

BOARD MEETING DATE: February 7, 2020

AGENDA NO. 16

REPORT: Administrative Committee

SYNOPSIS: The Administrative Committee held a meeting on Friday, January 17, 2020. The following is a summary of the meeting.

RECOMMENDED ACTION:  
Receive and file.

Dr. William A. Burke, Chair  
Administrative Committee

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**Committee Members**

Present: Dr. William A. Burke/Chair (videoconference)  
Council Member Ben Benoit/Vice Chair  
Council Member Judith Mitchell  
Council Member Michael Cacciotti (arrived at 10:05 a.m. via videoconference)

Absent: None

**Call to Order**

Chair Burke called the meeting to order at 10:00 a.m.

**DISCUSSION ITEMS:**

1. **Board Members' Concerns:** None to report.
2. **Chairman's Report of Approved Travel:** As noted on the travel report, Council Member Mitchell will attend the monthly CARB Board meeting as South Coast AQMD's representative in Sacramento on March 25-27, 2020.

3. **Report of Approved Out-of-Country Travel:** None to report.
4. **Review February 7, 2020 Governing Board Agenda:** Dr. Burke inquired about World Logistics Center as being a February Board agenda item. Wayne Nastri, Executive Officer, responded that it has been confirmed as a Closed Session item. Mr. Nastri added that there will be an update provided regarding NSR and RECLAIM.
5. **Approval of Compensation for Board Member Assistant(s)/Consultant(s):** Supervisor Kathryn Barger has selected Jarrod De Gonia as her Board Consultant and Council Member Carlos Rodriguez has selected Matthew Holder as his Board Consultant. Dr. Burke asked how compensation is determined when committee assignments have not yet been established. Sujata Jain, Deputy Executive Officer/Chief Financial Officer, responded that the minimum is allocated when committee assignments are yet to be determined.

Moved by Mitchell; seconded by Benoit, unanimously approved.

Ayes: Benoit, Burke, Mitchell  
Noes: None  
Absent: Cacciotti

*Council Member Cacciotti arrived at 10:05 a.m.*

6. **Status Report on Major Ongoing and Upcoming Projects for Information Management:** Ron Moskowitz, Deputy Executive Officer/Chief Information Officer, reported that AER (Annual Emissions Reporting) recently went live which now includes AB 617 enhancements. The Spanish version of the application will go live soon for iOS and Android. The newly-developed Legal system is currently in Beta testing and expected to go live in the next few weeks. The 1.5 million email addresses have been received, and Information Management is working with Legislative, Public Affairs and Media to strategize outreach efforts.

#### **ACTION ITEMS:**

7. **Establish List of Prequalified Vendors to Provide Computer, Network, Printer, Hardware and Software, and Audio Visual Equipment:** Mr. Moskowitz reported that this item is a bi-yearly standard request to approve a prequalified vendor list for computer, network, printer, hardware and software, and audio visual equipment. Funds are available in the budget. Council Member Mitchell commented that a two-year prequalified vendor list is a long time and inquired as to what the options are if a vendor with a better cost comes in after the list has been established for two years. Mr. Moskowitz responded the

process takes a long time and it would take a lot of resources to establish a list annually.

Moved by Mitchell; seconded by Benoit, unanimously approved.

Ayes: Benoit, Burke, Cacciotti, Mitchell

Noes: None

Absent: None

8. **Approve Indemnification Agreement with Tesoro Refining and Marketing:** Barbara Baird, Chief Deputy Counsel, reported that in 2017, the Executive Officer approved permits for the Tesoro project unifying its former BP Refinery and the former Shell Refinery, and the issue is still under litigation. Recently Tesoro proposed minor changes that required an addendum under the California Environmental Quality Act, executed in November, 2019. Communities for a Better Environment sued to challenge the addendum on December 18, 2019. Under Rule 301, the permit holder must indemnify the South Coast AQMD for the cost of defending its permit, but the Administrative Committee must approve the attached agreement. This is an addendum to the previous addendum for ongoing litigation. There will be a change to add a reference to the citation in the South Coast AQMD rules, Rule 301(ab), that provide for this agreement. Council Member Cacciotti asked what is included in the cost. Ms. Baird responded attorney fees, cost of litigation and filing fees, and added that since it is a CEQA action, there would not be a damage claim.

Moved by Benoit; seconded by Mitchell, unanimously approved.

Ayes: Benoit, Burke, Cacciotti, Mitchell

Noes: None

Absent: None

9. **Recognize Revenue, Transfer and Appropriate Funds, Approve Positions, Issue Solicitations and Purchase Orders, and Execute Contracts and Agreements for Mid-Year Budget Adjustments:** Sujata Jain, Deputy Executive Officer/Chief Financial Officer, reported that this item is to recognize up to \$20 million of AB 617 monies from CARB into the General Fund. Also, to appropriate \$3,061,582 from the Undesignated Fund Balance into the General Fund Budget to transfer \$1 million into the Infrastructure Improvement Fund and to add three new positions: Sr. Public Information Specialist, Financial Analyst, and Sr. Information Technology Specialist. In addition, authorize the Executive Officer to execute contracts and purchase orders in Services & Supplies in Capital Outlays mainly related to Information Management projects and to purchase vehicles. Council Member Mitchell disclosed that she does not have a

financial interest or conflict of interest, but she is a CARB Board Member and this allocation originates from the CARB Board.

Moved by Benoit; seconded by Cacciotti, unanimously approved.

Ayes: Benoit, Burke, Cacciotti, Mitchell

Noes: None

Absent: None

- 10. Receive and File Annual Report on 457 Deferred Compensation Plan:** John Olvera, Deputy Executive Officer/Administrative & Human Resources provided an update on the 2018-19 Annual Report for the 457 Deferred Compensation Plan. Dr. Burke inquired about using the same firm for eight years and whether it is due to providing a larger rate of return in the firm's guaranteed account. Mr. Olvera responded that is their primary advantage.

Moved by Cacciotti; seconded by Benoit, unanimously approved.

Ayes: Benoit, Burke, Cacciotti, Mitchell

Noes: None

Absent: None

- 11. Appropriate Funds and Amend Contract for Consultant Services for South Coast AQMD's Environmental Justice Outreach and Initiatives:** Derrick Alatorre, Deputy Executive Officer/Legislative, Public Affairs & Media, reported that this item is to appropriate funds and amend a contract with Lee Andrews Group for Environmental Justice Outreach and Initiatives. The current contract expires on March 29, 2020 and includes an option for two one-year extensions. This action is to appropriate \$160,000 to extend the contract for an additional year. The funds are available from the BP ARCO settlement fund. Council Member Mitchell commented that the contractor has been very good, responsible and is well-known in the area, and recommends the contract extension. Dr. Burke commented that the Legislative, Public Affairs & Media office's workload versus manpower should be evaluated.

Moved by Mitchell; seconded by Benoit, unanimously approved.

Ayes: Benoit, Burke, Cacciotti, Mitchell

Noes: None

Absent: None

**WRITTEN REPORT:**

- 12. Local Government & Small Business Assistance Advisory Group Minutes for the November 8, 2019 Meeting:** Mr. Alatorre reported that this item is a written report.

**OTHER MATTERS:**

- 13. Other Business:** Harvey Eder, Public Solar Power Coalition, provided public comment on Agenda Item #9 after the committee members had approved; therefore, the vote was opened for reconsideration.

Move to reconsider by Cacciotti; seconded by Mitchell, unanimously approved.

Ayes: Benoit, Burke, Cacciotti, Mitchell  
Noes: None  
Absent: None

Move to approve by Mitchell; seconded by Cacciotti, unanimously approved.

Ayes: Benoit, Burke, Cacciotti, Mitchell  
Noes: None  
Absent: None

- 14. Public Comment:** Mr. Eder provided public comment regarding natural gas issues.

- 15. Next Meeting Date:** The next regular Administrative Committee meeting is scheduled for February 14, 2020 at 10:00 a.m.

**Adjournment**

The meeting adjourned at 10:35 a.m.

**Attachment**

Local Government & Small Business Assistance Advisory Group Minutes for the November 8, 2019 meeting



# South Coast Air Quality Management District

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## LOCAL GOVERNMENT & SMALL BUSINESS ASSISTANCE ADVISORY GROUP FRIDAY, NOVEMBER 8, 2019 MEETING MINUTES

### MEMBERS PRESENT:

Council Member Ben Benoit, LGSBA Chairman (Board Member)  
Mayor Pro Tempore Rachelle Arizmendi, City of Sierra Madre  
Paul Avila, P.B.A. & Associates  
Geoffrey Blake, Metal Finishers of Southern California  
Todd Campbell, Clean Energy  
John DeWitt, JE DeWitt, Inc.  
Eddie Marquez, Roofing Contractors Association  
Rita Loof, RadTech International  
Council Member Carlos Rodriguez, City of Yorba Linda  
David Rothbart, Los Angeles County Sanitation Districts

### MEMBERS ABSENT:

Supervisor V. Manuel Perez (Board Member)  
Supervisor Janice Rutherford (Board Member)  
Felipe Aguirre  
LaVaughn Daniel, DancoEN  
Bill LaMarr, California Small Business Alliance  
Mayor Cynthia Moran, City of Chino Hills

### OTHERS PRESENT:

Ruthanne Taylor Berger, Board Member Consultant (*Benoit*)

### SOUTH COAST AQMD STAFF:

Derrick Alatorre, Deputy Executive Officer  
Sarah Rees, Ph.D., Asst. Deputy Executive Officer  
Nancy Feldman, Principal Deputy District Counsel  
Lisa Tanaka O'Malley, Sr. Public Affairs Manager  
Vicky White, Technology Implementation Manager  
De Groeneveld, Sr. Information Technology Specialist  
Elaine-Joy Hills, Air Quality Specialist  
Van Doan, Air Quality Specialist

### **Agenda Item #1 - Call to Order/Opening Remarks**

Chair Ben Benoit called the meeting to order at 11:30 a.m.

### **Agenda Item #2 – Approval of September and October, 2019 Meeting Minutes/Review of Follow-Up/Action Items**

Chair Benoit called for approval of the September 13 and October 11, 2019 meeting minutes. Roll call was initiated and the minutes were approved unanimously.

Mr. David Rothbart asked for clarification on the process to provide recommendations as a group. Ms. Nancy Feldman replied that was an action item and a response will be provided during discussion of agenda item #3.

### **Agenda Item #3 – Review of Follow Up/Action Items**

Ms. Lisa Tanaka O'Malley provided responses to the October 11, 2019 action items. She stated that the September 13, 2019 minutes were revised and just approved. She indicated that staff provided Mr. Felipe Aguirre with an update on South Coast Air Quality Management District's (South Coast AQMD) participation on the Exide Community Advisory Committee.

Ms. Feldman provided a response to the October 11, 2019 action item regarding procedures for providing input to the Governing Board (GB). She referenced the mission statement on the Local Government & Small Business Assistance Advisory Group (LGSBA) charter and stated the group is authorized to provide input on the implementation of the Air Quality Management Plan (AQMP) and a host of other things within the jurisdiction of South Coast AQMD. Ms. Feldman further stated that the charter does not include the process to provide such input; however, it does call for monthly reports to the Administrative Committee (AC). She recommended that the group provide input through the AC to be forwarded to the GB for consideration. She indicated that the input could be provided in the form of a letter or a memo adopted through an action by this group or appear before the AC during the public comment period.

Mr. Carlos Rodriguez stated that this discussion began when SoCalGas provided a public comment recommending the formation of an ad hoc working group to address the asphalt policy in Rule 1403. He added that there was consensus amongst the members of this group to support that recommendation and encourage staff to consider it. Mr. Rodriguez asked what the process is for the group to provide recommendation when there is unanimous consensus to support a public request, similar to this situation. Ms. Feldman replied that input may be provided to the AC; however, if an item comes up during public comment, it would instigate this body to take formal action by requesting it to be agendized for the following meeting, where the body could determine the form to advance the recommendation, either by sending a representative to the AC meeting or adopting a written document that was previously prepared. Mr. Rodriguez referenced the SoCalGas example and asked if the body must follow this process as there is a compelling public comment and he wanted to express support. Ms. Feldman replied yes, and it must comply with the Brown Act, allowing the public to provide comments. Mr. Rodriguez stated that he is looking for a way to timely provide input. Chair Benoit agreed that items need to be agendized for formal actions and stated that there are three GB members on this advisory group and could convey the messages to the GB.

Ms. Rita Loof referenced a memo that was adopted by the GB (11/13/98) regarding advisory committees creating consensus and stated that there is a general process to provide input through the board committee, but no specific steps. Ms. Feldman agreed that the detailed steps in the process are missing;

however, she indicated that Chair Benoit provided the most expeditious method to provide input, which is to communicate through any GB member in attendance at the meeting. Ms. Feldman reiterated that if this group wants to make a statement as a body, then the item must be agendaized so that the group could determine the content of the statement and how it should be conveyed.

Mr. Rothbart asked if it is appropriate to propose a motion to get to consensus. Ms. Feldman replied that the votes establish consensus. For example, by taking a vote for a representative to report to the next committee or GB meeting will establish consensus to move forward.

Mr. John DeWitt asked if the group puts a resolution together 72 hours before this meeting, then it could be discussed at this meeting. Ms. Feldman replied that would be an item to be voted on to determine consensus.

### **3Agenda Item #4 – Cap & Trade Overview**

Dr. Sarah Rees provided an overview on California's Cap & Trade Program to reduce Greenhouse Gas (GHG) emissions.

Mr. Paul Avila referenced the Chinese model and asked if the cap is dropped if production decreases. Dr. Rees replied that in a mass-based system, if a company exceeds its emissions allocation in a given year, it will have to purchase credits to offset that exceedance. On the other hand, if a company produces less than its emissions allocation, it will generate credits. In a Chinese rate-based system, there isn't a difference if the amount of steel produced per ton of GHG is the same, although the total production is less. The rate-based system doesn't have a cap on total production and is targeted to increase the production efficiency, not to reduce GHG emissions.

Mr. Avila asked if the credits auction is international or domestic. Dr. Rees replied that they are joint auctions with the province of Quebec. Mr. Avila asked if trading in the secondary market is permissible between different industries. Dr. Rees replied that trading in the secondary market is between private entities covered in the program and trading between different industries is permissible. Mr. Avila stated that there are different valuations. Dr. Rees agreed that there are different valuations and stated that carbon is priced higher in the secondary market due to demands.

Mr. Rodriguez asked for examples of the prices. Dr. Rees stated that at the most recent auction in August of this year, carbon was traded at \$17.15 per ton. Mr. Rodriguez asked what the price was in the secondary market. Dr. Rees replied that it is approximately \$1 more in the secondary market.

Mr. DeWitt referenced the slide on offsets and asked if the Multiple Air Toxics Study (MATES) program or a computer model was used to determine if emissions targets were met. Dr. Rees replied that the evaluation method for the forestry project is different than traditional methods used by South Coast AQMD. Mr. DeWitt asked if it is a computer program and not an actual air measurement. Dr. Rees replied that it is not an actual monitor measurement; it is a model. Mr. DeWitt inquired if the modeling results reflect reality. Dr. Rees replied that the concept of offset projects is very controversial. It is something that many oppose because they don't think the emissions reductions are real. Many of those projects involve carbon sequestration, which is the concept of carbon removed from the atmosphere, but are not destroyed. For example, in forestry offsets, theoretically the carbon could be released back into the atmosphere in the future. In California, there is a limit of 8% on the use of offsets and will be reduced and phased out. Mr. DeWitt asked if the effectiveness of any of the mitigation programs are determined using actual air measurements or only computer modeling programs. Dr. Rees



indicated that South Coast AQMD doesn't monitor GHG emissions; however, there are atmospheric measurements for GHG emissions, which is ambient carbon dioxide (CO<sub>2</sub>), but is not tied to those regulatory programs.

Mr. Avila asked if one is allowed to purchase excess credits and retire them to help clean the air. Dr. Rees replied yes, and retirement would result in emissions reduction.

Mr. Avila inquired if there are financial audits conducted, assuming an annual report is submitted. Dr. Rees replied there are no annual reports; however, there are quarterly auction reports and triennial compliance reports, which are subject to third party audits.

Mr. Rodriguez asked if the emissions caps are standardized or vary with different facilities. Dr. Rees replied that the facilities are given a cap based on what is projected to generate and the cap declines over time. Mr. Rodriguez asked if there is a variation in the cap between different industries. Dr. Rees indicated that the initial cap is dependent on each facility's emissions. Mr. Rodriguez requested for examples of emissions caps for different industries. Dr. Rees stated that a facility must emit more than 25 metric tons of CO<sub>2</sub>/year to be covered under this program. California gives the facility 90% of that and they are responsible to cover the remaining 10%.

Mr. DeWitt asked how many of the 450 entities have left. Dr. Rees stated that information may be available on California Air Resources Board's (CARB) website. She further stated that there are other economic forces that could influence a facility of this magnitude to relocate.

Ms. Loof asked for the average cost for a facility. Dr. Rees replied that the cost depends on how much a facility emits. The price per ton is low and will increase if the demand increases. Ms. Loof referenced a CARB announcement stating that the target was met ahead of schedule and asked for more information. Dr. Rees stated that CARB set a target to meet 1990's GHG levels by 2020 and that target has been met, possibly due to both the Cap & Trade Program and economic downturn in late 2000's.

Mr. Rothbart asked for an update on South Coast AQMD's efforts to obtain additional funding from the State for emissions reductions. Mr. Alatorre stated that South Coast AQMD has received funding allocations; however, there are competing interests and limited amounts to be allocated.

Mr. Geoffrey Blake asked if it is possible for a company to bank credits for future use in anticipation of price increase. Dr. Rees replied that banking is allowed; however, there are limits on how long they could be banked for. Mr. Blake further asked how long credits could be banked for. Dr. Rees responded that it used to be 3 years, but will double check.

Mr. DeWitt asked why South Coast AQMD has not asked the advisory group for assistance with bills. Mr. Alatorre replied that South Coast AQMD can educate the group, but is not allowed to ask the group to support or oppose a bill.

#### **Agenda Item #5 – Assembly Bill (AB) 617 Incentives**

Ms. Vicki White presented on incentives offered through Assembly Bill (AB) 617.

Mr. Avila asked if the funds are real money. Ms. White replied yes.

Mr. Blake asked what percentage of the funds have been allocated. Ms. White replied that all funds for AB 134 (year 1) have been allocated and will provide examples of projects for year 2 later in the presentation.

Ms. Rachelle Arizmendi referenced the AB 134 timeline and asked if anything is being done to ensure that applicants are on schedule and if there are any punitive measures. Ms. White replied that these are voluntary programs and don't have any punitive measures. The projects are closely monitored and the funds could be reallocated if the projects are incomplete.

Mr. Rodriguez referenced the list of incentive projects and asked if the projects consisted of private or public sectors. Ms. White replied that the applicants are primarily private entities, but public entities are welcomed to apply.

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

No comments.

**Agenda Item #7 - Other Business**

Ms. Loof followed up on a previous request for a presentation on Rule 219 – Equipment Not Requiring a Written Permit Pursuant to Regulation II. Mr. Alatorre stated that it will be presented at a future meeting.

**Agenda Item #8- Public Comment**

No comments.

**Agenda Item #9 – Next Meeting Date**

The next regular Local Government & Small Business Assistance Advisory Group meeting is scheduled for Friday, December 13, 2019 at 11:30 a.m.

**Adjournment**

The meeting adjourned at 12:56 p.m.