E. Parker, Sr.

Absent: Council Member Judith Mitchell (Chair), Council Member Joe Buscaino, Mayor Pro Tem Larry McCallon, and Supervisor Janice Rutherford

Call to Order

Dr. William A. Burke was appointed to the committee as Chairman for this meeting. The meeting was called to order at 9:00 a.m.

DISCUSSION ITEMS:

1. Update on Federal Legislative Issues [Attachment 2]

SCAQMD's federal legislative consultants (Carmen Group, Cassidy & Associates, and Kadesh & Associates) each provided a written report on various key Washington, D.C. issues. Mr. Gary Hoitsma of the Carmen Group, Mr. Kaleb Froehlich and Ms. Amelia Jenkins of Cassidy & Associates and Mr. Mark Kadesh of Kadesh & Associates gave verbal updates as well.

Mr. Hoitsma briefly updated the Committee on who might be the Trump Administration appointee to the Council on Environmental Quality (CEQ), the White House agency that deals with environmental issues. No formal announcement has been made for a chairman of that agency; however, a leak to the media stated that a likely nominee could be Kathleen Hartnett White of Texas, who was with the Texas Commission on Environmental Quality. Mr. Hoitsma also stated that the U.S. Department of Energy's (DOE) announced that their Vehicle Technology Office issued \$19 million for 22 research projects relating to advanced research regarding batteries and engine technology.

In response to an inquiry from Dr. Burke regarding billions of dollars in DOE research grants and the Trump Administration, Mr. Hoitsma stated that it would be possible to talk with the Administration to see what their plans would be for that funding. Mr. Hoitsma noted that the Administration would likely redirect and cut back some of that money, but suggested meeting with the Vehicle Technology Office or with other higher-level staff regarding the funding, and that he would be happy to set up those meetings.

Mr. Froehlich stated that the comprehensive energy legislation introduced by Senators Lisa Murkowski and Maria Cantwell has been moved through the so-called Rule XIV procedure, bypassing committee to go directly to the Senate floor. Mr. Froehlich stated that the legislation is important for SCAQMD because it includes the Vehicle Innovation Act, which will authorize \$250 million per year for DOE grants supporting vehicle technology advancement. Mr. Froehlich reminded the Committee that SCAQMD has previously written support letters regarding this Act and recommended that staff write an additional letter of support for the legislation. Mr. Froehlich also mentioned that July 20 would consist of important nomination hearings for the DOE. David Jonas of Pennsylvania will be the General Counsel nominee and Paul Dabbar will be the DOE Undersecretary for Science nominee. Mr. Froehlich suggested that SCAQMD prepare questions to pose to these two nominees.

Ms. Jenkins reported that the Ozone Standard Implementation Act would be moving to the House floor next week. The bill would delay the ozone standard date and expand the review period from five years to ten years. Ms. Jenkins also stated

that the research and development money at the DOE has been getting a lot of attention by both the House and Senate appropriations staff. The Trump Administration budget is attempting to move the money more towards early development research, in spite of the fact that it has traditionally been used for later development research. The Senate is likely to push back. Ms. Jenkins also stated that although Secretary of Energy Rick Perry has a lot of influence on what funding opportunities look like, Congress still has a lot of say in what stage those investments are made, and that to influence the funding, especially on the vehicle technology side, it would require a dual strategy focusing on both Congress and the Administration.

In response to an inquiry from Dr. Burke, Mr. Wayne Nastri, Executive Officer, stated that SCAQMD thinks that deployment is currently much more important than early development, as it gives the most, and most timely, clean air benefits. A discussion ensued regarding recent federal air quality funding increases including for Diesel Emission Reduction Act (DERA) funds and targeted airshed grants, as well as future funding strategies and opportunities, and previously received funding.

Mr. Kadesh reported that the DERA funding levels have increased from \$60 million in FY 2017 to \$75 million in FY 2018 and that the targeted airshed grants have also increased from \$30 to \$40 million for FY 2018 as well.

Mr. Kadesh stated that the Senate has introduced a bipartisan DERA reauthorization bill through Senators John Barrasso and James Inhofe on the Republican side and Senators Tom Carper and Sheldon Whitehouse on the Democratic side. Mr. Kadesh stated that it is a five-year reauthorization bill that has been referred to committee and that Kadesh & Associates would continue monitoring the bill.

2. **Update on State Legislative Issues [Attachment 3]**

SCAQMD's state legislative consultants (Joe A. Gonsalves & Son and Gonzalez, Quintana, Hunter & Cruz, LLC) provided written reports on various key issues in Sacramento. Mr. Paul Gonsalves of Joe A. Gonsalves & Son and Mr. Will Gonzalez of Gonzalez, Quintana, Hunter & Cruz, LLC gave verbal updates as well.

Mr. Gonsalves reported on upcoming deadlines in the state Legislature. Mr. Gonsalves stated that July 21 would be the last day for policy committees to hear bills, and that all bills would have to be out of policy committee by that date in order to continue through the process. All bills that do not make this deadline would become two-year bills. Additionally, Mr. Gonsalves stated that the Legislature would be in recess from July 21 to August 21. Mr. Gonsalves noted that Aug 21 to September 1 would consist of appropriations hearings and that September 1 is the last day for fiscal bills to be passed out appropriations committees and to the floor. September 1 to September 15 would consist of floor

sessions only and would be the last final push before the Legislature adjourns on September 15. Mr. Gonsalves commented that the next week would be busy with policy committees.

Mr. Gonzalez stated that there were two bills included in the package for cap-and-trade reauthorization, with each bill addressing its own topics and moving separately. AB 398 – E. Garcia would reauthorize the cap-and-trade program and includes language related to SCAQMD and preemption of local regulation of greenhouse gases (GHGs). The second bill, (AB 617 – C. Garcia), would create a new community monitoring program. However, Mr. Gonzalez noted that both bills are not ideal in terms of authorization for districts and preemptions for GHGs, and that the fundamental issue for SCAQMD and others is having sufficient implementation funding included in the bills. Further, funding generated by the auctions has been erratic in the past, and it is not precisely known how much will be generated in the future. Mr. Gonzalez said that SCAQMD has gotten commitments for air quality funding, after the cap-and-trade package is passed, from Governor Jerry Brown, president pro tem Kevin de Leon, and Speaker of the Assembly Anthony Rendon, but that there is no certainty over the timing and the amount of funding SCAQMD would receive. Mr. Gonzalez stated that the Governor as well as legislative leaders are working on a funding proposal and that SCAQMD has been heavily engaged in those conversations and has partnered with other stakeholders to push the message that there is a critical need for more air quality funding, both for monitoring and for mobile source pollution reduction.

Mr. Gonzalez said that the Governor and legislative leadership want to bring the cap-and-trade package up for a floor vote, but that the vote is unclear.

In response to an inquiry from Dr. Burke, Mr. Gonzalez stated that if not passed this year, this bill would likely be a high priority for next year. Mr. Gonsalves noted that if cap-and-trade reauthorization did not pass, Governor Brown has other alternatives and backup plans, including a possible ballot initiative. A discussion ensued regarding possible command-and-control approach and alternative plans to a cap-and-trade program.

ACTION ITEMS:

3. Recommend Positions on State Bills [Attachment 4]

AB 246 (Santiago) Hazardous waste: facilities: permits: fence-line monitoring systems

Ms. Monika Kim, Legislative Assistant, presented AB 246 to the Committee. Ms. Kim stated that the bill would require the Department of Toxic Substances Control (DTSC) to assess, in consultation with the relevant air pollution control district or air quality management district, that hazardous waste facilities under its jurisdiction within the

respective territory of each air district, determine if fence-line or other monitoring is necessary or appropriate to measure and record emissions at those facilities. The bill would require the DTSC to complete its assessment and report to the Legislature by September 1, 2018.

Ms. Kim explained staff's concerns and recommendation that provisions be added to the bill that provide for adequate reimbursement to local air districts to cover the additional costs that would be incurred to perform these required assessments. Fence-line monitoring in particular is extremely resource intensive and, in most cases, requires substantial initial and ongoing costs along with expertise to operate, review and interpret the data.

Further, certain air districts, such as SCAQMD, have large numbers of hazardous waste facilities located in their jurisdiction. In addition to the substantial financial resources needed to perform monitoring assessments, it would also take a significant amount of time to be able to properly assess all of these facilities. Staff is concerned that the September 1, 2018 report deadline included in this bill is too short and should be extended.

In response to an inquiry from Dr. Parker, staff clarified that this bill is imposing an unfunded mandate on SCAQMD. A discussion regarding the recommended position on the bill ensued.

Staff recommended a position of WORK with AUTHOR on this bill.

Moved by Parker; seconded by Burke; unanimously approved

Ayes: Burke, Nelson, Parker

Noes: None

Abstain: None

Absent: Buscaino, McCallon, Mitchell, and Rutherford

AB 1036 (McCarty) Organic waste: composting

Mr. Philip Crabbe, Community Relations Manager, presented AB 1036 to the Committee. Mr. Crabbe reported that this bill would: specify that the California Environmental Protection Agency (CalEPA) and the California Department of Food and Agriculture (CDFA) align, rather than coordinate, regulatory and internal policies to achieve the state's organic waste diversion and GHG reduction goals; require CalEPA to use the new goals established in 2016 by SB 1383, relating to short-lived climate pollutant (SLCP) emissions, in its assessment of the state's progress toward developing organic waste and recycling infrastructure; retroactively define "essential public service" to include, among other things: a prison, detention facility, police or firefighting facility, school, health care facility, landfill gas control or processing facility, sewage treatment works, composting facility, or water delivery operation, if owned and operated by a public agency; and for the purposes of permits and long-term emissions reductions relating to a composting facility, a district shall include in

calculations for baseline emissions of criteria air pollutants and GHGs the reduction in emissions resulting from not sending those organic materials to a landfill or directly applying them to land.

Mr. Crabbe explained that staff had the following concerns:

- 1) Requiring the crediting of emission reductions at landfills towards a composting permit may conflict with federal permitting requirements and state New Source Review programs. Under current law “baseline emissions” are considered to be either the actual emissions of the project, or the equipment’s potential to emit, and do not include speculative offsite reductions;
- 2) Air districts simply cannot change New Source Review requirements to be less stringent in order to reduce control requirements for compost facilities;
- 3) If the facilities included in this bill were classified as essential public services, they would be eligible for offsets from SCAQMD’s internal offset bank o, and would cause a strain on the bank’s supply. If the bank’s limits are reached, this could prevent the issuance of permits for sources already identified as essential public services, potentially causing a serious impact on public health;
- 4) Staff is also concerned that the requirement to “align” regulation may force all air district rules to be identical; and
- 5) Finally, SCAQMD staff would seek to encourage organic waste diversion to renewable biofuels, or zero or near-zero emission energy production, such as fuel cells, rather than composting.

In response to an inquiry from Dr. Burke, Ms. Barbara Baird, Chief Deputy Counsel, summarized that this bill would change the method of calculation of New Source Review requirements and therefore violate SB 288. The bill could result in the depletion of SCAQMD’s offset bank to the point where other facilities would be unable to receive offsets and therefore be unable to receive permits. In response to an inquiry from Dr. Parker, Ms. Baird stated that the bill conflicts with both state and federal law.

Staff recommended a position of OPPOSE on this bill.

Moved by Nelson; seconded by Parker; unanimously approved.

Ayes: Burke, Nelson, Parker

Noes: None

Abstain: None

Absent: Buscaino, McCallon, Mitchell, and Rutherford

SB 615 (Hueso) Salton Sea restoration

Ms. Fabian Wesson, Assistant Deputy Executive Officer/Legislative, Public Affairs & Media, stated that SB 615 would require the Natural Resources Agency (Agency) to develop a 10-year plan that would implement the memorandum of understanding

(MOU) between the Agency and the U.S. Department of Interior which was entered into in August 2016, The bill makes state and federal commitments to protect public health and ecosystem values at the Salton Sea, which are threatened by air quality impacts of a receding shoreline due to implementation of urban-ag water transfers known as the Quantification Settlement. Ms. Wesson also stated that the bill would rename the Salton Sea Restoration Act, passed in 2003, in honor of John J. Benoit.

Ms. Wesson informed the Committee that this bill is in line with the District's policy priorities regarding dust and air toxics mitigation and addressing adverse air quality issues associated with the receding shoreline of the Salton Sea. However, staff proposes an amendment to the bill to ensure that the 10-year plan developed by the Agency also includes sufficient planning content to implement hydrogen sulfide mitigation efforts.

Supervisor Nelson raised concerns regarding the very high cost of restoring the Salton Sea, which is not a naturally created body of water; these costs would be the subject of a separate bill allowing statewide voters to consider approving bond funding.

Dr. Burke stated that SCAQMD's concerns are not about the restoration of the Salton Sea, but about addressing the adverse public health impacts caused by the receding shoreline of the lake. A discussion occurred regarding the Salton Sea's effect on air quality and the extent of SCAQMD's involvement with the Salton Sea restoration efforts.

Staff recommended a position of SUPPORT with AMENDMENTS on this bill.

Moved by Parker; seconded by Burke; unanimously approved.

Ayes: Burke, Nelson, Parker

Noes: None

Abstain: None

Absent: Buscaino, McCallon, Mitchell, and Rutherford

SB 701 (Hueso) Salton Sea Obligations Act of 2018

Mr. Crabbe explained that SB 701 would allow statewide voters to consider approving a \$500 million general obligation bond for the November 2018 ballot, for purposes related to restoration of the Salton Sea and implementation of the Quantification Settlement Agreement.

Supervisor Nelson clarified that the bond is a statewide bond, not a local bond. A discussion occurred regarding the large estimated cost to restore the Salton Sea.

In response to an inquiry from Dr. Parker, Mr. Derrick Alatorre, Deputy Executive Officer/Legislative, Public Affairs & Media, stated that SCAQMD staff recommended supporting the bill because of concerns that the Salton Sea poses for air quality in the region, including extreme odors, fugitive dust, and air toxics from fertilizer runoff.

Dr. Parker raised concerns that the bond would not cover the entire cost of fixing the Salton Sea issues.

Mr. Nastri commented that the lake would not need to be fully restored and that instead, the release of materials contained in the lake bed would need to be minimized to forestall adverse air quality in the South Coast region. A discussion ensued regarding contrast between water diversion from Owens Lake and the Salton Sea.

Staff recommended a position of SUPPORT on this bill. The Legislative Committee did not take a position on this bill.

Ayes: None

Noes: None

Abstain: None

Absent: Buscaino, McCallon, Mitchell, and Rutherford

WRITTEN REPORT:

4. **Report from SCAQMD Home Rule Advisory Group [Attachment 5]**
Please refer to Attachment 5 for the written report.

OTHER MATTERS:

5. **Other Business:**
There was no other business.
6. **Public Comment Period:**
There were no public comments.
7. **Next Meeting Date:**
The next regular Legislative Committee meeting is scheduled for Friday, September 8, 2017 at 9:00 a.m.

Adjournment

The meeting adjourned at 10:23 a.m.

Attachments

1. Attendance Record
2. Update on Federal Legislative Issues
3. Update on State Legislative Issues
4. Recommended Positions on State Bills
5. SCAQMD Home Rule Advisory Group Report

ATTACHMENT 1

SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT LEGISLATIVE COMMITTEE MEETING

Attendance – July 14, 2017

Dr. William A. Burke (Videoconference)	SCAQMD Board Member
Dr. Clark E. Parker, Sr. (Videoconference).....	SCAQMD Board Member
Supervisor Shawn Nelson (Videoconference).....	SCAQMD Board Member
Mark Abramowitz	Board Consultant (Lyou)
David Czamanske.....	Board Consultant (Cacciotti)
Ron Ketcham.....	Board Consultant (McCallon)
Gary Hoitsma (teleconference)	The Carmen Group
Dal Harper (teleconference)	The Carmen Group
Kaleb Froehlich (teleconference)	Cassidy & Associates
Amelia Jenkins (teleconference)	Cassidy & Associates
Ryan Mulvenon (teleconference)	Cassidy & Associates
Mark Kadesh (teleconference)	Kadesh & Associates
Chris Kierig (teleconference)	Kadesh & Associates
Paul Gonsalves (teleconference)	Joe A. Gonsalves & Son
Will Gonzalez (teleconference).....	Joe A. Gonsalves & Son
Jacob Moss (teleconference)	Gonzalez, Quintana, Hunter & Cruz
Tom Gross	Southern California Edison
Bill LaMarr.....	California Small Business Alliance
Rita Loof	RadTech
Debra Mendelsohn	Sr. Field Deputy to L.A. County Supervisor Barger
David Rothbart	Los Angeles County Sanitation Districts
Derrick Alatorre	SCAQMD Staff
Debra Ashby.....	SCAQMD Staff
Sam Atwood.....	SCAQMD Staff
Barbara Baird	SCAQMD Staff
Marc Carrel	SCAQMD Staff
Tina Cox.....	SCAQMD Staff
Philip Crabbe.....	SCAQMD Staff
Monika Kim	SCAQMD Staff
Megan Lorenz	SCAQMD Staff
Wayne Nastri.....	SCAQMD Staff
Robert Paud.....	SCAQMD Staff
Philip Fine	SCAQMD Staff
Mary Reichert.....	SCAQMD Staff
William Sanchez	SCAMQD Staff
Jeanette Short	SCAQMD Staff
Laki Tisopulos.....	SCAQMD Staff
Fabian Wesson	SCAQMD Staff
Jill Whynot	SCAQMD Staff
Lia Bilodeau	Student Intern
Kendall Langrell.....	Student Intern
Clea Lerner	Student Intern
Mitchell McMahon.....	Student Intern
Yoatzin Robles	Student Intern
Mounir Saunders-Newton	Student Intern

MEMORANDUM

To: South Coast AQMD Legislative Committee

From: Carmen Group

Date: June 29, 2017

Re: Federal Update -- Executive Branch

US DOT Announces INFRA Grant Program: On June 29, the Department of Transportation announced that the major project grant program authorized in the FAST Act of 2015, commonly known in the previous administration as FASTLANE, is being redubbed and restructured as the Infrastructure for Rebuilding America (INFRA) program. A Notice of Funding Opportunity (NOFO) in the Federal Register indicates that the newly-named INFRA discretionary grant program will make approximately \$1.5 billion available to projects that are in line with the Administration's principles to help rebuild America's crumbling infrastructure. Eligible INFRA project costs may include: "reconstruction, rehabilitation, acquisitions of property...environmental mitigation, construction contingencies, equipment acquisition, and operational improvements directly related to system performance." Under the evaluation criteria, more emphasis will be placed on leveraging non-federal dollars. The program will fund both large projects (at least \$25 million) and small projects (at least \$5 million) with at least 10 percent reserved for small projects and at least 25 percent reserved for rural projects.

Trump Highlights Infrastructure and Energy Issues: In June, the Administration sought to focus greater public attention on its emerging initiatives to promote greater infrastructure "investment" and energy "dominance." June 5-9 was dubbed to be "Infrastructure Week" culminating in a major speech by the President at the US. Department of Transportation. A main emphasis was to advance ways to streamline project delivery, in part by soliciting ideas from public and private entities, industry organizations and other transportation stakeholders. June 26-30 was dubbed to be "Energy Week" culminating in a major speech by the President at the U.S. Department of Energy. A main point of emphasis there was to tout an "all of the above" domestic energy strategy that would reduce regulatory burdens and drive up exports of US oil, natural gas and coal.

DOT IG Will Audit US Oversight of Public Private Partnerships: The U.S. Department of Transportation's Office of Inspector General announced in June that it will conduct an audit to determine whether the Federal Highway Administration (FHWA) is providing adequate oversight of P3 highway projects. The move is significant especially in light of the expectation that P3 projects are going to be a key part of the Administration's new infrastructure plan in which priority will be given to projects that demonstrate some form of significant local and/or private investment as a major prerequisite for federal funding.

Rick Perry on U.S. Withdrawal from Paris Climate Agreement: In a press briefing at the White House on June 27, Energy Secretary Rick Perry said, *"There was one fact missing from the headlines about the U.S. withdrawal from the Paris Agreement, and that is that the United States already leads the world in lowering emissions. And we've done this through innovation and technology, not by signing agreements."*

Sub-Cabinet Appointments of Note: The following are recent Trump Administration Sub-Cabinet appointment of special interest:

Department of Energy

- **James Owendoff to be Principal Deputy Assistant Secretary in the Office of Environmental Management,** dealing largely with nuclear waste cleanup issues. Previously served in various capacities in the Office of Environmental Management from 1995 to 2010.

Department of Transportation

- **Dan Elwell to be Deputy Administrator, Federal Aviation Administration.** Previously served as aviation advisor to DOT Secretary Elaine Chao and in senior positions at Airlines for America and at the Aerospace Industries Association. He was a graduate of the US Air Force Academy.

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To: South Coast Air Quality Management District

From: Cassidy & Associates

Date: June 28, 2017

Re: Federal Update – House of Representatives

Issues of Interest to SCAQMD

Ozone Standards Implementation Act:

The House Energy & Commerce marked up H.R. 806, the *Ozone Standards Implementation Act*, in the Environment Subcommittee on June 15 and in the Full Committee on June 28. The markups follow a Full Committee hearing on the bill that took place in March. This legislation would delay NAAQS designations for the 70 ppb NO_x standard to at least October 2024, and change the deadline for NO_x SIPs to 2026. The bill advanced on a 29-24 vote, mostly along party lines, after the committee voted down two Democratic amendments.

House Appropriations Committee Update

The House Appropriations Committee kicked off its work on the Fiscal Year 2018 Appropriations cycle with Trump Administration officials testifying before each of its respective subcommittees during the weeks of June 12 and June 19. Environmental Protection Agency Administrator Pruitt testified on June 15 and the Chairman of the Subcommittee, Ken Calvert, spoke about the formation of the South Coast Air Quality Basin under former Congressman Jerry Lewis and the importance of the California Waiver. Administrator Pruitt responded that the California Waiver is not under review by the EPA and acknowledged the history of leadership of California on clean air issues. Chairman Calvert also devoted several questions to Administrator Pruitt regarding the importance of the Diesel Emissions Reduction Act and targeted air-shed grant program. Administrator Pruitt responded that DERA should be funded and stated that it is mission is “right.” At the time this summary was written, the subcommittee’s draft Interior/Environment appropriations bill has not yet been released by the House Appropriations Committee.

Stem Energy Storage Partnership Opportunity:

Cassidy & Associates provided information regarding a partnership between Stem (Energy Storage/Battery company) and Southern California Edison. Their partnership inside of South Coast’s footprint is making Stem’s battery available at a significant discount which could present an opportunity for South Coast to target this

opportunity towards any/all stationary sources and/or large energy users that you would like to strengthen your relationship with while simultaneously reducing their energy bill and emissions.

EPA Delay for NAAQS Standard:

The EPA announced on June 28 that it is using its authority under the Clean Air Act to extend by one year the deadline for promulgating initial area designations for the NAAQS that were promulgated in October 2016. The new deadline is October 1, 2018. This action is nearly certain to result in legal action from a variety of environmental, public health, and state and local government entities.

EPA Moves Forward with NO2 Standards

The EPA has sent a proposed rule related to the agency's primary nitrogen dioxide standards to the White House Office of Management and Budget for Review. Under the Clean Air Act, EPA is supposed to review and if needed, revise the standards for NO2, ozone and four other criteria pollutants every five years based on the latest available scientific research. EPA is already two years behind schedule in wrapping up its latest review of the NO2 threshold. Under a settlement to a lawsuit brought by environmental groups, EPA officials are supposed to move ahead with the proposed rulemaking next month, followed by the final rule next April.

Comprehensive Energy Legislation

Senate Energy and Natural Resources Committee Chairwoman Lisa Murkowski (R-AK) is planning to introduce an updated version of the Energy Policy Modernization Act (the Comprehensive Energy Legislation) which will likely include the Vehicle Innovation Act. The Vehicle Innovation Act authorizes \$250 million per year to the Department of Energy for grants supporting vehicle technology advancement. South Coast has previously written a letter of support for this legislation to Chairwoman Murkowski and Ranking Member Cantwell, and once this bill is introduced again, we would suggest an updated letter of support.

EPA Science Board

The EPA is seeking nominations to fill key slots on the Clean Air Science Advisory Committee and the Science Advisory Board. These committees are required by law to be maintained by the EPA to advise it on air pollution and other scientific issues. A notice went out in the Federal Register on June 27 and there are 30 days for nominations to be put forward. There is one opening on the Clean Air Science Advisory Committee and six slots on the Science Advisory Board. In addition to the six positions opening on the SAB committee, EPA is asking for nominees to serve on its Chemical Assessment Advisory Committee, the Drinking Water Committee, the Ecological Processes and Effects Committee, the Environmental Economics Advisory Committee; the Environmental Engineering Committee and the Radiation Advisory Committee.

KADESH & ASSOCIATES, LLC

SCAQMD

July Legislative Committee Board Meeting Report covering June 2017

Kadesh & Associates

The Senate and House were both in session for all four weeks of June.

June featured the commencement of the very compressed Fiscal Year 2018 Appropriations process and follow up to “Infrastructure Week” in Washington, DC held the week of May 14. The House and Senate transportation and infrastructure related committees continued to hold hearings, particularly on FAA reform, but no large-scale infrastructure bill is in sight for this year.

New Member of the House Delegation from CA elected:

On June 6, 2017 Assemblyman (AD51) Jimmy Gomez (D) won a runoff General election to the seat for the US House of Representatives California Congressional District 34. The 42-year-old is set to replace former representative Xavier Becerra (D-Calif.), who served more than 20 years in Congress and is now California’s attorney general. Rep. Becerra left in late January after Gov. Jerry Brown (D) appointed him to succeed A.G. Kamala D. Harris (D), elected in 2016 to the US Senate. Rep.-elect Gomez won with 59.2% of the vote vs. Robert Lee Ahn at 40.8%. (They were the top two vote getters in a crowded primary election on April 4 that featured 23 candidates.) Rep.-elect Gomez was first elected to the CA Assembly in 2012 and immediately served as Majority Whip. He has a BA from UCLA and a MA from Harvard’s Kennedy School of Government. Subsequent to his official swearing-in in the US House, AQMD and Kadesh & Associates shall reach out to him and his staff to ensure that they are properly briefed on AQMD’s issues.



DC Fly-in Trip:

A successful DC fly-in June 27 and 28 by two Board members and staff provided the focal point of a month centered on coalition building and securing support for a coalition letter to Appropriators advocating for \$100 million in FY18 for DERA.

Activities summary:

Arranged meetings for fly in visit and hosted staff at Capitol Hill office.
Initiated special outreach to Tribes who have received DERA grants.
Continued to monitor and pass on relevant legislation of interest to AQMD.
Participated in regular conference call with subsequent follow up assignments.
Answered specific questions from AQMD staff.
Kept staff updated as to legislative changes, committee assignments and confirmations.
Monitored and shared updates on Administration regarding budget, appropriations, Interior, EPA, transportation, and environmental policies and personnel.

Outlook:

The Senate and House will both be in session for three of the four weeks in July. The House and Senate Appropriations Committees will continue with a highly compressed and earnest schedule of hearings and mark ups in July in the hope of concluding FY2018 with their legislation at least in good enough shape to forge another omnibus or CROmnibus. The House Interior Appropriations subcommittee is very likely to hold its markup on July 11.
Having failed in June to garner enough Republican votes in the Senate to bring their healthcare bill to the Senate floor, Senate Majority Leader McConnell pledged to tweak the bill and bring it back in July.

Follow up to previous item:

Division G, Title II of the Omnibus directs: “Within 30 days of enactment of this Act, the Agency [EPA] is directed to submit to the House and Senate Committees on Appropriations its annual operating plan for fiscal year 2017, which shall detail how the Agency plans to allocate funds at the program project level.” This report has been prepared by EPA and received by the House and Senate Appropriations Committees. It is not a public report.

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Joe A. Gonsalves & Son

Anthony D. Gonsalves

Jason A. Gonsalves

Paul A. Gonsalves

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TO: SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

FROM: ANTHONY, JASON, AND PAUL GONSALVES

SUBJECT: JULY LEGISLATIVE UPDATE

DATE: FRIDAY, JULY 7, 2017

As you are aware, the Legislature adopted their State Budget on June 15, 2017, which did not include an agreement on the extension of the cap & trade program that is currently set to expire in 2020. Only the main budget bill must be adopted by June 15, 2017. All budget trailer bills have until the end of session to be adopted.

The following will provide you of issues of interest to the District:

- Budget
- Legislative Calendar
- Legislation

Budget

On June 15, 2017, the Legislature adopted a \$125 Billion State budget for fiscal years 2017-18. As you know, the budget is now passed on a majority vote and if it is not adopted by June 15th, Legislators do not receive their paycheck. In addition, only the main budget bill must be adopted, as Budget trailer bills have until the end of session to be passed.

Some of this year's budget highlights include:

- Adding \$1.8 billion to the state's Rainy-Day Fund, bringing the fund to a total of \$8.5
- Expansion of California's Earned Income Tax Credit

- Increased funding for Schools
- Reduced Pension Liabilities
- Creates recreational Marijuana Regulations
- Accelerates \$2.8 billion in SB 1 funding for infrastructure repair
- Strips the elected Board of Equalization of most powers, starting July 1, and creates a new tax agency in its place, the California Department of Tax and Fee Administration, whose director reports to the governor

Although the Budget was adopted, the State has yet to adopt a trailer bill extending the Cap and Trade Program.

LEGISLATIVE CALENDAR

The following will provide you with the upcoming Legislative deadlines for the 2017-18 legislative session:

July 14, 2017 – Last day for Policy Committees to Hear Fiscal Bills

July 21, 2017 – Last day for Policy Committees to Hear Bills.

July 21-August 21, 2017 – Summer Recess

September 1, 2017 – Last Day for Fiscal Committees to Hear Bills

September 5-15, 2017 – Floor Session Only

September 8, 2017 – Last Day to Amend on the Floor

September 15, 2017 – Last Day of Session

LEGISLATION

AB 1073 (E. Garcia)

The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program funds zero- and near-zero-emission truck, bus, and off-road vehicle and equipment technologies and related projects. Existing law requires the state board, when funding a specified class of projects, to allocate, until January 1, 2018, no less than 20% of that available funding to support the early commercial deployment of existing zero- and near-zero-emission heavy-duty truck technology.

This bill proposes to require the state board, when funding a specified class of projects, to allocate, until January 1, 2023, no less than 20% of that available funding to support the early commercial deployment or existing zero- and near-zero-emission heavy-duty truck technology.

This bill was heard in the Senate Environmental Quality Committee on June 21, 2017 and passed on a 6-0 vote. The bill is now in the Senate Appropriations Committee.

AB 1082 (Burke)

This bill would require a large electrical corporation (100,000 or more service connections) to file with the PUC, by July 30, 2018, a program proposal for the installation of vehicle charging stations at school facilities. Allows an electrical corporation with 100,000 service connections or less the same ability to file with the PUC. The bill would require the PUC to review and approve, or modify and approve, the program proposal filed by the electrical corporation by December 31, 2018.

The bill would also authorize the use of these charging stations by faculty, students, and parents before, during, and after school hours at those times that the school facilities are operated for purposes of providing education or school-related activities. The bill would require the electrical corporation to install, own, operate, and maintain the charging equipment and would require that the approved program include a reasonable mechanism for cost recovery by the electrical corporation.

Lastly, the bill would require that schools receiving charging stations pursuant to the approved program participate in a time-variant rate approved by the commission.

This bill is set to be heard in the Senate Energy, Utilities and Communications Committee on July 10, 2017.

AB 1083 (Burke)

This bill proposes to require large electrical corporations (100,000 or more service connections) to file with, and the California Public Utilities Commission (CPUC) to approve, a program proposal for the installation of electric charging stations at state parks and beaches. The bill allows an electrical corporation with 100,000 service connections or less the same ability to file with the PUC.

Specifically, the bill would require electrical corporations to file with the CPUC a program proposal for the installation of electrical grid integrated level-two charging stations at state parks and beaches, by September 30, 2018.

Additionally, the electrical corporations would be required to work in consultation with the CPUC, the California Energy Commission, and the California Air Resources Board (CARB), to develop a plan to create a robust charging network at all state parks and beaches within its service territory, by July 31, 2018 with the CPUC to review and approve, or modify and approve, the program by December 31, 2018.

The electrical corporations would be required to install, own, operate, and maintain the electric vehicle charging equipment. The approved program would include a mechanism for reasonable cost recovery by the electrical corporation.

This bill is set to be heard in the Senate Energy, Utilities and Communications Committee on July 10, 2017.

AB 1646 (Muratsuchi)

This bill would require the risk management plan of a petroleum refinery to be posted on the Internet Web site of the Office of Emergency Services or on the Internet Web site of the UPA that has jurisdiction over the petroleum refinery.

In addition to existing requirements for the contents of a risk management plan, the bill would require the plan to provide for a system of automatic notification for residents who live within a 5-mile radius of the petroleum refinery, an audible alarm system that can be heard within a 10-mile radius of the petroleum refinery, and an emergency alert system for schools, public facilities, hospitals, and residential care homes located within a 10-mile radius of the petroleum refinery. The bill would require a petroleum refinery to implement those systems on or before January 1, 2019.

This bill was heard in the Senate Environmental Quality Committee on June 21, 2017 and passed on a 5-1 vote. The bill is now in the Senate Appropriations Committee.

AB 1647 (Muratsuchi)

This bill is the companion bill to AB 1646. The bill proposes to require an air district to require the owner or operator of a petroleum refinery to install a community air monitoring system on or before January 1, 2020, and to install a fence-line monitoring system on or before January 1, 2019.

The bill would also require the owner or operator of a refinery to collect real-time data from these monitoring systems, to make that data available to the public at the time of collection in a publicly accessible format, and to maintain records of that data.

This bill was heard in the Senate Environmental Quality Committee on June 21, 2017 and passed on a 5-1 vote. The bill is now in the Senate Appropriations Committee.



SCAQMD Report
Gonzalez, Quintana, Hunter & Cruz, LLC
July 14, 2017

General Update

The final push leading up to summer break is underway. Policy committees will continue to hear bills up until the final day of session, July 21st, before the Legislature takes four weeks off, reconvening on August 21st.

Cap & Trade

Cap and trade negotiations are underway. The Governor's office, the Senate, and the Assembly are each working on developing plans to extend, modify, or expand the existing cap and trade program that is currently set to sunset in 2020.

We have been deeply engaged at the highest levels in the cap and trade negotiation. We have insisted that the final deal must dedicate substantial funding to mitigate mobile sources of pollution as well as funding to cover the costs of any air quality monitoring mandates. We have seen multiple versions of bill language and with each iteration we are increasingly hopeful that the bill is moving toward a solution that we can support.

Sponsored Legislation

AB 1132 (C. Garcia) Non-vehicular air pollution: order of abatement.

This bill would authorize the air pollution control officer, if he or she determines that a person has violated those requirements and the violation presents an imminent and substantial endangerment to the public health or welfare, or the environment, to issue an order for abatement pending a hearing before the hearing board of the air district.

Update

AB 1132 passed out of Senate Environmental Quality committee with a bipartisan vote of 6-1.

We worked for a couple of weeks with the committee chair and staff to craft a final version of the bill that satisfied the chair's concerns regarding due process without overly limiting a district's ability to conduct a normal hearing.

The bill will be heard in Senate Appropriations before it moves to the Senate Floor. If it

moves out of the Senate, it will need to return to the Assembly for a concurrence vote before heading to the Governor for consideration.

AB 1274 (O'Donnell) Carl Moyer Memorial Air Quality Standards Attainment Program. Smog Abatement Fee.

Would, except as provided, exempt motor vehicles that are 8 or less model-years old from being inspected biennially upon renewal of registration. The bill would assess an annual smog abatement fee of \$24 on motor vehicles that are 7 or 8 model-years old. The bill would require the fee be deposited into the Air Pollution Control Fund and be available for expenditure, upon appropriation by the Legislature, to fund the Carl Moyer Memorial Air Quality Standards Attainment Program.

This bill requires a 2/3 vote for passage.

Update

AB 1274 passed out of Senate Environmental Quality committee with a vote of 4-2.

The bill is headed to Senate Appropriations where it will be sent to the suspense file. The Senate Appropriations suspense hearing will not occur until late August, no later than September 1st.

ATTACHMENT 4

AB 246 (Santiago)

Department of Toxic Substances Control: hazardous waste: facilities: emissions monitoring.

Summary: This bill would require the Department of Toxic Substances Control (DTSC) to assess, in consultation with the relevant air pollution control district or air quality management district, hazardous waste facilities under its jurisdiction within the respective territory of each air district to determine if fence-line or other monitoring to measure and record emissions at those facilities is necessary or appropriate. The bill would require the department to complete and report to the Legislature on its assessment by September 1, 2018.

Background: This bill is one of a five-bill package introduced to strengthen the DTSC. The department regulates and oversees companies that use toxic materials and ensures they follow laws and dispose of hazardous waste appropriately. Several high-profile cases in recent years, including the now-shuttered Exide Technology battery recycling plant in Vernon, have prompted several members of the Assembly to seek reforms aimed at making DTSC a stronger, and more proactive agency.

According to the author's office, this bill is designed to promote the use of fence line monitoring by hazardous waste facility permit holders. In a news release introducing the package of bills, Assembly Member Santiago is quoted as saying

“With pollution from the former Exide Technologies facility as a major, ongoing issue in my district, I know first-hand the physical, mental, and emotional impact that a toxic disaster can have on a community. I have pledged, time and again to continue to fight for the right of all to clean air and water – and to prevent a mess like Exide from happening elsewhere. I am happy to be authoring AB 246 to establish a more comprehensive system of air monitoring around toxic facilities. I am proud to stand shoulder-to-shoulder with my colleagues on this important issue.”

Existing law, as part of the hazardous waste control laws, requires a facility handling hazardous waste to obtain a hazardous waste facilities permit from the DTSC. Existing law requires the department to impose certain conditions on each hazardous waste facilities permit and authorizes the department to impose other conditions on a hazardous waste facilities permit. A violation of the hazardous waste control laws is a crime.

Status: 6/21/2017 - From committee chair, with author's amendments: Amend, and re-refer to committee. Read second time, amended, and re-referred to Senate Com. on EQ.

Specific Provisions: This bill would:

- 1) Require the DTSC to assess, in consultation with the relevant air pollution control district or air quality management district, hazardous waste facilities under its jurisdiction within the respective territory of each air district to determine if fence-line or other monitoring to measure and record emissions at those facilities is necessary or appropriate.
- 2) Require the DTSC to complete and report to the Legislature on its assessment by September 1, 2018.

Impacts on AQMD's Mission, Operations or Initiatives: This bill was recently amended to involve local air districts. Air districts would be required to assess, in consultation with the DTSC, hazardous waste facilities under its jurisdiction within the respective territory of each air district to determine if fence-line or other monitoring to measure and record emissions at those facilities is necessary or appropriate. It is unclear how much resources SCAQMD would be required to devote to such a mandated effort.

However, in order for SCAQMD to be involved in assisting with fence-line monitoring assessments of, and potentially more involved activities regarding, hazardous waste facilities under DTSC's authority, provisions need to be added to the bill that provide for adequate reimbursement to local air districts to cover the additional costs that would be incurred by air districts to perform these assessments. This is the especially the case because this type of monitoring is resource intensive. Fence line monitoring itself is extremely resource intensive and, in most cases, requires substantial initial and ongoing costs with expertise to operate, review and interpret the data coming from the system(s).

Further, certain air districts, such as SCAQMD, have large numbers of hazardous waste facilities located in their jurisdiction. In addition to the substantial financial resources needed to perform monitoring assessments, it would also take a significant amount of time to be able to properly assess all of these many facilities in the South Coast basin. Staff would need more time to determine how many such facilities exist in its jurisdiction, and consequently how long it would take to complete these assessments in time to prepare the report for the Legislature required by this bill. Staff is concerned that the September 1, 2018 report deadline included in this bill is too short and should be extended.

Recommended Position: Work with Author

SUPPORT:

Natural Resources Defense Council (NRDC)
Sierra Club California
California League of Conservation Voters
Environmental Working Group
Del Amo Action Committee

Center for Environmental Health
Society for Positive Action
California Communities Against Toxics
California Safe Schools
Coalition for a Safe Environment
Desert Citizens Against Pollution
California Environmental Justice Alliance
Apostolic Faith Center
California Kids IAQ
Community Dreams
Center on Race Poverty and the Environment
American Veterans
Breast Cancer Prevention Partners
EMERGE
Mothers for East Los Angeles
Resurrection Church
San Pedro Peninsula Homeowners Coalition
St. Philomena Social Justice Ministry
Wilmington Improvement Center
National Association for the Advancement of Colored People (NAACP) #1069

OPPOSITION:

California Business Properties Association
California Chamber of Commerce
California Manufacturers and Technology Association
Chemical Industry Council of California
Greater Fresno Area Chamber of Commerce
Industrial Environmental Association
National Federation of Independent Business
Western Plant Health Association
Western States Petroleum Association
Alhambra Chamber of Commerce
San Diego Regional Chamber of Commerce
Simi Valley Chamber of Commerce
Metal Finishing Association of Northern California
Metal Finishing Association of Southern California
Oxnard Chamber of Commerce
California Metals Coalition
South Bay Association of Chambers of Commerce
California Cement Manufacturers Environmental Coalition
Southwest California Legislative Council
California Small Business Association

South Coast Air Quality Management District
Legislative Analysis Summary – AB 246 (Santiago)
Version: As amended June 21, 2017
Analyst: MC/PC

Redondo Beach Chamber of Commerce and Visitors Bureau
Torrance Chamber of Commerce
El Dorado County Joint Chamber of Commerce
Rancho Cordova Chamber of Commerce
Palm Desert Chamber of Commerce
Camarillo Chamber of Commerce
West Coast Lumber & Building Material Association
Clean Harbors Environmental Services, Inc.
North Orange County Chamber
Safety-Kleen, Inc.
Fontana Chamber of Commerce
Norco Area Chamber of Commerce

AMENDED IN SENATE JUNE 21, 2017

AMENDED IN ASSEMBLY MARCH 9, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 246

**Introduced by Assembly Members Santiago, Cristina Garcia,
Gomez, and Reyes**

January 30, 2017

An act to add *and repeal* Section ~~25200.24~~ to 25158.2 of the Health and Safety Code, relating to hazardous waste.

LEGISLATIVE COUNSEL'S DIGEST

AB 246, as amended, Santiago. ~~Hazardous Department of Toxic Substances Control: hazardous waste: facilities: permits: fence-line monitoring systems: emissions monitoring.~~

Existing law, as part of the hazardous waste control laws, requires a facility handling hazardous waste to obtain a hazardous waste facilities permit from the Department of Toxic Substances Control. Existing law requires the department to impose certain conditions on each hazardous waste facilities permit and authorizes the department to impose other conditions on a hazardous waste facilities permit, as specified. ~~A violation of the hazardous waste control laws is a crime.~~

~~This bill would, as a condition for a new hazardous waste facilities permit or a renewal of a hazardous waste facilities permit, require an applicant to install and maintain a fence-line monitoring system to measure and record emissions along the border of the facility. The bill would provide that this requirement applies only for a permit to operate a hazardous waste facility that treats or disposes of hazardous waste.~~

Because a violation of this requirement would be a crime, the bill would impose a state-mandated local program.

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

Existing law generally designates air pollution control and air quality management districts with the primary responsibility for the control of air pollution from all sources other than vehicular sources.

This bill would require the department to assess, in consultation with the relevant air pollution control district or air quality management district, hazardous waste facilities under its jurisdiction within the respective territory of each air district to determine if fence-line or other monitoring to measure and record emissions at those facilities is necessary or appropriate. To the extent this requirement would impose additional duties on air districts, the bill would impose a state-mandated local program. The bill would require the department to complete, and report to the Legislature on, its assessment by September 1, 2018.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 25158.2 is added to the Health and Safety
- 2 Code, to read:
- 3 25158.2. (a) The department shall assess, in consultation with
- 4 the relevant air pollution control district or air quality management
- 5 district, hazardous waste facilities under its jurisdiction within the
- 6 respective territory of each air district to determine if fence-line
- 7 monitoring to measure and record emissions along the border of
- 8 the facility or other monitoring to measure and record emissions
- 9 at the facility is necessary or appropriate.

1 (b) The department shall complete, and report to the Legislature
2 on, its assessment by September 1, 2018.

3 (c) (1) A report to be submitted pursuant to subdivision (b)
4 shall be submitted in compliance with Section 9795 of the
5 Government Code.

6 (2) Pursuant to Section 10231.5 of the Government Code, this
7 section is repealed on January 1, 2023.

8 SEC. 2. No reimbursement is required by this act pursuant to
9 Section 6 of Article XIII B of the California Constitution because
10 a local agency or school district has the authority to levy service
11 charges, fees, or assessments sufficient to pay for the program or
12 level of service mandated by this act, within the meaning of Section
13 17556 of the Government Code.

14 SECTION 1. ~~Section 25200.24 is added to the Health and~~
15 ~~Safety Code, immediately following Section 25200.23, to read:~~

16 ~~25200.24. (a) The department shall, as a condition for a new~~
17 ~~hazardous waste facilities permit or a renewal of a hazardous waste~~
18 ~~facilities permit, require an applicant to install and maintain a~~
19 ~~fence-line monitoring system to measure and record emissions~~
20 ~~along the border of the facility.~~

21 ~~(b) Subdivision (a) shall apply only for a permit to operate a~~
22 ~~hazardous waste facility that treats or disposes of hazardous waste.~~

23 ~~SEC. 2. No reimbursement is required by this act pursuant to~~
24 ~~Section 6 of Article XIII B of the California Constitution because~~
25 ~~the only costs that may be incurred by a local agency or school~~
26 ~~district will be incurred because this act creates a new crime or~~
27 ~~infraction, eliminates a crime or infraction, or changes the penalty~~
28 ~~for a crime or infraction, within the meaning of Section 17556 of~~
29 ~~the Government Code, or changes the definition of a crime within~~
30 ~~the meaning of Section 6 of Article XIII B of the California~~
31 ~~Constitution.~~

AB 1036 (McCarty)
Organic waste: composting.

Summary: This bill would:

- 1) Specify that the California Environmental Protection Agency (CalEPA) and the California Department of Food and Agriculture (CDFA) align, rather than coordinate, regulation and internal policy goals to achieve the state's organic waste diversion and greenhouse gas (GHG) reduction goals;
- 2) Require CalEPA to use the new goals established in 2016 by SB 1383, relating to short-lived climate pollutant (SLCP) emissions, in its assessment of the state's progress toward developing organic waste and recycling infrastructure;
- 3) For the purposes of permits and long-term emissions reductions relating to a composting facility, a district shall include in calculations for baseline emissions of criteria air pollutants and GHGs the reduction in emissions resulting from not sending those organic materials to a landfill or directly applying them to land; and
- 4) Retroactively define “essential public service” to include, among other things: a prison, detention facility, police or firefighting facility, school, health care facility, landfill gas control or processing facility, sewage treatment works, composting facility, or water delivery operation, if owned and operated by a public agency.

Background: Existing law establishes the California Integrated Waste Management Act, which requires local jurisdictions to divert 50 percent of solid waste generated from landfill disposal and establishes a state policy goal that 75 percent of solid waste generated statewide be diverted from landfill disposal by 2020.

AB 341 (Chesbro), Chapter 476, Statutes of 2011, requires commercial waste generators, including multi-family dwellings, to arrange for recycling services and requires local governments to implement commercial solid waste recycling programs designed to divert solid waste from businesses. AB 1826 (Chesbro), Chapter 727, Statutes of 2014, requires generators of specified amounts of organic waste (i.e., food waste and yard waste) to arrange for recycling services for that material.

Existing law requires CalEPA, in coordination with the State Water Resources Control Board (SWRCB), the California Air Resources Board (CARB), and the CDFA, to develop and implement policies to aid in the diversion of organic waste from landfills by promoting the use of agricultural, forestry, and urban organic waste as feedstock for compost and by promoting the appropriate use of compost.

Further, CDFA is required to develop and administer the Healthy Soils Initiative to improve carbon storage in soils and reduce agricultural GHG emissions.

Existing law also requires CalEPA and CDFA to coordinate regulations and goals to divert organic waste from landfill disposal. CalEPA is required to assess the state's progress toward developing the organic waste and recycling infrastructure necessary to meet the state's commercial and organic waste diversion requirements, the Short-Lived Climate Pollutant Reduction Strategy (Strategy) approved in May, 2015, and the Healthy Soils Initiative.

Finally, CARB is required to approve and implement an updated Strategy to reduce SLCP emissions. SB 1383 (Lara), Chapter 395, Statutes of 2016, requires the Strategy to achieve 40% reduction in methane emissions, 40% reduction in hydrofluorocarbon gases, and 50% reduction in anthropogenic black carbon by 2030.

Status: 6/26/2017 - In Senate EQ committee: Set, second hearing. Hearing canceled at the request of author.

Specific Provisions: Specifically, this bill would:

- 1) For the purposes of permits and long-term emissions reductions relating to a composting facility, a district shall include in calculations for baseline emissions of criteria air pollutants and greenhouse gases the reduction in emissions resulting from not sending those organic materials to a landfill or directly applying them to land;
- 2) For purposes of this part, including any regulations adopted pursuant to this part before or after the enactment of this section, “essential public service” includes, but is not limited to, a prison, detention facility, police or firefighting facility, school, health care facility, landfill gas control or processing facility, sewage treatment works, composting facility, or water delivery operation, if owned and operated by a public agency.
- 3) Update state requirements by ensuring that CalEPA and CDFA align their regulatory and policy efforts, rather than just coordinate, to achieve the state's organic waste diversion and GHG reduction goals; and
- 4) Update statute by requiring CalEPA to assess the state's progress toward developing the organic waste and recycling infrastructure necessary to achieve the state's recycling and GHG reduction goals by ensuring that the assessment use the new goals established in 2016 by SB 1383, relating to SLCP emissions.

Impacts on SCAQMD’s Mission, Operations or Initiatives: Current law requires CalEPA to assess the state's progress toward developing the organic waste and recycling infrastructure necessary to achieve the state's recycling and GHG reduction goals; however, statute specifies that the assessment use the May 2015 Strategy. In 2016, SB 1383

established new goals for the Strategy. This bill, among other things, requires the assessment to incorporate the Strategy required by SB 1383.

However, recent amendments to this bill regarding air district permitting of compost facilities is problematic.

- Staff is concerned that requiring crediting of emission reductions at landfills towards a composting permit may conflict with federal permitting requirements. The proposed addition of section 40723.5 to the Health and Safety Code requires air districts, when permitting and developing emission reduction strategies for compost facilities, to “... include in calculations for baseline emissions of criteria pollutants and greenhouse gases the reduction in emissions resulting from not sending those organic materials to a landfill or directly applying them to land.” Under federal and state New Source Review programs, “baseline emissions” are considered to be either the actual emissions of the project under review, or the equipment’s potential to emit, and do not include offsite reductions which would be speculative, unverifiable, nonpermanent, and unenforceable. In addition, this contradicts section 42504 of the Health and Safety Code enacted by SB288 (Sher, 2003) which prohibits modifications of district New Source Review programs, including “The calculation methodology, thresholds, or other procedures of new source review.” (HSC 42504 (b)(1)(C)). Air districts simply cannot change New Source Review requirements to be less stringent in order to reduce control requirements for the benefit of a compost facility.
- Also, the decision as to whether these facilities are essential public services should be left as a local decision of the relevant air district governing board. If these facilities were classified as essential public services, they would be eligible for offsets from SCAQMD’s internal bank of offsets, and would cause an additional strain on the internal bank offset supply that has not been accounted for. Rule 1315 contains cumulative limits on the amount of offsets that may be used. If these limits are reached, then this could result in a stoppage in the issuing of permits for sources already identified as essential public services, such as sewage treatment plants. Thus, this proposal could have serious adverse consequences to public health. Further, the proposal does not affect air districts that have not already defined essential public services, so only those that have taken steps to help these services are affected.
- Staff is concerned that the requirement to “align” regulation may force all air district rules to be identical, which may interfere with our needs as an extreme ozone attainment area to have more stringent requirements.
- SCAQMD staff would seek to encourage organic waste diversion to biofuels, or zero or near-zero emission energy production, such as fuel cells, rather than composting.

Composting is a positive for landfills and fertilizer production, but not preferable for GHG emissions or air quality, relative to other options.

Recommended Position: OPPOSE

Support

Californians Against Waste
California Compost Coalition
Napa Recycling and Waste Services
Northern California Recycling Association
Solana Center for Environmental Innovation
Tri-CED Community Recycling

Opposition

None on file

AMENDED IN SENATE JUNE 20, 2017

CALIFORNIA LEGISLATURE—2017–18 REGULAR SESSION

ASSEMBLY BILL

No. 1036

Introduced by Assembly Member McCarty

February 16, 2017

An act to add Sections 40723.5 and 40723.6 to the Health and Safety Code, and to amend Section 42649.87 of the Public Resources Code, relating to solid waste.

LEGISLATIVE COUNSEL'S DIGEST

AB 1036, as amended, McCarty. Organic waste: composting.

Existing law requires the California Environmental Protection Agency, in coordination with the Department of Resources Recycling and Recovery, the State Water Resources Control Board, the State Air Resources Board, and the Department of Food and Agriculture, to develop and implement policies to aid in diverting organic waste from landfills by promoting the composting of specified organic waste and by promoting the appropriate use of that compost throughout the state. Existing law requires the California Environmental Protection Agency and the Department of Food and Agriculture, with the Department of Resources Recycling and Recovery, the State Water Resources Control Board, and the State Air Resources Board, to, among other things, assess the state's progress toward developing the organic waste processing and recycling infrastructure necessary to meet the state goals specified in certain state laws and documents.

This bill would require those entities to assess the state's progress towards developing the organic waste processing and recycling infrastructure necessary to meet the state goals specified in an additional

state law, as provided, and would make other changes in these provisions.

Existing law vests air pollution control districts and air quality management districts with the primary responsibility for control of air pollution from all sources other than vehicular sources, including from composting facilities.

This bill would require an air pollution control district or an air quality management district, for the purposes of permits and long-term emissions reductions relating to a composting facility, to include in calculations for baseline emissions of criteria air pollutants and greenhouse gases the reduction in emissions resulting from not sending those organic materials to a landfill or directly applying them to land. Because the bill would impose new duties on districts, it would impose a state-mandated local program.

Various air pollution control district and air quality management district rules define an “essential public service” for their purposes.

This bill would specify facilities that are “essential public services” for purposes of the statutes that govern air pollution control districts and air quality management districts and the regulations adopted pursuant to those statutes before or after the enactment of this bill, including composting facilities.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 **SECTION 1.** *Section 40723.5 is added to the Health and Safety*
- 2 *Code, to read:*
- 3 *40723.5. For the purposes of permits and long-term emissions*
- 4 *reductions relating to a composting facility, a district shall include*
- 5 *in calculations for baseline emissions of criteria air pollutants*
- 6 *and greenhouse gases the reduction in emissions resulting from*
- 7 *not sending those organic materials to a landfill or directly*
- 8 *applying them to land.*

1 *SEC. 2. Section 40723.6 is added to the Health and Safety*
2 *Code, to read:*

3 *40723.6. For purposes of this part, including any regulations*
4 *adopted pursuant to this part before or after the enactment of this*
5 *section, “essential public service” includes, but is not limited to,*
6 *a prison, detention facility, police or firefighting facility, school,*
7 *health care facility, landfill gas control or processing facility,*
8 *sewage treatment works, composting facility, or water delivery*
9 *operation, if owned and operated by a public agency.*

10 ~~SECTION 4.~~

11 *SEC. 3. Section 42649.87 of the Public Resources Code is*
12 *amended to read:*

13 42649.87. (a) The California Environmental Protection
14 Agency, in coordination with the department, the State Water
15 Resources Control Board, the State Air Resources Board, and the
16 Department of Food and Agriculture, shall develop and implement
17 policies to aid in diverting organic waste from landfills by
18 promoting the use of agricultural, forestry, and urban organic waste
19 as a feedstock for compost and by promoting the appropriate use
20 of that compost throughout the state.

21 (b) In developing policies pursuant to subdivision (a), the
22 California Environmental Protection Agency shall promote a goal
23 of reducing at least five million metric tons of greenhouse gas
24 emissions per year through the development and application of
25 compost on working lands, which include, but are not limited to,
26 agricultural land, land used for forestry, and rangeland. The
27 California Environmental Protection Agency shall work with the
28 Department of Food and Agriculture to achieve this goal.

29 (c) The Secretary for Environmental Protection and the Secretary
30 of Food and Agriculture shall ensure proper alignment of agency
31 regulations and internal policy goals to implement this section.
32 The California Environmental Protection Agency and the
33 Department of Food and Agriculture, with the department, the
34 State Water Resources Control Board, and the State Air Resources
35 Board, shall do all of the following:

36 (1) Assess the state’s progress towards developing the organic
37 waste processing and recycling infrastructure necessary to meet
38 the state goals specified in Assembly Bill 341 (Chapter 476 of the
39 Statutes of 2011), Assembly Bill 1826 (Chapter 727 of the Statutes
40 of 2014), Senate Bill 1383 (Chapter 395 of the Statutes of 2016),

1 the State Air Resources Board's Short-Lived Climate Pollutant
2 Reduction Strategy, and the Department of Food and Agriculture's
3 Healthy Soils Initiative.

4 (2) Meet at least quarterly to consult with interested
5 stakeholders, including, but not limited to, the compost industry,
6 local governments, and environmental organizations, to encourage
7 the continued viability of the state's organic waste processing and
8 recycling infrastructure.

9 (3) Hold at least one public workshop annually to inform the
10 public of actions taken to implement this section and to receive
11 public comment.

12 (4) Develop recommendations for promoting organic waste
13 processing and recycling infrastructure statewide, which shall be
14 posted on the California Environmental Protection Agency's
15 Internet Web site no later than January 1, 2017, and updated
16 annually thereafter.

17 (d) This section shall remain in effect only until January 1, 2021,
18 and as of that date is repealed, unless a later enacted statute, that
19 is enacted before January 1, 2021, deletes or extends that date.

20 *SEC. 4. No reimbursement is required by this act pursuant to*
21 *Section 6 of Article XIII B of the California Constitution because*
22 *a local agency or school district has the authority to levy service*
23 *charges, fees, or assessments sufficient to pay for the program or*
24 *level of service mandated by this act, within the meaning of Section*
25 *17556 of the Government Code.*

Senate Bill 615 (Hueso)
Salton Sea restoration

Summary: This bill would require the Natural Resources Agency (Agency) to develop a 10-year plan by January 1, 2018 that would implement the memorandum of understanding between the Agency and the U.S. Department of Interior which was entered into in August 2016 and makes state and federal commitments to protect public health and ecosystem values at the Salton Sea which are threatened by a receding shoreline due to implementation of urban-ag water transfers known as the Quantification Settlement. The bill also renames the Salton Sea Restoration Act, passed in 2003, in honor of John J. Benoit.

Background: The Salton Sea is threatened by increasing salinity and reduced flows. These changes increasingly threaten the unparalleled wildlife resources at the Salton Sea, as well as air quality in the region.

In 2003, Senators Kuehl, Machado, and Ducheny authored legislation that together implemented the Quantification Settlement Agreement (QSA), a historic water agreement that limited California's Colorado River water usage to 4.4 million acre-feet annually. Key elements of the QSA included water conservation measures, water transfers from the Imperial Irrigation District to the San Diego County Water Authority and to the Coachella Valley Water District, environmental mitigation obligations, regulatory provisions, and funding agreements. The QSA legislation similarly included numerous provisions for habitat and species protection, air quality, and the eventual restoration of the Salton Sea by the State. Specifically, it committed "the State of California [to] undertake the restoration of the Salton Sea ecosystem and the permanent protection of the wildlife dependent on that ecosystem."

Since the establishment of the QSA, there have been numerous pieces of legislation regarding the Salton Sea according to author. There remain numerous outstanding concerns with the Salton Sea that impact wildlife and habitat but more critically, the health and safety of the residents near the sea. The exposed playas have resulted in a spike in asthma rates in recent years with an especially troubling rise in children's respiratory health issues.

Status: 6/27/17 - From Comm. on Water, Parks, & Wildlife: Do pass and re-refer to Com. on APPR. (Ayes 14. Noes 1.) (June 27). Re-referred to Com. on APPR.

Specific Provisions: Specifically, this bill would:

- 1) Rename the Salton Sea Restoration Act the "John J. Benoit Salton Sea Restoration Act."

- 2) Require the California Natural Resources Agency, by January 1, 2018, to develop a 10-year plan to implement the memorandum of understanding between the Agency and the United States Department of the Interior, entered into on August 31, 2016, and its addendum, entered into on January 18, 2017, that addresses expected lakebed exposure, habitat or air quality projects that will be implemented, and funding needs to implement the plan.

Impacts on SCAQMD's Mission, Operations or Initiatives: This bill is in line with the District's policy priorities regarding dust mitigation and addressing the air quality issues associated with the receding shoreline of the Salton Sea.

Proposed Amendment: However, staff wants to ensure that the 10-year plan developed by the Agency to implement the MOU between the Agency and the US Department of the Interior also includes sufficient planning content to implement hydrogen sulfide mitigation efforts.

Recommended Position: SUPPORT with AMENDMENTS

Support:

Audubon California
California League of Conservation Voters
County of Imperial
Salton Sea Authority
Sierra Club California
Association of California Water Agencies

Opposition:

None on file

AMENDED IN SENATE MAY 1, 2017

SENATE BILL

No. 615

Introduced by Senator Hueso

(Principal coauthor: Assembly Member Eduardo Garcia)

February 17, 2017

An act to amend Sections 2930 and 2940 of, to amend the heading of Chapter 13 (commencing with Section 2930) of Division 3 of, and to add Section 2942.1 to, the Fish and Game Code, relating to the Salton Sea, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 615, as amended, Hueso. Salton Sea restoration.

The Salton Sea Restoration Act requires the Secretary of the Natural Resources Agency, in consultation and coordination with the Salton Sea Authority, to lead Salton Sea restoration efforts. The act, to the extent that funding is appropriated to the Department of Fish and Wildlife for Salton Sea restoration activities, authorizes the Department of Water Resources, in coordination and under agreement with the Department of Fish and Wildlife, to undertake certain restoration efforts. The act authorizes the Salton Sea Authority to lead a feasibility study, in coordination and under contract with the Secretary of the Natural Resources Agency, as prescribed.

This bill would require the Natural Resources Agency, by January 1, 2018, to develop a 10-year plan to implement the memorandum of understanding between the agency and the United States Department of the Interior entered into on August 31, 2016, and its addendum, entered into on January 18, 2017, and would require the agency to address certain issues in the plan. The bill would rename the Salton Sea Restoration Act as the "John J. Benoit Salton Sea Restoration Act."

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The heading of Chapter 13 (commencing with
2 Section 2930) of Division 3 of the Fish and Game Code is amended
3 to read:

4
5 CHAPTER 13. JOHN J. BENOIT SALTON SEA RESTORATION ACT
6

7 SEC. 2. Section 2930 of the Fish and Game Code is amended
8 to read:

9 2930. This chapter shall be ~~known~~ *known*, and may be ~~cited~~
10 *cited*, as the John J. Benoit Salton Sea Restoration Act.

11 SEC. 3. Section 2940 of the Fish and Game Code is amended
12 to read:

13 2940. The Legislature finds and declares all of the following:

14 (a) The Salton Sea is California's largest inland water body with
15 beneficial uses that include fisheries and wildlife habitat and
16 preservation of endangered species, and is a repository for
17 agricultural drainage.

18 (b) The Salton Sea ecosystem is a critical link on the
19 international Pacific Flyway and supports over 400 species of
20 birds.

21 (c) The Salton Sea is threatened by increasing salinity and
22 reduced inflows. ~~These Mitigation water inflows ordered by the~~
23 ~~State Water Resources Control Board in 2002 will expire at the~~
24 ~~end of 2017. Combined, these~~ changes increasingly threaten the
25 unparalleled wildlife resources at the sea, as well as air quality in
26 the region.

27 (d) In cooperation with local governments, nonprofit
28 organizations, private businesses, and the public, the ~~Salton Sea~~
29 ~~Authority~~ *State of California* can help protect wildlife habitats and
30 endangered species, improve water and air quality, and enhance
31 recreational opportunities in the region.

32 (e) ~~The state~~ *State* of California and the United States
33 Department of the Interior committed through a memorandum of

1 understanding signed on August 31, 2016, to protect the ecological
2 values of the Salton Sea and to prevent dust emissions from at
3 least 25,000 acres of lakebed exposed by reduced agricultural
4 inflows resulting from the implementation of the Quantification
5 Settlement Agreement.

6 (f) In restoring the Salton Sea, it is the intent of the Legislature
7 to do all of the following:

8 (1) Protect and provide long-term conservation of fish and
9 wildlife that are dependent on the Salton Sea ecosystem.

10 (2) Restore the long-term stable aquatic and shoreline habitat
11 for fish and wildlife that depend on the Salton Sea.

12 (3) Mitigate air quality impacts from restoration projects using
13 the best available technology or best available control measures,
14 as determined by the South Coast Air Quality Management District
15 and the Imperial County Air Pollution Control District.

16 (4) Protect water quality.

17 (5) Maintain the Salton Sea as a vital link along the Pacific
18 Flyway.

19 (6) Preserve local tribal heritage and cultural values associated
20 with the Salton Sea.

21 (7) Minimize noxious odors and other water and air quality
22 problems.

23 (8) Coordinate with local, state, and federal agencies that are
24 responsible for air quality, endangered species, and other
25 environmental mitigation implementation requirements of the
26 Quantification Settlement Agreement.

27 (9) Enhance economic development opportunities that will
28 provide sustainable financial improvements benefiting the local
29 environment and the economic quality of life for communities
30 around the Salton Sea.

31 SEC. 4. Section 2942.1 is added to the Fish and Game Code,
32 to read:

33 2942.1. By January 1, 2018, the agency shall develop a 10-year
34 plan to implement the memorandum of understanding between the
35 agency and the United States Department of the Interior entered
36 into on August 31, 2016, and its addendum, entered into on January
37 18, 2017. The agency shall address all of the following in the plan:

38 (a) Expected lakebed exposure during the 10-year period of the
39 memorandum of understanding.

1 (b) Habitat or air quality projects that will be used to cover the
2 exposed lakebed.

3 (c) Funding needs and availability to implement the plan.

4 *SEC. 5. Owing to the critical importance of a viable roadmap*
5 *for the future of the Salton Sea, the Legislature recognizes the*
6 *essential role of the State Water Resources Control Board in the*
7 *exercise of its original jurisdiction with regard to the restoration*
8 *of the Salton Sea. To this end, the Legislature further recognizes*
9 *that timely implementation of a 10-year plan for a smaller but*
10 *sustainable Salton Sea is best served and effectuated through the*
11 *State Water Resources Control Board's continuing jurisdiction*
12 *over this evolving subject matter and its attendant restoration*
13 *efforts.*

14 ~~SEC. 5.~~

15 *SEC. 6.* This act is an urgency statute necessary for the
16 immediate preservation of the public peace, health, or safety within
17 the meaning of Article IV of the California Constitution and shall
18 go into immediate effect. The facts constituting the necessity are:

19 In order to begin implementing the memorandum of
20 understanding between the ~~state~~ State of California and the United
21 States Department of the Interior, which would address
22 environmental and health impacts relating to the Salton Sea, at the
23 earliest possible date, it is necessary for this act to take immediate
24 effect.

Senate Bill 701 (Hueso)
Salton Sea Obligations Act of 2018

Summary: This bill proposes a \$500 million general obligation bond for the November 2018 ballot for purposes related to restoration of the Salton Sea and implementation of the Quantification Settlement Agreement.

Background: The Salton Sea is threatened by increasing salinity and reduced flows. These changes increasingly threaten the unparalleled wildlife resources at the Salton Sea, as well as air quality in the region. Existing law:

- 1) Provides, since 2003, in the Quantification Settlement Agreement (QSA) and related state laws for water transfers among southern California agricultural and water agencies and calling for restoration of the Salton Sea.
- 2) Establishes that the QSA is a collection of agreements between the Imperial Irrigation District (IID), Metropolitan Water District, San Diego County Water Authority, the Coachella Valley Water District, and the State, that included approval of water transfers from IID to San Diego, settled a number of claims to the Colorado River, and provided a transition period for the State to reduce its consumption of Colorado River water to its 4.4 million acre feet entitlement. Under the QSA, the amount of water flowing into the Salton Sea will be significantly reduced after 2017.
- 3) Establishes, in the original Salton Sea Restoration Act, legislative intent that the state undertake the restoration of the Salton Sea ecosystem and the permanent protection of the wildlife dependent on that ecosystem and that restoration be based on the preferred alternative developed as a result of a restoration study and alternative selection process. That law also provided that the preferred alternative provide the maximum feasible attainment of specified environmental objectives, including restoration of long-term stable aquatic and shoreline habitat to historic levels and diversity of fish and wildlife dependent on the Salton Sea, elimination of air quality impacts from restoration projects, and protection of water quality.
- 4) Requires that the Secretary of the Resources Agency (now the Natural Resources Agency), in consultation with the Department of Fish and Game (now DFW), Department of Water Resources, the Salton Sea Authority, air quality districts, and the Salton Sea Advisory Committee undertake a restoration study to determine a preferred alternative for restoration of the Salton Sea, to prepare a Programmatic Environmental Impact Report (PEIR) analyzing the alternatives.
- 5) Includes, in the Resources Agency final PEIR and preferred alternative, a restoration plan with an estimated cost of nearly \$9 billion that was submitted in 2007. The

Legislature has not acted on the preferred alternative proposed by the Resources Agency in 2007 but has appropriated funding for the Species Conservation Habitat (SCH) Project.

- 6) Created the Salton Sea Task Force by the administration and directed agencies to develop a comprehensive management plan for the sea that will meet a short-term goal of 9,000-12,000 acres of habitat and dust suppression projects. Governor Brown also set a medium-term plan to construct 18,000-25,000 habitat and dust suppression projects. In 2016, the California Natural Resources Agency and the federal government entered into a Memorandum of Understanding to coordinate habitat and air quality work.
- 9) Provides, as of March 16, 2017, a 10-year plan for various actions at the Salton Sea.

Status: 6/27/17 - Committee on Water, Parks, & Wildlife hearing.

Specific Provisions: Specifically, this bill:

- 1) Proposes a general obligation bond measure for the general election ballot in 2018. It allocates funds for unspecified activities at the Salton Sea. An unspecified amount of funding would be available to acquire water from willing sellers for protection of wildlife habitat and to suppress dust to protect public health.
- 2) Funds allocated per this bill shall be expended on projects designated in the Salton Sea Management Program to improve and protect public health within the Imperial Valley and ecosystem and wildlife habitat in and around the Salton Sea. Funds may also be expended to implement Salton Sea Restoration and Renewable Energy Initiative projects.
- 3) Allows up to 5% of the grant program to be used to pay the administrative costs of that program. It also allows up to 5% of the funds to be used for planning and monitoring.
- 4) Requires the Department of Finance to audit the expenditures, and for the California Natural Resources Agency to provide information on expenditures on its Web site.
- 5) Creates a preference for grantees to use the services of the California Conservation Corp, certified local conservation corps, or other nonprofit that provides job training for specifically identified groups is expressed.
- 6) Prohibits bond proceeds from being used to fulfill any mitigation requirements imposed by law.

- 7) Requires the agencies that administer programs per this bond to report to the Legislature on its expenditures and the public benefits that were created before January 1, 2028.

Impacts on SCAQMD’s Mission, Operations or Initiatives: According to the author, the Salton Sea is California’s largest inland water body with beneficial uses that include fisheries and wildlife habitat and preservation of endangered species. Moreover, the Salton Sea ecosystem is a critical link on the international Pacific Flyway and supports over 400 species of birds. However, it is also a short distance from many communities that live downwind of the sea that are impacted by the harmful dust emissions coming from the exposed playa areas. This has contributed directly to increased asthma rates in the children of these communities.

The Salton Sea is threatened by increasing salinity and reduced flows. These changes threaten the unparalleled wildlife resources at the sea, as well as air quality in the region. The state made a commitment almost 20 years ago to undertake the restoration of the sea and has spent millions on studies and plans which have yielded few results. These issues have greatly elevated the concerns at the sea and have made this a statewide matter that requires a focused statewide effort.

Moreover, the recent planning document issued by the California Natural Resources Agency for the Salton Sea only provides funding for projects through 2022, and absent additional funding for the plan, there is insufficient funding for the second half of the projects.

The author has pointed out that even with an \$80 million budget allocation to the Salton Sea, that the latest planning estimates for Salton Sea restoration are pegged at between \$1 and \$3 billion. Many of the bill’s supporters concur that the public health and Salton Sea restoration costs will far exceed currently available funding.

This bill is in line with the District’s policy priorities regarding dust mitigation and addressing the air quality issues associated with the receding shoreline of the Salton Sea.

Recommended Position: SUPPORT

SUPPORT:

Association of California Water Agencies
San Diego County Water Authority
Imperial County Board of Supervisors
Imperial Irrigation District

OPPOSITION:

None on file

AMENDED IN SENATE MAY 17, 2017

AMENDED IN SENATE APRIL 27, 2017

SENATE BILL

No. 701

Introduced by Senator Hueso

(Principal coauthor: Assembly Member Eduardo Garcia)

February 17, 2017

An act to add Division 45 (commencing with Section 75500) to the Public Resources Code, relating to the Salton Sea, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 701, as amended, Hueso. Salton Sea Obligations Act of 2018.

The California Constitution requires a measure authorizing general obligation bonds to specify the single object or work to be funded by the bonds and further requires such a measure to be approved by a $\frac{2}{3}$ vote of each house of the Legislature and submitted to the voters, as specified. Existing law, the State General Obligation Bond Law, contains procedures for use in authorizing the issuance and sale of, and providing for the repayment of, state general obligation bonds. Under existing law, various general obligation bond measures have been approved by the voters to provide funds for certain natural resources programs.

This bill would enact the Salton Sea Obligations Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in the amount of \$500,000,000 pursuant to the State General Obligation Bond Law to finance a program to comply with specified state obligations relating to the Salton Sea. This bill would provide for the submission

of these provisions to the voters at the November 6, 2018, statewide general election.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Division 45 (commencing with Section 75500) is added to the Public Resources Code, to read:

DIVISION 45. SALTON SEA OBLIGATIONS ACT OF 2018

CHAPTER 1. SHORT TITLE

75500. This division shall be known, and may be cited, as the Salton Sea Obligations Act of 2018.

CHAPTER 2. FINDINGS

75501. The people of California find and declare all of the following:

(a) The Salton Sea, located in the Counties of Imperial and Riverside, is California's largest lake. Once an intermittent freshwater sea that formed and evaporated several times over thousands of years, the modern-day sea formed in 1905 when the Colorado River breached an inadequate diversion structure and flowed into the basin for two years.

(b) The Salton Sea is a terminal lake, with inflows from the New River, the Alamo River, and the Whitewater River, and no natural outflows. The New River, which has primarily been used to convey agricultural runoff as well as treated and raw sewage, is considered one of the most polluted rivers in the United States.

(c) The Salton Sea loses approximately one million acre-feet per year to evaporation, and, as a result, is becoming increasingly saline and exposing more playa. This presents a variety of environmental and public health concerns.

(d) More than 95 percent of California's historical wetlands have been converted to other land uses, making the Salton Sea a

1 critical wetland area in California for migratory waterfowl and
2 shorebirds. The Salton Sea supports more than 400 species of birds,
3 and is an internationally significant stopover site for hundreds of
4 thousands of birds migrating along the Pacific Flyway. Fishery
5 resources in the Salton Sea have also declined significantly due to
6 increasing salinity, evaporation, and declining water quality. Absent
7 remediation efforts, health conditions at the Salton Sea will rapidly
8 deteriorate for both humans and wildlife, especially with the water
9 transfers increasing as of 2017 and a decrease in runoff flows to
10 the Salton Sea.

11 (e) The shrinking Salton Sea also poses significant air quality
12 concerns for residents in the region as more playa is exposed.
13 According to the Pacific Institute, more than 100 miles of dusty
14 lake bed could be exposed to the desert winds. That would cause
15 fine particles to blow over the Coachella and Imperial Valleys,
16 with the latter already suffering from the highest childhood asthma
17 hospitalization rate in the state and both areas containing high
18 numbers of seniors who are especially susceptible to poor air
19 quality.

20 (f) Signed in 2003, the Quantification Settlement Agreement
21 (QSA) is a historic water agreement that limited California's
22 Colorado River water usage to 4.4 million acre-feet annually. Key
23 elements of the QSA include water conservation measures, water
24 transfers from the Imperial Irrigation District to the San Diego
25 County Water Authority and to the Coachella Valley Water
26 District, environmental mitigation obligations, regulatory
27 provisions, and funding agreements.

28 (g) The Salton Sea Restoration Act (Chapter 13 (commencing
29 with Section 2930) of Division 3 of the Fish and Game Code)
30 includes numerous provisions for habitat and species protection,
31 air quality, and the eventual restoration of the Salton Sea by the
32 state. Specifically, the Salton Sea Restoration Act commits "the
33 State of California [to] undertake the restoration of the Salton Sea
34 ecosystem and the permanent protection of the wildlife dependent
35 on that ecosystem."

36 (h) Section 2081.7 of the Fish and Game Code required the
37 Secretary of the Natural Resources Agency, in consultation with
38 the Department of Fish and Wildlife, the Department of Water
39 Resources, the Salton Sea Authority, air quality districts, and the
40 Salton Sea Advisory Committee to undertake a restoration study

1 to determine a preferred alternative for Salton Sea restoration, to
2 prepare a Programmatic Environmental Impact Report (PEIR)
3 analyzing the alternatives, and to submit a preferred alternative to
4 the Legislature on or before December 31, 2006. The resulting
5 report indicated that the preferred alternative would cost nearly
6 \$9 billion.

7 (i) The Legislature has not acted on the preferred alternative,
8 but has taken steps to restore the Salton Sea. The Legislature
9 appropriated funds for the Species Conservation Habitat Project,
10 which is similar to the early start habitat projects described as
11 Phase 1 in the 2006 PEIR. In the Budget Act of 2013, the
12 Legislature appropriated funds available from Proposition 84 (The
13 Safe Drinking Water, Water Quality and Supply, Flood Control,
14 River and Coastal Protection Bond Act of 2006) for initial
15 restoration projects at the Salton Sea. In the Budget Act of 2016,
16 the Legislature appropriated \$80 million from funds available from
17 Proposition 1 (The Water Quality, Supply, and Infrastructure
18 Improvement Act of 2014) to restore habitat and suppress dust at
19 the Salton Sea in the near term.

20 (j) In 2015, the Governor created the Salton Sea Task Force and
21 directed agencies to develop a comprehensive management plan
22 for the Salton Sea that will meet a short-term goal of 9,000 to
23 12,000 acres of habitat and dust suppression projects. The Governor
24 also set a medium-term plan to construct 18,000 to 25,000 acres
25 of habitat and dust suppression projects.

26 (k) On March 16, 2017, the Governor's administration released
27 its draft 10-year plan. Funding for the first four years of the plan
28 has been secured with the \$80 million in Proposition 1 funding.
29 The last six years of the plan are unfunded, with an estimated cost
30 of upwards of \$300 million.

31 32 CHAPTER 3. DEFINITIONS

33
34 75502. Unless the context otherwise requires, the definitions
35 set forth in this section govern the construction of this division, as
36 follows:

37 (a) "Acquisition" means obtaining a fee interest or any other
38 interest in real property, including easements, leases, water, water
39 rights, or interest in water obtained for the purposes of instream
40 flows, species or habitat protection, and development rights.

(b) “Committee” means the Salton Sea Obligations Finance Committee created by Section 75520.

(c) “Fund” means the Salton Sea Obligations Fund of 2018 created by Section 75511.

(d) “Instream flows” means a specific streamflow, measured in cubic feet per second at a particular location for a defined time, and typically follows seasonal variations.

(e) “Long term” means for a period of not less than 20 years.

(f) “Nonprofit organization” means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code.

~~(g) “Public agency” means a state agency or department, special district, joint powers authority, city, county, city and county, or other political subdivision of the state.~~

~~(h)~~

(g) “Restoration” means the improvement of physical structure or facilities and, in the case of natural systems and landscape features, includes, but is not limited to, projects for the control of erosion, the control and elimination of exotic species, removal of waste and debris, prescribed burning, fuel hazard reduction, fencing out threats to existing or restored natural resources, road elimination, and other plant and wildlife habitat improvement to increase the natural system value of the property. Restoration projects shall include the planning, monitoring, and reporting necessary to ensure successful implementation of the project objectives.

~~(i)~~

(h) “Secretary” means the Secretary of the Natural Resources Agency.

~~(j)~~

(i) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

CHAPTER 4. GENERAL PROVISIONS

75503. An amount that equals not more than 5 percent of the funds allocated for a grant program pursuant to this division may be used to pay the administrative costs of that program.

1 75504. Unless otherwise specified, up to 5 percent of funds
2 allocated for each program funded by this division may be
3 expended for planning and monitoring necessary for the successful
4 design, selection, and implementation of the projects authorized
5 under that program. This section shall not otherwise restrict funds
6 ordinarily used by ~~an agency~~ *the Natural Resources Agency* for
7 “preliminary plans,” “working drawings,” and “construction” as
8 defined in the annual Budget Act for a capital outlay project or
9 grant project. ~~Water quality monitoring data shall be collected and~~
10 ~~reported to the State Water Resources Control Board in a manner~~
11 ~~that is compatible and consistent with surface water monitoring~~
12 ~~data systems or groundwater monitoring data systems administered~~
13 ~~by the State Water Resources Control Board. Watershed monitoring~~
14 ~~data shall be collected and reported to the Department of~~
15 ~~Conservation in a manner that is compatible and consistent with~~
16 ~~the statewide watershed program administered by the Department~~
17 ~~of Conservation.~~

18 75505. (a) The Department of Finance shall provide for an
19 independent audit of expenditures pursuant to this division. The
20 Secretary of the Natural Resources Agency shall publish a list of
21 all program and project expenditures pursuant to this division not
22 less than annually, in written form, and shall post an electronic
23 form of the list on the agency’s Internet Web site in a downloadable
24 spreadsheet format. The spreadsheet shall include information
25 about the location of each funded project, the project’s objectives,
26 status, and anticipated outcomes, and any matching moneys
27 provided for the project by the grant recipient or other sources.

28 (b) If an audit, required by statute, of any entity that receives
29 funding authorized by this division is conducted pursuant to state
30 law and reveals any impropriety, the California State Auditor or
31 the Controller may conduct a full audit of any or all of the activities
32 of that entity.

33 (c) ~~The state agency~~ *When issuing any grant with funding*
34 *authorized by this division, the Natural Resources Agency*
35 *shall require adequate reporting of the expenditures of the funding*
36 *from the grant.*

37 75506. If any moneys allocated pursuant to this division are
38 not encumbered or expended by the recipient entity within the time
39 period specified by the administering agency, the unexpended

1 moneys shall revert to the administering agency for allocation
2 consistent with Chapter 5 (commencing with Section 75513).

3 75507. To the extent feasible, a project whose application
4 includes the use of services of the California Conservation Corps,
5 certified community conservation corps, as defined in Section
6 14507.5, or other nonprofit entities that provide job training and
7 education opportunities for veterans, foster care recipients,
8 farmworkers, or local youth in conservation or restoration projects
9 shall be given preference for receipt of a grant under this division.

10 75508. Moneys allocated pursuant to this division shall not be
11 used to fulfill any mitigation requirements imposed by law.

12 75509. To the extent feasible in implementing this division, a
13 state agency receiving funding under this division shall seek to
14 achieve wildlife conservation objectives through projects on public
15 lands or voluntary projects on private lands. Funds may be used
16 for payment for the creation of measurable habitat improvements
17 or other improvements to the condition of endangered or threatened
18 species, including through the development and implementation
19 of habitat credit exchanges.

20 ~~75510. A state agency that receives funding to administer a~~
21 ~~grant program under this division~~ *The Natural Resources Agency*
22 shall report to the Legislature by January 1, 2028, on its
23 expenditures pursuant to this division and the public benefits
24 received from those expenditures.

25 75511. The proceeds of bonds issued and sold pursuant to this
26 division shall be deposited in the Salton Sea Obligations Fund of
27 2018, which is hereby created in the State Treasury.

28 75512. The Legislature may enact legislation necessary to
29 implement programs funded by this division.

30
31 CHAPTER 5. SALTON SEA RESTORATION AND QUANTIFICATION
32 SETTLEMENT AGREEMENT IMPLEMENTATION
33

34 75513. The sum of five hundred million dollars (\$500,000,000)
35 shall be available to the Natural Resources Agency, upon
36 appropriation by the Legislature from the fund, for compliance
37 with the intrastate, multiparty quantification settlement agreement
38 provisions, including ecosystem restoration projects at the Salton
39 Sea, as set forth in Chapters 611, 612, and 613 of the Statutes of
40 2003 and in Chapter 614 of the Statutes of 2004.

1 75514. (a) Funds allocated pursuant to this chapter shall be
2 expended on projects designated in the Salton Sea Management
3 Program to improve and protect public health within the Imperial
4 Valley and ecosystem and wildlife habitat in and around the Salton
5 Sea.

6 (b) Funds may also be expended to implement projects identified
7 in the Salton Sea Restoration and Renewable Energy Initiative.

8 (c) Priority for expenditure of funds allocated pursuant to this
9 section shall be determined by the governance entity established
10 consistent with other provisions of statute.

11 75516. (a) Of the funds allocated in Section 75513, not more
12 than _____ dollars (\$____) shall be allocated to the Natural
13 Resources Agency, upon appropriation by the Legislature, for
14 placement in the Salton Sea Environmental Water Account, which
15 is hereby created in the fund.

16 (b) Funds in the Salton Sea Environmental Water Account shall
17 be expended, upon appropriation by the Legislature, to acquire
18 water from willing sellers for protection of wildlife habitat, to
19 suppress dust due to exposure of emissive playa, and to sustain
20 water elevations that protect the environment and human health
21 at the Salton Sea.

22
23 CHAPTER 6. FISCAL PROVISIONS
24

25 75518. (a) Bonds in the total amount of five hundred million
26 dollars (\$500,000,000), not including the amount of any refunding
27 bonds issued in accordance with Section 75530, may be issued
28 and sold to provide a fund to be used for carrying out the purposes
29 expressed in this division and to reimburse the General Obligation
30 Bond Expense Revolving Fund pursuant to Section 16724.5 of the
31 Government Code. The bonds, when sold, *issued, and delivered*,
32 shall be and constitute a valid and binding obligation of the State
33 of California and the full faith and credit of the State of California
34 is hereby pledged for the punctual payment of both the principal
35 of, and interest on, the bonds as the principal and interest become
36 due and payable.

37 (b) The Treasurer shall sell the bonds authorized by the
38 committee pursuant to this section. The bonds shall be sold upon
39 the terms and conditions specified in a resolution to be adopted

1 by the committee pursuant to Section 16731 of the Government
2 Code.

3 75519. (a) The bonds authorized by this division shall be
4 prepared, executed, issued, sold, paid, and redeemed as provided
5 in the State General Obligation Bond Law and all of the provisions
6 of that law apply to the bonds and to this division, except as
7 provided in subdivision (b).

8 (b) Subdivisions (a) and (b) of Section 16727 of the Government
9 Code do not apply to any project or program funded by the
10 proceeds of bonds issued and sold pursuant to this division that is
11 not a capital asset.

12 75520. (a) Solely for the purpose of authorizing the issuance
13 and sale, pursuant to the State General Obligation Bond Law, of
14 the bonds authorized by this division, the Salton Sea Obligations
15 Finance Committee is hereby created. For purposes of this division,
16 the Salton Sea Obligations Finance Committee is the “committee”
17 as that term is used in the State General Obligation Bond Law.

18 (b) The committee consists of the Director of Finance, the
19 Treasurer, and the Controller. Notwithstanding any other provision
20 of law, any member may designate a representative to act as that
21 member in his or her place for all purposes, as though the member
22 were personally present.

23 (c) The Treasurer shall serve as the chairperson of the
24 committee.

25 (d) A majority of the committee may act for the committee.

26 75521. The committee shall determine whether or not it is
27 necessary or desirable to issue bonds authorized by this division
28 in order to carry out the actions specified in this division and, if
29 so, the amount of bonds to be issued and sold. Successive issues
30 of bonds may be authorized and sold to carry out those actions
31 progressively, and it is not necessary that all of the bonds
32 authorized to be issued be sold at any one time.

33 75522. For purposes of the State General Obligation Bond
34 Law, “board,” as defined in Section 16722 of the Government
35 Code, means the secretary.

36 75523. There shall be collected each year and in the same
37 manner and at the same time as other state revenue is collected,
38 in addition to the ordinary revenues of the state, a sum in an amount
39 required to pay the principal of, and interest on, the bonds each
40 year. It is the duty of all officers charged by law with any duty in

1 regard to the collection of the revenue to do and perform each and
2 every act that is necessary to collect that additional sum.

3 75524. Notwithstanding Section 13340 of the Government
4 Code, there is hereby continuously appropriated from the General
5 Fund in the State Treasury, for the purposes of this division, an
6 amount that will equal the total of the following:

7 (a) The sum annually necessary to pay the principal of, and
8 interest on, bonds issued and sold pursuant to this division as the
9 principal and interest become due and payable.

10 (b) The sum that is necessary to carry out the provisions of
11 Section 75527, appropriated without regard to fiscal years.

12 75525. The board may request the Pooled Money Investment
13 Board to make a loan from the Pooled Money Investment Account
14 in accordance with Section 16312 of the Government Code for the
15 purpose of carrying out this division less any amount withdrawn
16 pursuant to Section 75527. The amount of the request shall not
17 exceed the amount of the unsold bonds that the committee has, by
18 resolution, authorized to be sold for the purpose of carrying out
19 ~~this division.~~ *division, excluding refunding bonds authorized*
20 *pursuant to Section 75530, less any amount withdrawn pursuant*
21 *to this section and Section 75527.* The board shall execute those
22 documents required by the Pooled Money Investment Board to
23 obtain and repay the loan. Any amounts loaned shall be deposited
24 in the fund to be allocated in accordance with this division.

25 75526. Notwithstanding any other provision of this division,
26 or of the State General Obligation Bond Law, if the Treasurer sells
27 bonds that include a bond counsel opinion to the effect that the
28 interest on the bonds is excluded from gross income for federal
29 tax purposes under designated conditions or is otherwise entitled
30 to any federal tax advantage, the Treasurer may maintain separate
31 accounts for the bond proceeds invested and for the investment
32 earnings on those proceeds and may use or direct the use of those
33 proceeds or earnings to pay any rebate, penalty, or other payment
34 required under federal law or take any other action with respect
35 to the investment and use of those bond proceeds, as may be
36 required or desirable under federal law in order to maintain the
37 tax-exempt status of those bonds and to obtain any other advantage
38 under federal law on behalf of the funds of this state.

39 75527. For the purposes of carrying out this division, the
40 Director of Finance may authorize the withdrawal from the General

1 Fund of an amount or amounts not to exceed the amount of the
2 unsold bonds that have been authorized by the committee to be
3 sold for the purpose of carrying out this ~~division~~ *division, excluding*
4 *refunding bonds authorized pursuant to Section 75530 and less*
5 *any amount borrowed pursuant to Section 75525. Any amounts*
6 *withdrawn shall be deposited in the fund. fund to be allocated in*
7 *accordance with this division. Any moneys made available under*
8 *this section shall be returned to the General Fund, with interest at*
9 *the rate earned by the moneys in the Pooled Money Investment*
10 *Account, from proceeds received from the sale of bonds for the*
11 *purpose of carrying out this division.*

12 75528. All moneys deposited in the fund that are derived from
13 premium and accrued interest on bonds sold pursuant to this
14 division shall be reserved in the fund and shall be available for
15 transfer to the General Fund as a credit to expenditures for bond
16 interest, except that amounts derived from premiums may be
17 reserved and used to pay the cost of bond issuance prior to any
18 transfer to the General Fund.

19 75529. Pursuant to Chapter 4 (commencing with Section
20 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
21 the cost of bond issuance shall be paid *or reimbursed* out of the
22 bond proceeds, including premiums, if any. To the extent the cost
23 of bond issuance is not paid from premiums received from the sale
24 of bonds, these costs shall be ~~shared proportionately by~~ *allocated*
25 *proportionately to each program funded through this division by*
26 *the applicable bond sale.*

27 75530. The bonds issued and sold pursuant to this division
28 may be refunded in accordance with Article 6 (commencing with
29 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
30 the Government Code, which is a part of the State General
31 Obligation Bond Law. Approval by the voters of the state for the
32 issuance of the bonds under this division shall include approval
33 of the issuance of any bonds issued to refund any bonds originally
34 issued under this division or any previously issued refunding bonds.
35 *Any bond refunded with the proceeds of a refunding bond as*
36 *authorized by this section may be legally defeased to the extent*
37 *permitted by law in the manner and to the extent set forth in the*
38 *resolution, as amended from time to time, authorizing that refunded*
39 *bond.*

1 75531. The proceeds from the sale of bonds authorized by this
2 division are not “proceeds of taxes” as that term is used in Article
3 XIII B of the California Constitution and the disbursement of these
4 proceeds is not subject to the limitations imposed by that article.

5 SEC. 2. The Secretary of State shall submit Section 1 of this
6 act to the voters at the November 6, 2018, statewide general
7 election.

8 SEC. 3. Section 1 of this act shall take effect upon approval
9 by the voters of the Salton Sea Obligations Act of 2018 as set forth
10 in Section 1 of this act.

11 SEC. 4. This act is an urgency statute necessary for the
12 immediate preservation of the public peace, health, or safety within
13 the meaning of Article IV of the California Constitution and shall
14 go into immediate effect. The facts constituting the necessity are:

15 In order to maximize the time available for the analysis and
16 preparation of the bond act proposed by Section 1 of this act, it is
17 necessary that this act take effect immediately.



South Coast Air Quality Management District

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HOME RULE ADVISORY GROUP

Wednesday, May 10, 2017

MEETING MINUTES

CHAIR:

Dr. Joseph Lyou, Governing Board member

MEMBERS PRESENT:

Curt Coleman (Southern California Air Quality Alliance); Michael Downs (Downs Energy); Jaclyn Ferlita (Air Quality Consultants); Jayne Joy (Eastern Municipal Water District); Bill LaMarr (California Small Business Alliance); Mark Olson (Gerdau Rancho Cucamonga Mill); Art Montez (AMA International); Noel Muyco (Southern California Gas); Terry Roberts (American Lung Association of California); David Rothbart (Los Angeles County Sanitation District); Larry Smith (Cal Portland Cement); and TyRon Turner (Dakota Communications).

The following members participated by conference call: Chris Gallenstein (CARB); Rongsheng Luo (SCAG); Bill Quinn (California Council for Environmental & Economic Balance); Larry Rubio (Riverside Transit Agency); and Amy Zimpfer (EPA).

MEMBERS ABSENT:

Micah Ali (Compton Unified School District Board of Trustees); Mike Carroll (Regulatory Flexibility Group); Penny Newman (Center for Community Action and Environmental Justice); Patty Senecal (Western States Petroleum Association); and Morgan Wyenn (Natural Resources Defense Council).

OTHER ATTENDEES:

Mark Abramowitz (Board Consultant to Dr. Lyou); and Susan Stark (Tesoro)

SCAQMD STAFF:

Jill Whynot	Chief Operating Officer
William Wong	Principal Deputy District Counsel
Philip Crabbe	Community Relations Manager
Lisa Tanaka O'Malley	Community Relations Manager
Ann Scagliola	Administrative Secretary

OPENING COMMENTS AND SELF-INTRODUCTIONS

The meeting was called to order at 10:00 a.m. by Dr. Joseph Lyou (Chairman).

APPROVAL OF JANUARY 11, 2017 MEETING MINUTES

Dr. Lyou asked for comments on the March 15, 2017 meeting minutes. Hearing none, the minutes were approved.

EPA AND FEDERAL ACTIVITIES

Amy Zimpfer provided an update on recent U.S. EPA and federal activities.

- Working with AQMD and CARB to resolve the sanctions related to the partial approval/disapproval of the 2006 PM2.5 Plan.
- Working with AQMD and CARB to resolve the partial approval/disapproval of the 2008 Ozone RACT SIP.
- Reviewing the AQMD amendment to the RECLAIM program, regarding the actions taken in 2015 and 2016.
- Reviewing the AQMD's 2016 Air Quality Management Plan (AQMP).
- Reviewing recommendations received on the Implementation of EPA's 2015 Ozone National Ambient Air Quality Standard.

Discussion

Bill LaMarr inquired about responses to the President's Executive Order #137771 - Reducing Regulation and Controlling Regulatory Costs and the public comment period which ends May 15, 2017. Amy Zimpfer indicated that voluminous input was received and all recommendations will be reviewed.

Bill La Marr inquired about the next steps, once the comment period ends. Amy Zimpfer replied that the Administration staff will evaluate all comments received.

David Rothbart inquired about the relative timeframe of EPA's approval or comments on the 2016 Ozone AQMP. Amy Zimpfer indicated there are statutory requirements, but a specific agenda has not been established.

David Rothbart inquired about possible concerns that EPA may have on the incentive based measures. Amy Zimpfer indicated that the challenges will be to ensure that the integrity measures are met.

Bill Quinn inquired about what can be expected from EPA on the RECLAIM amendment. Amy Zimpfer indicated that EPA cannot make any amendments, but will evaluate whether the Clean Air Act requirements are met and then provide the necessary approvals, disapprovals or recommendations.

Rongsheng Luo inquired if the expected actions on the 2006 National Ambient Air Quality Standards for Particulate Matter (2006 Standard) and RECLAIM amendment are related. Amy Zimpfer replied yes and will provide an update at the next Home Rule Advisory meeting.

Rongsheng Luo inquired if there is an designation statute deadline. Amy Zimpfer indicated that once the Governor's recommendation is received, there are 120 days to issue the initial designation.

Jill Whynot added at the May 2017 Stationary Source Committee meeting staff will present a supplemental analysis of the Reasonably Available Control Measures (RACM) / Reasonably Available Control Technology (RACT) to provide clarity for the RECLAIM 2006 24-hour PM2.5 and 2008 8-hour ozone standard to satisfy US EPA disapprovals. These items will go to the SCAQMD Governing Board in June 2017.

CARB REGULATORY ACTIVITIES

Johnnie Raymond reported on the following items to be discussed at the May 2017 CARB Board Meeting and other important items.

- Consider approval of California's Proposed State Plan for compliance with the Federal Municipal Solid Waste Landfill Emission Guidelines.
- Consider approval of the 2016 Ozone State Implementation Plan for the Western Mojave Desert Nonattainment Area.
- Provided an overview of items going to future Board Meetings (June to October).
 - ✓ Ozone SIP for Imperial County
 - ✓ Final 2030 Target Scoping Plan
 - ✓ Statewide Portable Equipment Registration Program and the Airborne Toxic Control Measure for diesel-fueled portable engines
 - ✓ Progress report on the Low Carbon Fuel Standard
 - ✓ Proposed amendments to greenhouse gas emissions reporting regulations
 - ✓ Proposed amendments to the Cap-and-Trade regulation
 - ✓ State Implementation Plans for East Kern and Imperial Counties and San Joaquin Valley.
- Climate Investments Program (Greenhouse Gas Reduction Fund) interactive map now available on website (www.caclimateinvestments.ca.gov).

Discussion

Dr. Lyou commented on a meeting with Kairos Aerospace and their development of an optical and infrared aerial survey technology, which monitors methane hot spots (i.e. oil field leaks, dairy farms). Johnnie Raymond indicated that CARB is working with SCAQMD, and others, on development and deployment of low-cost, next generation monitoring sensors.

Dr. Lyou commented on a commitment from Cynthia Marvin and CARB's legal staff to generate a memo to the District and Ports on how to properly interpret SB 1 in-use provisions, and requested an update for the next Home Rule meeting.

LEGISLATIVE UPDATE

Philip Crabbe reported on the following items discussed at the April Legislative Committee meeting.

SCAQMD's federal legislative consultants provided a written report on various key Washington, D.C. issues. In addition, it was verbally reported that on March 15th, the U.S. EPA and U.S. Department of Transportation put out their notice to review the emissions standards for cars and light-duty trucks. The emissions standards dictate the fuel economy standards at 54.5 miles per gallon by 2025. The EPA had finalized the fuel economy standards in January for the years 2022 through 2025; however, the new Administration announced that they will conduct their own review, which does not have to be released until April 1, 2018.

It was reported that the current appropriations process was still addressing bills for Fiscal Year (FY) 2017, which started October 1st of 2016 and will end on September 30th of 2017. Congress had been operating on a continuing resolution (CR), as they had not passed FY 17 bills yet, and the CR was set to expire on April 28th. However, with the successful completion of an Omnibus Appropriations bill for the remainder of FY 2017, EPA's overall FY 17 Budget represents a 1 percent reduction in the House-Senate Omnibus package, which is far better than the 30 percent cut suggested by the Trump Administration for FY18 released in mid-March. Funding for the Diesel Emission Reduction Act (DERA) program will increase to \$60 million from \$50 million in FY

2017. The Targeted Airshed Grant Program, which received \$20 million last year, will receive \$30 million.

It is expected that the FY 2018 appropriations process will be starting in May. President Trump's FY 2018 budget is expected to be released in mid-May.

Federal Legislative Issues

SCAQMD's state legislative consultants provided only written reports on various key issues in Sacramento, which can be seen in the April Legislative Committee packet.

State Legislative Issues

AB 1014 (Cooper) Diesel Backup Generators: Health Facility

AB 1014 would codify industry guidelines that direct health facilities to limit the tests they conduct of their diesel backup generators and standby systems. This includes a requirement that hospitals test their diesel generators once a month for a half-hour period.

Staff recommended a position of SUPPORT on this bill. The Legislative Committee and later the Governing Board approved that recommendation.

SB 49 (De Leon) California Environmental, Public Health, and Workers Defense Act of 2017

This bill seeks to insulate California from rollbacks in federal environmental regulations and public health protections. This bill would establish current federal clean air, climate, clean water, worker safety, and endangered species standards to be enforceable under state law, in an attempt to counter any weakening of federal standards. The bill also prohibits state and local agencies from amending or revising any of their rules or regulations to be less stringent than the baseline federal law, but allows for the establishment of more stringent rules or regulations.

It was reported that staff is supportive of the bill's basic intent to maintain existing clean air requirements in effect regardless of potential future actions weakening EPA regulations or the Clean Air Act. However, CAPCOA has identified a number of unintended consequences which could be detrimental to the District's operations.

Districts would be required to adopt a wide variety of federal requirements including new source performance standards, national emission standards for hazardous air pollutants, and prevention of significant deterioration permit programs, which would require significant staff and Board resources to adopt, implement and enforce.

Staff believes it would be more workable to identify certain key Clean Air Act requirements, such as the existing National Ambient Air Quality Standards and the obligation to attain such NAAQS by specified dates, which should be incorporated into state law, rather than trying to impose the entire Clean Air Act and its implementing mechanisms.

Staff recommended a position of Work with Author; because neither this recommendation nor any other was approved by the Committee, this item went to the Governing Board with no recommendation. The Governing Board later approved staff's original recommendation to WORK WITH AUTHOR.

H.R. 1090 (Reed) Technologies for Energy Security Act of 2017

This bill would reinstitute and extend, through 2021, commercial and residential installation tax credits for geothermal heat pumps, fuel cells, micro turbines, small wind and combined heat and power.

This bill would also make stationary fuel cells and other clean energy technologies more affordable and help spur innovation. By establishing tax parity for fuel cell technologies, thermal energy, combined heat and power, and other technologies, treating them all the same as wind and solar, it will help spur the development of these technologies and not favor one technology over another.

Staff recommended a position of SUPPORT. The Legislative Committee and later the Governing Board approved that recommendation.

Informational Item on SB 1 (Beall) – Transportation Funding

SB 1 dedicates funds to transportation infrastructure repairs as well as other projects which could potentially increase transportation emissions. However, SB 1 does not expressly dedicate funds to mitigate air quality impacts of goods movement projects included within the bill.

It is unclear what potential impacts SB 1 could have on the California Air Resources Board's and SCAQMD's ability to adopt emission reduction measures. SB 1 prevents CARB from requiring the replacement and repowering of commercial heavy duty vehicle engines until the vehicles reaches 800,000 miles or 18 years past engine certification, whichever is earlier. However, SB 1 includes a statement of legislative intent which states that it is not meant to limit the authority of CARB and local air districts. SCAQMD legal staff noted that the language included is ambiguous and could invite litigation. However, CARB and the California State Transportation Agency stated that this language does not have any effect on CARB or local air district indirect source authority.

SB 1 also incorporates the provisions of SB 174 (Lara) and requires the Department of Motor Vehicles to deny registration to trucks and buses that do not meet CARB's clean truck and bus mandate.

Proposed Legislation for Approval

SCAQMD legal staff presented on proposed legislation for approval. This proposed legislation was based on amendments made to the 2016 AQMP, which directed staff to seek necessary legislative authority to authorize SCAQMD to require accelerated purchase and use of near-zero and zero-emission heavy duty on-road vehicles for public fleets.

A late adjustment to the proposed amendments to the bill language was provided by SCAQMD staff at Legislative Committee. These changes to the proposed amendment language further clarified the definition of "near-zero and zero emission vehicles" and also clarified that the local air district would set the requirements related to those definitions, rather than the fleet operators. Additionally, SCAQMD staff has secured a potential bill, AB 302, which was amended to include the new proposed language. The bill was authored by Assembly Member Mike Gipson.

Staff recommended approval for the legislative proposal. At the Committee's request, the legislative proposal was continued until the next Legislative Committee meeting on May 12, 2017. However, the Governing Board took a Support with Amendments position on this item. However, the bill did not pass its first policy committee in the State Assembly and is now a 2-year bill.

Proposed Legislative Action for Approval

This proposed action would be to work with the Governor's Office and the Legislature to recover costs associated with proactive region-wide toxics air monitoring plan to identify high risk emitters of toxic air contaminants, similar to what was experienced in Paramount, and would be asking for approximately \$7.7 million per year for ten years to recover costs for the air toxics program.

Staff recommended approval for the proposed legislative action relating to seeking funding for enhanced toxic air monitoring. The Legislative Committee and later the Governing Board approved that recommendation.

Discussion

David Rothbart inquired about AB 302, specifically the Legislative Committee's concerns and the Governing Board's position. Dr. Lyou explained that an industry advocacy organization asked the Assembly Member to amend the bill, even though South Coast had not taken a position on it. A scheduled Transportation Hearing subsequently occurred and SCAQMD's position was needed.

Dr. Lyou inquired about a series of bills introduced by Assembly Member Muratsuchi, regarding a potential ban on modified HF use for refineries. Staff commented that the bill was made a two-year bill.

Art Montez inquired about the money borrowed by the state and funding for the State's Cap-and-Trade Program and the bullet train. Staff indicated that the Cap-and-Trade funding is potentially available but is currently on hold. Art Montez further inquired about how to guarantee that funds set aside for a particular program will not be encumbered for another program. Staff indicated that there are many ways that the Governor's office and State legislators can allocate available money.

Art Montez asked if there are any programs to address the purchase of bonds, specifically for more efficient air conditioning units for schools. Dr. Lyou replied that he was not aware of any such programs, but suggested he contact Edison or the California Energy Commission.

Jaclyn Ferlita inquired if there is any support or insight for future Cap-and-Trade bills. Staff indicated that it is difficult to predict, but will know more towards the end of the legislative year. Dr. Lyou commented that a busy end-of-year session is expected. Bill Quinn added that an important hearing was currently occurring with the Senate Environmental Quality Committee on the future of the Cap-and-Trade Program.

Bill LaMarr inquired if there was any movement on the proposed container fee. Staff indicated this is being pursued at a Federal, national level.

Amy Zimpfer commented that the Diesel Emissions Reduction Act (DERA) funding was increased significantly and proposals are being solicited nationwide, for projects that achieve significant reductions in diesel emissions.

UPDATE REGARDING LITIGATION ITEMS AND RELATED EPA ACTIONS

William Wong provided updates to the litigation status report handout.

- Case #1 – SCAQMD is working on an agreement to relocate one of the monitors, negotiations are ongoing.
- Case #2 – A case management conference occurred on May 8, 2017 and the court has set a trial date for February 27, 2018. Other facilities in Paramount are also seeking damages, along with an outstanding class action lawsuit. The court is considering relating these lawsuits to SCAQMD's case.
- Case #6 – An extended briefing schedule was entered into with the plaintiffs, which the court has not yet approved. The trial date could be moved to November 2017.

Discussion

David Rothbart inquired about Case #3 and what could happen if the contingency measures could not be used. Staff indicated that SCAQMD has relied on these measures and if this case is not overturned there could be severe consequences.

OUTREACH EFFORTS

Lisa Tanaka presented on the outreach component of Legislative, Public Affairs and Media Relations (LPAM). The presentation covered numerous aspects of outreach for the SCAQMD ranging from government relations to the general public, to health and environmental and educational organizations, and chambers of commerce. The presentation included an overview of the types of outreach activities such as town hall meetings, rules, permitting, events, partnerships with Small Business Assistance and other initiatives.

Discussion

TyRon Turner inquired about LPAM's community outreach plan and the targeted areas. He further explained that he is a neighborhood council member and has realized that many community members are unaware of SCAQMD, and inquired about the possibility of a future community forum in South Los Angeles. Ms. Tanaka responded that her geographic field staff (GEO) staff would welcome the opportunity to provide presentations for various groups, and provided a recap of the various meetings/events that her staff currently attends. She mentioned the calendar of events located on AQMD's website.

Dr. Lyou inquired about upcoming events and the locations. Ms. Tanaka commented that the SCAQMD mobile app is a great way to stay current and the calendar of events is updated regularly. She further suggested that HRAG members can provide her with requests for upcoming events, where GEO staff can attend to promote AQMD awareness.

Art Montez inquired about possible outreach to the Orange County school districts, educators and school boards. Staff requested that Mr. Montez provide a contact list for follow-up.

Bill LaMarr inquired about the Small Business Assistance team and their function within LPAM. Ms. Tanaka indicated that the team consists of a Public Advisor and five staff members, whose functions are to conduct no-fault inspections, assist with permit applications and issuance of clearance letters for small businesses.

Bill LaMarr commented on the number of clearance letters issued in the past two months and how staff is not aware of facility operations, especially in the current Paramount issue. Ms. Tanaka indicated that revisions were recently made to the clearance letter process and that a Pilot Program was initiated with the City of Paramount for renewal of business licenses, where SCAQMD will also review the requests; check on business types, their processes and permitted/non-permitted equipment. Staff indicated that the GEO staff are educating cities on business license and clearance letter policies, and have requested cities' business lists to compare with SCAQMD facility lists.

CONSENSUS BUILDING

Jayne Joy inquired about the possibility of the group participating in a tour of CR&R facility in Perris. Dr. Lyou indicated that this is complicated because of public meeting laws, but encouraged individuals to tour the facility.

SUBCOMMITTEE STATUS REPORTS

A. Freight Sustainability (Dan McGivney)

Dan McGivney gave a report on the following items.

- California Energy Commission's May 2017 meeting agenda includes items to approve a \$3M grant to CR&R for expansion, and freight sustainability projects for zero or near zero technology.
- The State is looking at how to divide up the \$420M settlement from Volkswagen.
- On May 30, 2017 there is a meeting on the implementation of the California Freight Sustainability Plan (Caltrans, Los Angeles).

Discussion

Dr. Lyou reported that the Ports of Los Angeles and Long Beach continue to work on their Clean Air Action Plans.

B. Small Business Considerations (Bill LaMarr)

There was no report.

C. Environmental Justice (Curt Coleman)

There was no report.

D. Climate Change (David Rothbart)

There was no report.

REPORT FROM AND TO THE STATIONARY SOURCE COMMITTEE

Jill Whynot reported on items related to the April and May 2017 meetings.

- Draft Assessment of tertiary-Butyl Acetate (tBac) White Paper.
- Proposed Amendments to Rule 1147.
- Proposed Amended Rules 219 and 222.
- Nonattainment New Source Review Compliance Demonstration for 2008 Ozone Standard.
- Proposed Amended Rule 1118.
- Proposed Rule 1466.

Discussion

Curt Coleman requested that staff not schedule rule working group meetings when Home Rule Advisory Group meetings are occurring.

OTHER BUSINESS

Michael Downs inquired about the transportation fuel sector waiver process, should a catastrophic event occur in the Southern California area. Staff indicated that a Governor's declaration would waive requirements, for both Statewide and local catastrophic events.

PUBLIC COMMENT

There were no public comments.

ADJOURNMENT

The meeting was adjourned at 12:20 p.m. The next meeting of the Home Rule Advisory Group is scheduled for 10:00 a.m. on July 12, 2017, and will be held at SCAQMD in Conference Room CC8.