

BEFORE THE
SOUTH COAST AIR QUALITY MANAGEMENT DISTRICT

IN RE THE MATTER OF:)
PUBLIC HEARING:)
ITEM NUMBERS 28, 29, AND 30 OF)
THE JUNE 2, 2006, BOARD)
MEETING)
_____)

LOCATION: 21865 EAST COPLEY DRIVE
DIAMOND BAR, CALIFORNIA

DATE: FRIDAY, JUNE 2, 2006, 9 A.M.

REPORTER: KRISTIN RIVERA, CSR
CERTIFICATE NO. 11858

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1 DIAMONDA BAR, CALIFORNIA; FRIDAY, JUNE 2, 2006
2 9:00 A.M.

3
4 CHAIRMAN BURKE: ITEM 28.

5 MR. WALLERSTEIN: MR. CHAIRMAN, AS IS CUSTOMARY,
6 WE WOULD RECOMMEND THAT THE BOARD HEAR ITEM 28 AND 29
7 TOGETHER SINCE IT DEALS WITH THE ADOPTION OF THE BUDGET
8 AND THE ASSOCIATED FEES.

9 CHAIRMAN BURKE: IS THERE ANY OPPOSITION FROM
10 ANY BOARD MEMBER IN DOING THAT? SEEING NONE, WE WILL DO
11 THAT.

12 MR. PEARCE: GOOD MORNING, CHAIRMAN BURKE AND
13 MEMBERS OF THE BOARD. MY NAME IS PATRICK PEARCE, AND I'M
14 THE CFO, AS YOU ALL KNOW, FOR THE AQMD. AND I'M GOING TO
15 PRESENT THIS YEAR'S BUDGET PROPOSAL YOUR CONSIDERATION.

16 AS I HAVE SHOWN THIS SLIDE FOR MANY YEARS, WE DO
17 HAVE AN EXTENSIVE BUDGET PROCESS, WHICH DOES INCLUDE TWO
18 PUBLIC HEARINGS, A SERIES OF WORKSHOPS FOR THE BUDGET AND
19 FEES, BOTH FOR PUBLIC AND THE BOARD, AS WELL AS THE
20 MEETINGS WITH OUR BUDGET ADVISORY COMMITTEE AS WELL AS
21 PRESENTATIONS TO VARIOUS COMMITTEES WHO ADVISE THE BOARD.

22 I DO WANT TO POINT OUT THAT WE HAVE -- THAT THE
23 PUBLIC WORKSHOPS NOTICES WERE ADVERTISED IN ALL FOUR
24 MAJOR NEWSPAPERS, AND WE DID SEND OUT INDIVIDUAL NOTICES
25 TO OVER 24,000 FACILITIES WITH REGARD TO THE WORKSHOPS.

1 AND A SECOND NOTICE TO OVER 24,000 FACILITIES WAS SENT
2 OUT TODAY'S PUBLIC HEARING.

3 STAFF IS PROPOSING PUTTING US ON A PATH, WITH
4 THE BOARD'S DIRECTION LAST YEAR, TO FINALLY STABILIZE AND
5 STRUCTURALLY BALANCE OUR BUDGET. TO DO THAT WE ARE
6 PROPOSING A COST RECOVERY INCREASE IN COMBINATION WITH A
7 PROPOSAL TO REDUCE OUR LONG-TERM DEBT TO BRING THE BUDGET
8 IN TO BALANCE.

9 LAST SUMMER WE PRESENTED TO THE BOARD A BALANCED
10 BUDGET PLAN. THE THREE KEY ITEMS ON HERE WERE, NO. 1,
11 WHICH IS TO WORK WITH OUR EMPLOYEES TO SHIFT PART OF THE
12 RETIREMENT CONTRIBUTION BURDEN FROM US TO THE EMPLOYEES,
13 TO LOOK TO THE FEES TO SOME OF OUR LONG-TERM DEBT USING
14 ONE-TIME. AND ITEM NO. 4 IS TO ANALYZE AND COME UP WITH
15 A COST RECOVERY FEE SYSTEM FOR OUR THREE MAJOR FEES TO
16 SUPPORT OUR STATIONARY SOURCE PROGRAMS.

17 AS YOU CAN SEE FROM THIS SLIDE, THE CURRENT
18 PROPOSAL IS 119.1 MILLION. THIS BUDGET PROPOSAL IS THE
19 FIRST INCREASE IN OVER 15 YEARS THAT GOES OVER WHAT WAS
20 ADOPTED '91, '92 BY THE BOARD. THAT BUDGET WAS A 113
21 MILLION. AND, OF COURSE, IF WE LOOK AT INFLATION, THIS
22 STILL REPRESENTS ABOUT A 36 PERCENT REDUCTION IN
23 INFLATION ADJUSTED DOLLARS.

24 WE ARE TARGETING SOME ENHANCEMENTS TO THE --
25 BASICALLY THIS BUDGET PROPOSAL IS ONE OF MAINTENANCE.

1 BUT WE DO HAVE SOME TARGET PROGRAM ENHANCEMENTS IN THE
2 PROCESSING AREA TO ADDRESS SOME OF THE CONCERNS THAT
3 BUSINESSES HAD. WE ARE ADDING -- WE CURRENTLY ARE
4 ADDING -- PROPOSING TO ADD TWO DATA PROCESSING ENGINEERS
5 AS WELL AS A STAFF SPECIALIST WHICH WILL HELP US IN THE
6 AUTOMATION OF OUR PERMIT SYSTEMS. IN ADDITION, WE SET
7 ASIDE IN OUR DESIGNATED FUND BALANCE \$2 MILLION TO HELP
8 WITH STREAMLINING IMPROVEMENTS.

9 IN THE COMPLIANCE AREA, I BELIEVE THE LAST MONTH
10 OR THE MONTH BEFORE THE BOARD APPROVED A BP ARCO PROJECT
11 WHICH ADDED AN INSPECTOR TO THE BUDGET WHICH IS SUPPORTED
12 FROM THE BP ARCO SETTLEMENT FUNDING FOR REFINERY
13 INSPECTIONS. AND LASTLY IN RESPONSE TO WORKING WITH
14 COMMITTEE ON HEALTH CONCERNS, WE ALSO DESIGNATED AN
15 ADDITION \$6 DOLLAR IN OUR FUND BALANCE TO WORK ON
16 DEVELOPING ADDITIONAL COMMUNITY HEALTH PROJECTS.

17 THIS SHOWS YOU WHAT THE BOARD HAS DONE OVER THE
18 LAST 15 YEARS WITH REGARD TO FEE INCREASES. AS YOU CAN
19 SEE HERE, OUR INCREASES HAVE BEEN BELOW OR ARE NOW
20 APPROACHING WHAT THE CHANGE HAS BEEN IN THE CONSUMER
21 PRICE INDEX FOR THE LAST 15 YEARS. SO BASICALLY THE
22 BOARD OVER THE LAST 15 YEARS HAS HELD FEES AT THE LOW OF
23 THE CHANGE IN THE CPI OVER THE SAME 15-YEAR PERIOD. AND
24 THIS IS DESPITE NEW FEDERAL AND STATE MANDATES WHICH HAVE
25 INCREASED OUR PROGRAM COSTS.

1 WHEN YOU LOOK AT ACTUAL REVENUES THAT COME IN
2 FROM STATIONARY SOURCES, THIS YEAR WILL END THE YEAR
3 STILL RECEIVING ABOUT THREE PERCENT LESS REVENUE THAN WE
4 DID BACK IN '91, '92. AND IF YOU ADJUST THAT FOR
5 INFLATION, THAT REPRESENTS ABOUT A THIRD IN VALUE TO THE
6 AGENCY IN REVENUE PROVIDED BY STATIONARY SOURCE FEE
7 PAYERS.

8 WE HAVE OVER THE LAST THREE YEARS DONE SEVERAL
9 THINGS TO FURTHER CUT COSTS. OVER 50 POSITIONS,
10 ADDITIONAL 6.4 MILLION OUT OF OUR BUDGET TO REDUCE OUR
11 BUDGET. WE ISSUED TO PENSION OBLIGATION BONDS, REDUCED
12 OUR LONG-TERM INTEREST COSTS. AND WITH COOPERATION WITH
13 THE DISTRICT EMPLOYEES, WE HAVE BEEN ABLE TO NEGOTIATE
14 OUR MOST RECENT LABOR AGREEMENT TO SHIFT A PORTION OF THE
15 RETIREMENT COST TO THE EMPLOYEE AS WELL AS LOWER FUTURE
16 BENEFITS TO NEW EMPLOYEES WITH REGARD TO RETIREMENT.

17 I'VE SHOWN THIS SLIDE FOR MANY YEARS. AND,
18 AGAIN, IT ILLUSTRATES THAT OVER THE LAST 15 YEARS WE'VE
19 CUT STAFFING OF THIS AGENCY BY ONE-THIRD. WHAT'S NEW
20 THIS YEAR IS WE'VE ACTUALLY TAKEN A LOOK AT THE
21 STATIONARY SOURCE PROGRAMS SINCE WE'VE HAD NEW
22 OBLIGATIONS IN MOBILE AND SHIFTED SOME STAFF TO THE
23 MOBILE WORK THAT WE'RE DOING. THE ACTUAL REDUCTION FOR
24 OUR STATIONARY SOURCE PROGRAM IS OVER 40 PERCENT. SO
25 THAT'S PERMITTING, INSPECTOR, RULE WRITERS, PLANNERS.

1 WE'VE HAD OVER 40 PERCENT REDUCTION IN THE SUPPORT OF
2 THOSE PROGRAMS.

3 I SHOWED THIS SLIDE ABOUT TWO YEARS AGO IN THE
4 BUDGET PRESENTATION. I THOUGHT I WOULD SHOW IT AGAIN
5 JUST TO REFLECT HOW WE HAVE COMPARED TO OTHER -- EXAMPLES
6 OF OTHER AGENCIES. TWO YEARS AGO WE DID A COMPARISON TO
7 THE BAY AREA AQMD, WHICH IS THE NEXT CHART. THEY ARE THE
8 SECOND LARGEST DISTRICT IN CALIFORNIA. THEY'VE SEEN
9 ABOUT A TWO PERCENT GROWTH IN THEIR EMPLOYEES. WELL, AT
10 THAT TIME WE SAW A 30 PERCENT REDUCTION IN OUR STAFF.
11 SAN JOAQUIN VALLEY, WHICH HAS THE ONLY OTHER EXTREME AREA
12 OR EXTREME AREA IN CALIFORNIA, THEY'VE SEEN A 63 PERCENT
13 GROWTH. AND OF COURSE THE COUNTY IS RESPONDING TO
14 TREMENDOUS INCREASE IN POPULATION AND BUSINESS,
15 ESPECIALLY IN THE INLAND AREAS AS THAT INCREASED THEIR
16 STAFFING SIGNIFICANTLY TO HANDLE THE NEW SERVICES THAT
17 ARE DEMANDED BY THIS INCREASED POPULATION, WHICH ALSO
18 TRANSLATES INTO ADDITIONAL THINGS WE HAVE TO DO TO HELP
19 MITIGATE ADDITIONAL EMISSIONS.

20 TWO KEY POLICY CONSIDERATIONS FOR THE BOARD
21 TODAY. THE FIRST ONE IS A COST RECOVERY PROPOSAL TIED
22 WITH DEBT REDUCTION UTILIZING ONE-TIME MONEY OR TO
23 CONTINUE WHAT WE'VE DONE IN THE PAST 15 YEARS WHICH IS TO
24 LIMIT OUR FEE INCREASES TO UTILIZE OUR-ONE TIME MONEY
25 WHICH IS IN OUR FUND BALANCE AND CONTINUE TO LOOK -- BE

1 FORCED TO LOOK AT FURTHER DOWNSIZING OF THE AGENCY,
2 ESPECIALLY IN THE STATIONARY SOURCE AREA.

3 FOLLOWING THE DEVELOPMENT OF BALANCED BUDGET
4 PLAN LAST YEAR WITH A DETAILED ANALYSIS OF THE STATIONARY
5 SOURCE PROGRAMS SUPPORTED BY THE THREE MAJOR FEES, AND
6 CURRENTLY WE RUN ABOUT A \$13.2 MILLION DEFICIT. WE ARE
7 PROPOSING, AND YOU'LL HEAR MORE FROM LAKI LATER, A 30
8 PERCENT INCREASE PHASED IN OVER THREE YEARS. AT THE END
9 OF THE THREE YEARS WE WOULD HAVE RECOUPED ABOUT 12.8
10 MILLION OF THAT \$13.2 MILLION SHORTFALL. BUT THIS DOES
11 AT LEAST PUT US ON A PATH IN BALANCING OUR PROGRAM COSTS
12 WITH THE SERVICES THAT WE'RE DELIVERING WITH THE FEES.

13 SO OUR PROPOSAL FOR THIS YEAR IS A TEN PERCENT
14 COST RECOVERY INCREASE WHICH WOULD STILL LEAVE US WITH
15 ABOUT A \$2 MILLION SHORTFALL WHICH WE WILL FUND FROM OUR
16 UNDESIGNATED FUND BALANCE.

17 I'D LIKE TO SPEAK JUST FOR A MOMENT ABOUT THE
18 IMPACTS ON SMALL BUSINESSES. WE HAVE 28,000 SOURCES THAT
19 WE REGULATE. TWO-THIRDS OF THEM HAVE ONE PERMIT OR LESS.
20 SO I WOULD SAY THAT MOST OF THE SMALL BUSINESSES ARE IN
21 THAT GROUP. AND THE AGENCY THEY RECEIVE FROM THIS 10
22 PERCENT INCREASE A \$28 PER YEAR INCREASE OR ABOUT \$2.34 A
23 MONTH.

24 CURRENTLY THE SMALL BUSINESSES ENJOY A 50
25 PERCENT DISCOUNT ON PERMIT APPLICATIONS, ABOUT 10 PERCENT

1 OF THE 11,000 APPLICATIONS WE GET EVERY YEAR FROM SMALL
2 BUSINESSES. AND THEY GET A BENEFIT OF ABOUT \$480 TO
3 ABOUT \$770 REDUCTION IN THEIR PERMIT COST IN THIS 50
4 PERCENT DISCOUNT. THIS CURRENT DISCOUNT COSTS THE
5 DISTRICT ABOUT HALF A MILLION DOLLARS IN REVENUE IN
6 SUPPORT OF OUR PERMIT PROGRAM.

7 MS. CARNEY: MR. CHAIRMAN, CAN I ASK A QUESTION
8 ABOUT THIS SLIDE?

9 CHAIRMAN BURKE: SURE.

10 MS. CARNEY: RICK.

11 MR. PEARCE: YES.

12 MS. CARNEY: I DON'T UNDERSTAND THESE NUMBERS?

13 MR. PEARCE: OKAY.

14 MS. CARNEY: IF THE AVERAGE PERMIT COST FOR THE
15 63 PERCENT OF BUSINESS IS \$279, HOW COULD SMALL
16 BUSINESSES BE SAVING 483?

17 MR. PEARCE: I'M SORRY THERE. AND I SHOULD HAVE
18 DONE BETTER ON THIS SLIDE. THE 63 PERCENT IS TALKING
19 ABOUT THE ANNUAL RENEWAL. MOST SMALL BUSINESSES -- IN
20 FACT, MOST BUSINESSES DON'T COME TO US EVERY YEAR WITH A
21 BRAND-NEW PERMIT, BUT THEY DO PAY AN ANNUAL PERMIT TO
22 RENEW THE PERMIT. AND 63 PERCENT OF ALL THE SOURCES PAY
23 ON AVERAGE ABOUT \$280 A YEAR FOR THEIR ANNUAL PERMIT. SO
24 THAT'S WHAT THAT FIRST BULLET IS TALKING ABOUT. THAT'S
25 THE ONGOING COST TO BE WITHIN THE DISTRICT'S REGULATED

1 PROGRAM.

2 WHEN THEY DO COME TO THE AGENCY FOR A BRAND-NEW
3 PERMIT TO ADD A PIECE OF EQUIPMENT OR IF THEY'VE STARTED
4 UP AS A NEW BUSINESS, THEY ARE A SMALL BUSINESS, THEY
5 ENJOY A 50 PERCENT DISCOUNT ON PERMIT PROCESSING COSTS,
6 AND THAT PROVIDES A SAVINGS OF APPROXIMATELY 500 TO \$800
7 FOR THEM, A ONE-TIME SAVINGS WHEN THEY'RE HAVING THE
8 PERMIT PROCESSED.

9 MS. CARNEY: WELL, DO YOU HAVE SLIDE THAT SHOWS
10 US WHAT THE STAFF PROPOSAL ON THE 10 PERCENT A YEAR FOR
11 THE THREE YEAR FEE INCREASE WOULD HAVE ON -- WHAT EFFECT
12 THAT IT WOULD HAVE ON THESE PERMIT APPLICATIONS FOR
13 RELATIVELY SMALL BUSINESSES, NOT JUST ONES THAT FALL
14 WITHIN OUR SMALL BUSINESS DEFINITION, BUT FOR THE KINDS
15 OF BUSINESSES THAT ONLY NEED ONE PERMIT.

16 MR. PEARCE: I DON'T KNOW IF THAT'S IN LAKI'S
17 PRESENTATION ON THE PERMIT FEE. I KNOW THAT HE DOES HAVE
18 SOME SLIDES TO SAY HOW WE COMPARE TO OTHER AGENCIES WITH
19 THE IMPACT WHAT OUR FEES ARE COMPARED TO.

20 MR. WALLERSTEIN: I DO HAVE THE SLIDES.

21 MR. PEARCE: OKAY. MAYBE YOU CAN ANSWER THAT
22 QUESTION. THIS IS THE LAST SLIDE. IN THE SECOND ASPECT
23 OF OUR COST RECOVERY PROGRAM, OF COURSE, IS TO LOOK AT
24 DEFUSING OR REDUCING OUR OUTSTANDING DEBT. IF THE BUDGET
25 IS APPROVED, THERE'S A RECOMMENDED TO BRING BACK TO THE

1 BOARD AT THE JULY MEETING, A PROPOSAL TO REDUCE
2 APPROXIMATELY \$24 MILLION WORTH OF DEBT OVER THE NEXT
3 ACTUALLY EIGHT YEARS GIVING US A SAVINGS FROM ANYWHERE
4 FROM TWO AND A HALF TO \$3 MILLION ANNUALLY FOR EIGHT
5 YEARS, WHICH WILL BRIDGE US TO WHEN OUR BUILDING IS PAID
6 OFF AND OUR DEBT ACTUALLY DROPS IN HALF AT THAT TIME.

7 SO WE'RE JUST LOOKING AT USING ONE-TIME MONEY TO
8 LOWER OUR PROGRAM COSTS FOR THE NEXT EIGHT YEARS UNTIL
9 WE'LL GET A PERMANENT PROGRAM REDUCTION COST WITH PAYING
10 OFF THE ENTIRE DEBT ON THIS BUILDING.

11 THE SECOND ASPECT IN WHICH WE WOULD LOOK TO
12 BRING BACK TO THE BOARD AT A LATER TIME.

13 CHAIRMAN BURKE: MR. PEARCE, I'M SORRY TO
14 INTERRUPT.

15 MR. PEARCE: YES.

16 CHAIRMAN BURKE: I'M NOT QUITE CLEAR ON HOW WE
17 CAN DEAL WITH THE BUDGET TODAY AND THEN TAKE THAT ITEM UP
18 IN JULY, WHICH WOULD -- WHICH I WOULD ASSUME WOULD
19 IMPACT -- HAVE IMPACT ON THE DECISION THAT WILL BE MADE
20 TODAY.

21 MR. WALLERSTEIN: MR. CHAIRMAN, WHAT RICK IS
22 SAYING IS THAT IF YOU ADOPT IN THE STAFF'S VIEW -- IF YOU
23 ADOPT THE HIGHER FEE RECOMMENDATION, THEN THAT ALLOWS US
24 TO TAKE SOME OF THOSE ONE-TIME MONIES AND SPEND IT TO BUY
25 DOWN THE DEBT THAT WE OWE THROUGH SOME OF THE BONDS THAT

1 WE ISSUED.

2 CHAIRMAN BURKE: THAT'S MR. PEARCE'S
3 RECOMMENDATION FOR THE BOARD.

4 MR. WALLERSTEIN: RIGHT. THAT'S CORRECT.
5 RIGHT. MR. CHAIRMAN, BUT OBVIOUSLY THE DECISION WILL BE
6 UP TO THE BOARD AS TO WHETHER THE BOARD WANTS TO DO WHEN
7 WE PRESENT THOSE FINAL NUMBERS. BUT THE POINT I THINK
8 THAT RICK'S TRYING TO MAKE IS THAT IF THE BOARD WERE
9 ADOPT TO THE CPI BECAUSE OF THE GAP IN OUR REVENUES
10 VERSUS OUR EXPENDITURES --

11 CHAIRMAN BURKE: THAT WOULD NOT BE AVAILABLE. I
12 UNDERSTAND THAT -- BUT -- YOU KNOW, A COUPLE THINGS
13 CONCERN ME TODAY. ONE OF THEM IS THAT ON THAT PARTICULAR
14 MONEY THAT WE PREDESIGNATED BEFORE IT GETS TO THE BOARD
15 FOR DEBT REDUCTION AND THERE ARE SOME BOARD MEMBERS WHO
16 HAVE OTHER CONCERNS AND OTHER IDEAS ABOUT HOW THAT SHOULD
17 BE INTEGRATED INTO THE BUDGET. SO I JUST DON'T WANT TO
18 GET HUNG UP IN AN ACTION TODAY WHICH MANDATES OR MAKES
19 NECESSARY THE DEBT REDUCTION. THAT'S ALL I'M SAYING.

20 MR. WALLERSTEIN: YES. AND THE PACKAGE BEFORE
21 YOU DOES NOT DO THAT.

22 CHAIRMAN BURKE: OKAY. THANK YOU.

23 MR. PEARCE: THAT'S IT, SIR.

24 CHAIRMAN BURKE: THAT'S IT. OH, GREAT JOB.

25 MS. VERDUGO-PERALTA: MR. CHAIRMAN, I HAVE JUST

1 ONE QUESTION OF RICK. AND I JUST WANT TO MAKE THIS
2 CLEAR. YOU KEEP ON CALLING IT ONE-TIME MONEY. THIS IS
3 THE BP SETTLEMENT MONEY THAT YOU'RE TALKING ABOUT JUST TO
4 MAKE THINGS CLEAR?

5 MR. PEARCE: YES.

6 CHAIRMAN BURKE: WELL, IS THAT REALLY TRUE? OR
7 IS THAT AN ARGUMENT -- SEE, IF YOU HAVE -- EVERYBODY
8 KEEPS SAYING BP SETTLEMENT MONEY, AND THAT'S A GOOD
9 QUESTION. BUT IF YOU HAVE MONEY THAT GOES INTO A POOL,
10 THEN WE HAVE HALF A DOZEN SETTLEMENTS, YOU KNOW, THAT
11 MONEY DOESN'T FLOAT LIKE OIL ON WATER. SO IT'S JUST
12 SETTLEMENT MONEY.

13 MR. WALLERSTEIN: MR. CHAIRMAN, YOU'RE GENERALLY
14 CORRECT. BUT IN THE CASE OF THE BP SETTLEMENT, THERE
15 WERE DOLLARS THAT WERE PUT INTO A SPECIAL BP SETTLEMENT
16 ACCOUNT THAT WERE SEPARATE FROM THE OTHER SETTLEMENT
17 DOLLARS.

18 CHAIRMAN BURKE: GOT IT. OKAY. WE HAVE A FEW
19 PEOPLE WHO WOULD LIKE TO TESTIFY ON THE BUDGET ISSUE.

20 MR. WALLERSTEIN: MR. CHAIRMAN, IF WE COULD JUST
21 DO A QUICK SUMMARY OF THE FEES AND HELP ANSWER BOARD
22 MEMBER CARNEY'S QUESTION.

23 CHAIRMAN BURKE: OKAY.

24 MR. TISOPULOS: GOOD MORNING. FOR THE RECORD,
25 MY NAME LAKI TISOPULOS, AND I'LL BE GIVING THE STAFF

1 PRESENTATION. CAN I HAVE THE NEXT ONE?

2 OUR GUIDING PRESENCE IN FORMULATING THE STAFF
3 PROPOSAL WITH TO ESTABLISH A COST RECOVERY OF PROGRAM
4 COSTS, WHICH AS RICK INDICATED, OUR SPECIAL SOURCE
5 PROGRAM IS RUNNING AT A DEFICIT OF APPROXIMATELY \$13
6 MILLION. WE WANT TO MAINTAIN OUR LEVEL OF SERVICES AND
7 CONTINUE TO STREAMLINE EFFORTS AND COST REDUCTION
8 EFFORTS.

9 YOU HAVE TWO PROPOSALS BEFORE YOU TODAY. THE
10 OPTION 1, WHICH IS THE COST RECOVERY PROPOSAL, ADJUST
11 FEES BY CPI, 3.65 PERCENT, WITH THE EXCEPTION OF THE
12 PERMIT PROCESSING ANNUAL OPERATING FEES AND THE ANNUAL
13 EMISSION FEES FOR WHICH WE ARE RECOMMENDING AN INCREASE
14 OF TEN PERCENT FOR EACH OF THE NEXT THREE YEARS.

15 THE OPTION 2 THAT'S ALSO AVAILABLE TO YOU
16 ADJUSTS FEE BY CPI ACROSS THE BOARD FOR THE NEXT FISCAL
17 YEAR. BOTH OPTIONS ALSO INCLUDE SPECIFIC OTHER COST
18 RECOVERY AND ALIGNMENT PROPOSALS AS WELL AS NEW RULE 313
19 THAT CONSOLIDATES THE ADMINISTRATIVE FISCAL PROCEDURES AS
20 WELL AS SOME CLARIFICATIONS.

21 I'M NOT GOING TO GO THROUGH THE LIST, BUT AS FAR
22 AS THE KEY COST RECOVERY AND CLARIFICATION PROPOSALS, I'M
23 JUST GOING TO HIGHLIGHT A FEW OF THESE. WE ARE BASICALLY
24 TRYING TO HAVE THE ABILITY TO COLLECT UNPAID ANNUAL FEES,
25 ANNUAL RENEWALS FROM THOSE APPLICANTS WHO HAVE OBTAINED A

1 PERMIT TO OPERATE WITHOUT OBTAINING THE PREREQUISITE
2 PERMIT CONTRACT. WE ARE PROPOSING TO ESTABLISH ANNUAL
3 RENEWALS FROM COMPLIANCE PLANTS TO RECOUP OUR ENFORCEMENT
4 COSTS AND ALSO HAVE THE ABILITY TO DO HEALTH RISK
5 ASSESSMENT ANALYSIS AND INVENTORY ANALYSIS THAT IS
6 REQUIRED TO HAVE THE ABILITY TO RECOUP OUR COSTS.
7 HOW DO WE COMPARE TO THE OTHER AGENCIES. WE DO THIS
8 COMPARISON EVERY YEAR. WE COMPARE QUITE FAVORABLY. WE
9 BASICALLY COMPARE OUR PROPOSED FEES TO WHAT HAS ALREADY
10 BEEN ESTABLISH BY EIGHT OTHER SISTER AGENCIES UP AND DOWN
11 THE STATE. AND WE PICKED EIGHT DIFFERENT EQUIPMENTS FROM
12 THE LEAST COMPLEX TO THE MOST COMPLEX THAT ARE QUITE
13 POPULAR. AND AS I MENTIONED EARLIER, WE GENERALLY
14 SPEAKING COMPARE VERY FAVORABLY. MOSTLY WE ARE AT OR
15 BELOW THE AVERAGE THAT IS BEING CHARGED BY OTHER
16 AGENCIES.

17 JUST TO GIVE YOU AN IDEA, I'M NOT GOING TO GO
18 THROUGH THE 16 ASSESSMENTS THAT WE HAVE CONDUCTED, BUT
19 JUST A FEW EXAMPLES IN RESPONSE TO MS. CARNEY'S COMMENT.
20 THE SERVICE STATION FEES, FOR INSTANCE, HERE IS THE
21 AVERAGE INDICATED HERE BY THE RED LINE. WE ARE WAY BELOW
22 IN WHAT WE ARE CHARGING INCLUDING THE 10 PERCENT AS WELL
23 AS THE CMI. TYPICALLY A FACILITY WILL PAY A THOUSAND
24 DOLLARS FOR A NEW PERMIT, BRAND-NEW PERMIT FOR A SERVICE
25 STATION. BUT IF IT HAPPENS TO BE A SMALL BUSINESS, THEY

1 GET -- THEY' RE ENTITLED TO A 50 PERCENT DISCOUNT. SO
2 THAT BRINGS IT DOWN TO APPROXIMATELY 400, 500 BUCKS.

3 AS FAR AS THE ANNUAL RENEWALS, AGAIN, WE ARE
4 BELOW THE STATE AVERAGE WITH OUR PROPOSALS. IN OTHER
5 POPULAR EQUIPMENT, THE DRY CLEANERS, WE ARE SLIGHTLY
6 ABOVE THE AVERAGE, NOT THE HIGHEST. BUT 90 PERCENT OF
7 THOSE FACILITIES ARE ELIGIBLE FOR THE SMALL BUSINESS
8 DISCOUNTS. SO THEY ESSENTIALLY PAY DOWN AT THIS LEVEL,
9 WHICH IS SIGNIFICANTLY LOWER THAN THE STATE AVERAGE.

10 MR. WALLERSTEIN: IN ADDITION, AS THE BOARD
11 KNOWS, WE' RE PROVIDING \$5,000 GRANTS TO THE NEW
12 FACILITIES FOR THEIR NEW EQUIPMENT.

13 MR. TISOPULOS: THANK YOU, BARRY.

14 AS FAR AS ANNUAL RENEWALS ARE CONCERNED, AGAIN
15 WE ARE BELOW THE STATE AVERAGE. HOW DO WE COMPARE IN
16 TERMS OF WHAT WE ARE PROPOSING VERSUS WHAT OTHER AGENCIES
17 ARE? MANY AGENCIES ARE PRETTY MUCH IN THE SAME
18 PREDICAMENT THAT WE ARE IN. VENTURA, FOR INSTANCE, IS
19 GOING TO BE PROPOSING A 10 PERCENT INCREASE IN THEIR
20 FEES. AND THE BAY AREA, BETWEEN 9 PERCENT AND 15
21 PERCENT. NOW, THERE ARE OTHER AGENCIES THAT ARE GOING TO
22 BE PROPOSING A LOWER FEE INCREASE, BUT THEY HAD ALREADY
23 SECURED IN THE PREVIOUS YEARS A MUCH HIGHER INCREASE. AS
24 YOU CAN SEE FROM MONTEREY BAY, 15.6 PERCENT AND SAN
25 DIEGO, 8.9 PERCENT.

1 NOW. WHAT DOES THIS ALL MEAN TO OUR PERMIT
2 HOLDERS? I MEAN WHAT WOULD BE THE IMPACT ON AN AVERAGE
3 BUSINESS OUT THERE WITH 28,000 REGULATED SOURCES AND
4 78,000 PERMITS, 63 PERCENT OF THEM, THE 10 PERCENT
5 INCREASE BASICALLY WILL TRANSLATE INTO AN INCREASE OF
6 \$2.35 PER MONTH. FOR ANOTHER 17 PERCENT OF THE
7 FACILITIES, A 10 PERCENT INCREASE WILL TRANSLATE INTO AN
8 INCREASE TO THEIR MONTHLY BILL TO AQMD OF \$12.65 PER
9 MONTH.

10 THE 20 LARGEST EMISSION SOURCES DO PAY THE
11 LION'S SHARE OF EMISSION FEES, ROUGHLY TWO-THIRDS OF OUR
12 REVENUES. THEY'LL SEE A SIGNIFICANTLY HIGHER INCREASE OF
13 COSTS. THE 10 PERCENT INCREASE WILL TRANSLATE INTO
14 \$6,000 PER MONTH APPROXIMATE MONTHLY INCREASE. AND THOSE
15 EMISSIONS SOURCES ARE BASICALLY REFINERIES, LARGE
16 UTILITIES, AND WATER DISTRICTS.

17 WE RECEIVED FEE COMMENTS, EVEN THOUGH WE SENT
18 OUT 25,000 30,000 NOTICES TO OUR PERMITTEES BASICALLY.
19 WE RECEIVED VERY FEW COMMENTS. GENERALLY SPEAKING, THE
20 COMMENTS THAT WE RECEIVED FROM INDUSTRY WAS THAT THE FEE
21 INCREASE SHOULD ACCOMPANY -- SHOULD REFLECT ENHANCEMENT
22 OF SERVICES PROVIDED. AND AS RICK INDICATED, WE DO PLAN
23 TO HIRE ADDITIONAL PERMIT ENGINEERS, SO TWO PLUS ONE, TO
24 ADDRESS THIS ISSUE. AND ALSO WE ARE GOING TO
25 EXPERIMENTING WITH A NUMBER OF DIFFERENT IDEAS THAT

1 INDUSTRY HAS PUT ON THE TABLE.

2 WE DID RECEIVE COMMENTS FROM SMALL BUSINESS.
3 THEY'RE CONCERNED, OBVIOUSLY, ABOUT THE IMPACT OF THE
4 PROPOSED FEE INCREASE. BUT WE DO PLAN TO MAINTAIN THE 50
5 PERCENT FEE DISCOUNT EVEN THOUGH WE ARE LOSING MONEY ON
6 THAT AS WE INDICATED. WE DO PLAN TO MAINTAIN THIS TO
7 ADDRESS THEIR CONCERN. ALSO I SHOULD POINT OUT THAT THE
8 LOCAL GOVERNMENT AND SMALL BUSINESS ADVISORY GROUP WHEN
9 PRESENTED OUR PROPOSAL, THERE WERE SEVERAL BUSINESS
10 REPRESENTATIVES WHO EXPRESSED OPPOSITION TO THE 10
11 PERCENT INCREASE.

12 THE ENVIRONMENTAL COMMUNITY, ON THE OTHER HAND,
13 WOULD LIKE TO -- WOULD LIKE US TO MAINTAIN ADEQUATE
14 FUNDING TO FULFILL OUR COMMITMENTS AND MISSION OF THIS
15 AGENCY. SO BASED ON THESE, WE WOULD STRONGLY RECOMMEND
16 THAT YOU ADOPT THE STAFF RECOMMENDATION, WHICH IS OPTION
17 1, WHICH WOULD ALLOW US TO MAINTAIN THE LEVEL OF SERVICES
18 AND WOULD RECOVER MOST OF THE REVENUE SHORTFALL. AND
19 ALSO WE RECOMMEND THAT YOU CERTIFY THE NOTICE OF
20 EXEMPTION.

21 THAT CONCLUDES MY PRESENTATION. I'D BE HAPPY --
22 RICK AND I TO RESPOND TO ANY QUESTIONS YOU MIGHT HAVE.

23 MS. VERDUGO-PERALTA: I JUST HAVE A QUESTION AND
24 POINT OF CLARIFICATION. WHEN YOU'RE LISTING THE
25 COMPANIES, AND I DON'T KNOW WHETHER YOU CAN BRING UP THAT

1 SLIDE AGAIN, I THINK OF THE 20 LARGEST POLLUTERS, I'M
2 ASKING THE QUESTION -- I WANT TO CLARIFY OR IF YOU CAN
3 CLARIFY FOR ME. YOU HAD SOUTHERN CALIFORNIA EDISON
4 LISTED AS A POLLUTER OR EMISSION CONTRIBUTOR. AND MY TO
5 YOU IS, QUESTION ON THE BASED FACT THAT THEY ARE NO
6 LONGER A GENERATOR, ARE YOU CORRECTLY IDENTIFYING THEM AS
7 SO OR ARE YOU REALLY TARGETING ANOTHER COMPANY?

8 MR. PEARCE: NO. THAT IS BASED ON THE ACTUAL
9 EMISSION FEES PAID TO US THIS MOST RECENT YEAR. THEY'RE
10 NUMBER 17.

11 MS. VERDUGO-PERALTA: OKAY. THAT WAS MY
12 QUESTION.

13 MR. TISOPULOS: THEY DO PAY SIGNIFICANT AMOUNTS
14 OF EMISSION FEES.

15 MR. PEARCE: THIS IS THE TOP 20 ORGANIZED BY
16 HIGHEST PAID TO THE LOWEST OF THE TOP 20.

17 MS. VERDUGO-PERALTA: EVEN THOUGH THEY DON'T OWN
18 ANY GENERATOR STATIONS.

19 MR. PEARCE: THEY USED TO BE ON THE LEFT SIDE.

20 MS. VERDUGO-PERALTA: OKAY.

21 MR. TISOPULOS: BOARD MEMBER PERALTA, ACTUALLY,
22 THEY DO STILL OWN A GENERATING STATION OVER ON CATALINA
23 ISLAND.

24 CHAIRMAN BURKE: ANY OTHER QUESTIONS BY ANY
25 OTHER BOARD MEMBERS? YOU WANT TO PROTECT THEIR

1 INVESTMENTS?

2 MS. VERDUGO-PERALTA: NO. I JUST WANT TO MAKE
3 SURE I CAN VOTE ON IT.

4 CHAIRMAN BURKE: I WAS JUST KIDDING. OKAY.
5 THEN WE WILL OPEN THIS ITEM TO TESTIMONY. AND WE WILL
6 START WITH THE LIBERAL MR. BILL QUINN FOLLOWED BY
7 MR. BILL LAMAR AT THE OTHER MICROPHONE.

8 MR. QUINN: GOOD MORNING, MR. CHAIRMAN AND
9 MEMBERS OF THE BOARD. MY NAME IS BILL QUINN. I'M THE
10 VICE PRESIDENT OF CCEEB, THE CALIFORNIA COUNCIL FOR
11 ENVIRONMENTAL AND ECONOMIC BALANCE. I'M ALSO A MEMBER OF
12 YOUR BUDGET ADVISORY COMMITTEE AND THE PERMIT STREAMLINE
13 TASK FORCE. TODAY I AM PLEASED TO STAND BEFORE YOU IN
14 SUPPORT OF THE STAFF RECOMMENDATION THAT WOULD BE OPTION
15 1 FOR YOUR PROPOSED '06/'07 BUDGET AND ASSOCIATED FEE
16 INCREASES.

17 NONE OF US LIKE A FEW INCREASE PARTICULARLY
18 WHEN IT IS DOUBLE DIGIT. HOWEVER, MY MEMBERS ARE WILLING
19 TO SUPPORT THE INCREASE RECOMMENDED BY STAFF GIVEN THE
20 COMMITMENT BY YOUR EXECUTIVE OFFICER TO ADDRESS SERIOUS
21 CONCERNS IN THE PERMIT AND PLANNING APPROVAL AREAS. WITH
22 REGARD TO PERMITTING, LET ME FIRST SAY WE RECOGNIZE THE
23 ENORMOUS CHALLENGE FACING YOUR STAFF IN THIS AREA. WE
24 KNOW THAT THEY PROCESS THOUSANDS OF PERMITS PER YEAR AND
25 MOST OF THEM IN A TIMELY MANNER. AN IMPRESS

1 ACCOMPLISHMENT BY ANY STANDARD.

2 HOWEVER, PERMITS AND PLANS COME IN MANY
3 FLAVORS. MOST OF OUR MEMBERS HAVE FACILITIES THAT ARE
4 LARGE AND COMPLEX SUCH AS REFINERIES, CAR PLANTS, ALL
5 THOSE ON THE LEFT SIDE OF THAT TOP 20 LIST. SO THEY ALSO
6 HAVE SERIOUS OR NUMEROUS TYPES OF OTHER PLANS AND
7 APPLICATIONS THAT ARE HIGHLY TECHNICAL IN NATURE. WE
8 BELIEVE THAT IN THESE AREAS THERE IS A NEED FOR
9 ADDITIONAL ATTENTION. THE MEETINGS WE HAVE HAD WITH
10 DR. WALLERSTEIN AND STAFF OVER THE LAST FEW WEEKS HAVE
11 GIVEN US REAL OPTIMISM THAT THE ADDITIONAL RESOURCES MADE
12 AVAILABLE BY THIS INCREASE ALONG WITH SOME CHANGES TO
13 STAFF ASSIGNMENTS WILL SIGNIFICANTLY IMPROVE THE NUMBERS
14 IN THE SO-CALLED PERMIT AGING REPORT.

15 WE HOPE TO SEE IMPROVEMENTS THROUGHOUT THE
16 AGENCY IN REVIEW AND APPROVAL OF ALL TIME-SENSITIVE
17 DOCUMENTS WITH THIS NEW FEE STRUCTURE. WE ALSO
18 APPRECIATE DR. WALLSTEIN'S COMMITMENT TO MEET WITH US
19 SPECIFICALLY NEXT YEAR PRIOR TO THE START OF THE BUDGET
20 PROCESS TO EVALUATE WHERE WE STAND ON THESE IMPROVEMENTS.

21 FINALLY, WE SUPPORT THE STAFF RECOMMENDATION TO
22 PAY DOWN A PORTION OF THE DEBT AS YOU SAW IN PROPOSAL
23 THANK YOU FOR CONSIDERING OUR VIEWS. AGAIN, WE ENCOURAGE
24 COURAGE YOU TO CONSIDER THE STAFF PROPOSAL WHICH IS
25 OPTION 1. THANK YOU VERY MUCH.

1 CHAIRMAN BURKE: AS MR. LAMAR SPEAKS, WE WOULD
2 LIKE TO HAVE MR. CURTIS COLEMAN COME TO THE OTHER
3 MICROPHONE, PLEASE.

4 MR. LAMAR: GOOD MORNING, DR. BURKE, BOARD
5 MEMBERS. MY NAME IS BILL LAMAR, AND I'M THE EXECUTIVE
6 DIRECTOR OF THE CALIFORNIA SMALL BUSINESS ALLIANCE.
7 YOU'VE HEARD STAFF TELL YOU THAT THEY NEED TO RAISE FEES
8 IN ORDER TO BEAT AN EXPECTED \$3 AND A HALF MILLION
9 INCREASE OF EXPENDITURES OF THE PREVIOUS YEAR AMENDED
10 BUDGET AND AN \$8 AND A HALF MILLION INCREASE OVER THE
11 BUDGET THAT WAS ADOPTED LAST JUNE.

12 APPARENTLY, THE FACTORS THAT CONTRIBUTED TO THIS
13 NEED FOR MORE MONEY HAS MORE TO DO WITH PRESERVING A
14 TRULY ENVIABLE RETIREMENT PROGRAM, PAYING FOR SALARY AND
15 BENEFIT INCREASES ARISING OUT OF NEW LABOR AGREEMENTS AND
16 INCREASING STAFFING LEVELS IN AN AREA OF PERMIT
17 PROCESSING.

18 IN MAKING THEIR CASE, STAFF SAYS THAT THEY HAVE
19 THE AUTHORITY UNDER THE HEALTH AND SAFETY CODE TO ADOPT
20 FEE SCHEDULES AND RAISE FEES TO COVER THE ACTUAL COST OF
21 CLEANING THE AIR. YET IF ALL OF THE FACTORS CITED WERE
22 CORRECTED BY IMPOSING HIGHER FEES ON BUSINESSES, IT ISN'T
23 CLEAR TO US THAT THE AIR WOULD BE ANY CLEANER ONLY THAT
24 THE ECONOMY LEDGERS WOULD LOOK BETTER.

25 THESE ARE EVENTS THAT AROSE FROM MANAGEMENT AND

1 POLICY DECISIONS, NOT FROM POLLUTION THAT CAME FROM
2 STATIONARY SOURCES. AND WE DON'T SEE WHY WE UNDERSTAND
3 THE LOGIC WHY WE HAVE TO PAY OR SHOULD PAY THE BURDEN FOR
4 PAYING TO MAKE THIS BETTER OR TO FIX THE PROBLEM. IN
5 ORDER TO PAY FOR ALL OF THIS, STAFF HAS ASKED YOU TO
6 RAISE OUR PERMIT RENEWAL AND EMISSION FEES BY AN
7 ASTOUNDING 30 PERCENT PLUS CPI OF 3.65 PERCENT FOR
8 CERTAIN OTHER FEES OVER THE NEXT FEW YEARS.

9 ANTICIPATING THAT WE WOULDN'T HAVE TIME TO
10 ADEQUATELY ARGUE THIS SUBJECT, WE PROVIDED YOU WITH
11 WRITTEN COMMENTS EARLIER THIS WEEK. IT'S ALSO MY
12 UNDERSTANDING THAT SOME OR ALL OF YOU RECEIVED LETTERS
13 FROM TRADE ASSOCIATIONS AND INDIVIDUAL BUSINESS OWNERS
14 LIKE US WHO ALSO STRONGLY OPPOSE THE FEE INCREASE IN
15 OPTION 1.

16 TODAY YOU'RE LIKELY TO HEAR MIXED MESSAGES FROM
17 THE BUSINESS COMMUNITY OVER THIS CONTROVERSIAL ISSUE.
18 REPRESENTATIVES FROM LARGE CORPORATE ENTITIES WILL TELL
19 YOU THAT THEY SUPPORT OPTION 1. REPRESENTATIVES FROM
20 SMALL BUSINESS WILL TELL YOU THAT WE OPPOSE OPTION 1.
21 AND WHY IS THAT? FOR ONE THING SMALL BUSINESSES DON'T
22 HAVE THE FINANCIAL RESOURCES OR THE FLEXIBILITY TO PAY
23 FOR THE RISING COST OF GOVERNMENT AND THE IMPACT IT HAS
24 ON EVERYTHING A PERSON NEEDS JUST TO STAY IN BUSINESS.

25 SECOND, WHATEVER SUPPORT THERE IS FOR OPTION 1

1 IS CONDITIONAL ON STAFF DEMONSTRATING MEANINGFUL
2 IMPROVEMENTS IN THE PROCESS OF ISSUING PERMITS,
3 ESPECIALLY PERMITS FOR THOSE LARGE COMPLEX FACILITIES.
4 SMALL BUSINESS AGREES THAT THIS IS A CRUCIAL ISSUE. WE
5 SUPPORT MEANINGFUL IMPROVEMENTS, BUT WE WANT TO SEE
6 DEMONSTRATIONS OF IMPROVED EFFICIENCY THROUGHOUT THE
7 DISTRICT AND NOT JUST IN ONE AREA. AND WE ALSO WANT TO
8 SEE A CLEAR COMMITMENT BY STAFF AT THE BEGINNING OF THE
9 NEW FISCAL YEAR THAT THEY ARE SERIOUS ABOUT CUTTING COSTS
10 AND WILLING TO HEAR AND IMPLEMENT RECOMMENDATIONS BY THE
11 BUSINESS COMMUNITY FOR REDUCING OVERHEAD AND IMPROVING
12 SERVICE WITHOUT COMPROMISING THE MANDATED MISSION OF THIS
13 AGENCY.

14 DR. BURKE, I HAVE A SPEAKER CARD FOR MR. BILL
15 HEIMER CEDING HIS THREE MINUTES TO ME.

16 CHAIRMAN BURKE: ABSOLUTELY.

17 MR. QUINN: THANK YOU, SIR.

18 AND AT THE END OF THE FISCAL YEAR, WE WOULD ALSO
19 LIKE TO SEE A MEASUREMENT OF THEIR PERFORMANCE TO SEE
20 SOME KIND OF A REPORT CARD ISSUED MEETING SIGNIFICANT
21 GOALS AND OBJECTIVES. HAVING ONES PERFORMANCE MEASURED
22 AND BEING ACCOUNTABLE TO YOUR CUSTOMERS AND INVESTORS IS
23 COMMON PRACTICE IN A CORPORATE SETTING AND IN SOME AREAS
24 OF GOVERNMENT. CERTAINLY ACCOUNTABILITY AND PERFORMANCE
25 WHILE IN OFFICE ARE CRUCIAL FACTORS FOR EVERY ELECTED

1 OFFICIAL AT ELECTION TIME. THE STANDARDS SHOULD BE NO
2 LESS FOR THE MANAGEMENT AND EMPLOYEES OF THIS AGENCY.

3 IN RECOMMENDING OPTION 1, STAFF ADMITS THAT THE
4 30 PERCENT INCREASE WILL NOT SUCCEED IN RECOVERING ALL
5 PROGRAM COSTS. AND FACED WITH SUCH AN ADMISSION, I HOPE
6 YOU CAN APPRECIATE ONE OF THE REASONS WHY WE OPPOSE
7 OPTION 1. WE BELIEVE STAFF HAS SIGNALLED YOU AND US THAT
8 WE COULD BE BACK HERE AGAIN NEXT YEAR AND THE YEAR AFTER
9 THAT LISTENING TO REQUESTS FOR FEE INCREASES OF 40
10 PERCENT AND MAYBE EVEN 50 PERCENT UNLESS YOU TAKE
11 PREEMPTIVE MEASURES TODAY TO LESSEN THE LIKELIHOOD OF
12 THIS EVER HAPPENING AGAIN.

13 EVEN THOUGH WE DON'T ALWAYS AGREE, I WANT TO
14 EXPRESS MY SINCERE APPRECIATION TO DR. WALLERSTEIN AND TO
15 RICK PEARCE FOR ALLOWING ME TO SIT ON THE BUDGET ADVISORY
16 COMMITTEE AND TO CONTRIBUTE TO THIS ANNUAL PROCESS. I
17 HAVE THE UTMOST RESPECT AND ADMIRATION FOR THE JOB THAT
18 THIS AGENCY DOES TO REDUCE POLLUTION AND IMPROVE THE
19 QUALITY OF LIFE IN THE REGION. I JUST HAPPEN TO BELIEVE
20 THAT THERE IS ALWAYS A BETTER WAY FOR DOING THIS JOB.

21 THANK YOU FOR ALLOWING ME TO COMMENT.

22 MR. WILSON: BILL.

23 CHAIRMAN BURKE: YES, SIR. I WAS NOT LISTENING
24 BECAUSE THE PHONE RANG. THAT WAS MY WIFE CALLING TO SAY
25 SHE AGREES WITH YOU.

1 MR. QUINN: THANK HER FOR ME.

2 MR. WILSON: JUST A SORT OF POINT OF
3 CLARIFICATION. I APPRECIATE THE CHAIR IS GOING TO HAVE
4 BILL EXTEND HIS COMMENTS, AND I THINK THAT'S APPROPRIATE.
5 WHAT I THINK IS NOT APPROPRIATE IS THAT HE CANNOT GET
6 THREE MINUTES FROM TURNING TO THE AUDIENCE. I THINK WE
7 ESTABLISHED THAT PATTERN, AND WE HAVE THE LOST THE
8 ABILITY TO CONTROL THE THREE MINUTES. SO I RESPECT THE
9 CHAIR TO EXTEND IT, BUT I DON'T THINK WE CAN --

10 CHAIRMAN BURKE: WELL, WE HAVE IN THE PAST IF
11 SOMEONE SEATED THEIR TIME.

12 MR. WILSON: BUT I'VE NEVER SEEN THAT HAPPEN AT
13 A MEETING. IT REALLY IS AN INVITATION TO CHANGE THE
14 WHOLE DYNAMICS OF THE PUBLIC PRESENTATION. YOU CAN HAVE
15 FIVE PEOPLE STAND UP AND SAY I CEDE MY TIME, AND --

16 CHAIRMAN BURKE: IF THOSE FIVE PEOPLE WANTED TO
17 SPEAK, THOUGH, THEY'D GET 15 MINUTES.

18 MR. WILSON: BUT YOU COULD CONTROL THAT DYNAMIC.
19 THE ONLY POINT I THINK IT IS APPROPRIATE FOR THE CHAIR TO
20 EXTEND COMMENTS. I'M NOT SURE IT'S APPROPRIATE TO TAKE
21 OTHER PEOPLE'S TIME.

22 CHAIRMAN BURKE: WELL, IF YOU HAVEN'T SEEN IT
23 HERE, TRUST ME. ON OTHER COMMISSIONS I'VE SERVED ON THAT
24 CERTAINLY HAPPENS ALL THE TIME. IT HAPPENS ALL THE TIME.

25 ADRIAN MARTINEZ, WILL YOU COME AND TAKE THE

1 MICROPHONE.

2 MR. COLEMAN: THANK YOU, MY CHAIRMAN, MEMBERS OF
3 THE BOARD. I'M CURT COLEMAN. I'M HERE TODAY ON BEHALF
4 OF THE SOUTHERN CALIFORNIA AIR QUALITY ALLIANCE. I TOO
5 AM A MEMBER OF THE BUDGET ADVISORY COMMITTEE. AND AS I
6 TESTIFIED AT THE BOARD'S BUDGET WORKSHOP, A NUMBER OF US
7 HAVE BEEN IN DISCUSSIONS WITH DR. WALLERSTEIN ABOUT
8 CONCERNS WE HAVE WITH THE PERMITTING PROCESS. AND I SAID
9 AT THAT TIME WE WERE DEVELOPING A LIST OF SUGGESTIONS.
10 WE DID DEVELOP THAT LIST.

11 THIS IS A CEDE OF THE REGULATORY FLEXIBILITY
12 GROUP, WISPA, AND THE SOUTHERN CALIFORNIA AIR QUALITY
13 ALLIANCE SUBMITTED THAT TO DR. WALLERSTEIN, WHO REACTED
14 VERY FAVORABLY EXCEPT FOR A COUPLE OF CAVEATS HE HAD ON A
15 COUPLE OF THE ISSUES. HE AGREED THAT THE STAFF WOULD
16 MOVE FORWARD IN SEEKING TO IMPLEMENT THOSE.

17 WITH THAT, BASED ON THAT ASSURANCE, WE ARE ABLE
18 TO COME HERE TODAY AND SAY THAT WE DO NOT OPPOSE THE
19 BOARD GOING FORWARD WITH OPTION 1. HOWEVER, THERE IS
20 ANOTHER CONDITION. WE ALSO BELIEVE THAT AS A CONDITION
21 OF NOT OPPOSING OPTION 1 THAT THE BOARD SHOULD ALSO MOVE
22 FORWARD WITH STAFF RECOMMENDATION ON THE DEBT REDUCTION.
23 BECAUSE WE VIEW THAT AS A MEANS OF REDUCING THE
24 LIKELIHOOD OF HAVING FURTHER LARGER FEE INCREASES IN THE
25 FUTURE.

1 IN OTHER WORDS, IT IS A WAY TO REDUCE OUTGOES IN
2 FUTURE YEARS WHICH SHOULD THEN TAKE THE PRESSURE OFF ON
3 THE NEED FOR OTHER LARGE FEE INCREASE. SO IN ARGUE, THAT
4 GOES HAND IN HAND. WE'RE PAYING MORE TODAY IN RETURN FOR
5 IMPROVEMENTS IN THE PERMITTING PROCESS AND IN THE HOPE
6 THAT PAYING DOWN FUTURE OBLIGATION WILL TAKE THE PRESSURE
7 OFF FEE INCREASES IN THE FUTURE. WE THINK THAT'S AN
8 APPROPRIATE WAY TO GO, AND WE URGE THE BOARD TO SUPPORT
9 BOTH OF THOSE PROPOSALS.

10 THANK YOU.

11 CHAIRMAN BURKE: THANK YOU. AND KEEPING WITH
12 THE LEVEL OF COMMENTS, I HAVE A QUESTION. AND I'M GOING
13 TO ASK LEGAL COUNSEL. HAROLD MARTINEZ -- THIS IS ITEM 28
14 AND 29. NOW, HE CAN GET THREE MINUTES ON 28 AND HE CAN
15 GET THREE MINUTES 29 OR DOES HE GET THREE MINUTES ON THIS
16 ITEM? IT'S A COMBINED THREE MINUTES. I'M JUST ASKING IF
17 THERE'S A POLICY.

18 MR. WIESE: IF THERE'S A POLICY, I'M UNAWARE OF
19 IT. IT'S CERTAINLY NOT ADDRESSED HERE.

20 CHAIRMAN BURKE: WE HAVE A POLICY. YOU GET
21 THREE MINUTES ON THOSE ITEMS, WHICH IS A TOTAL OF THREE
22 MINUTES. THAT'S BURKE'S MATHEMATICS.

23 HAROLD MARTINEZ ON ITEM 28 AND 29.

24 MR. MARTINEZ, YOU WILL SPEAK NEXT.

25 MR. MARTINEZ: CHAIRMAN BURKE, MEMBERS OF THE

1 BOARD, MY NAME IS ADRIAN MARTINEZ, AND I'M AN ATTORNEY
2 FOR THE NATURAL RESOURCES DEFENSE COUNSEL. I'M HERE ON
3 BEHALF OF OUR THOUSANDS OF MEMBERS RESIDING IN THE SOUTH
4 COAST AIR BASIN.

5 FIRST I WANT TO REITERATE THAT THE SCAQMD
6 GOVERNING BOARD AND STAFF HAVE A TOUGH TASK AHEAD TO
7 REACH ATTAINMENT AND HEALTHFUL AIR FOR ALL RESIDENTS IN
8 THE SOUTH COAST AIR BASIN WHO WILL REQUIRE AGGRESSIVE
9 EFFORTS TO REDUCE POLLUTION. ALSO, THE PROJECTED
10 INCREASE IN POPULATION AND TRADE THROUGH OUR REGION
11 REQUIRE AN IMPRESSIVE LEVEL OF DILIGENCE IN CURVING
12 POLLUTION OF THE MYRIAD OF SOURCES IN THE BASIN.

13 THE SCAQMD HAS SET A HIGH STANDARD FOR
14 IMPLEMENTING PROGRAMS AIMED AT IMPROVING AIR QUALITY.
15 HOWEVER, THERE IS NOT ENOUGH MONEY TO SUPPORT THIS WORK.
16 OF THE OPTIONS PROVIDED THE BOARD, OPTION 1 WILL GO THE
17 FURTHEST IN ENSURING THAT SCAQMD CAN CONTINUE ITS
18 OPERATIONS IN A TIMELY AND ADEQUATE MANNER.

19 FURTHER, THE CLEAN AIR ACT AND THE HEALTH AND
20 SAFETY CODE IMPOSE REQUIREMENTS THAT LOOK TO THE DISTRICT
21 IN REGARDS OF FEES. OPTION 1 WILL FURTHER PUSH SQAMD
22 CLOSER TO COMPLYING WITH THESE LAWS REGARDING THE FEES.
23 THE 28,000 REGULATED SOURCES, 78,000 PERMITS, THE TWO
24 LARGEST PORTS IN THE NATION, AND NUMEROUS OTHER SOURCES
25 OF POLLUTION IN OUR BASIN, THIS FEE INCREASE WILL SUSTAIN

1 THIS AGENCY IN AGGRESSIVELY REDUCING POLLUTION AND
2 PROMOTING NEW STATE OF THE ART TECHNOLOGY.

3 FOR THESE REASONS, NRDC URGES THE BOARD TO
4 CHOOSE OPTION 1. THIS WILL ALLOW THE DISTRICT TO
5 ACTIVITY PURSUE ITS PRIORITIES INCLUDING THE CLEAN PORTS
6 INITIATIVE, LOCOMOTIVE EFFORTS, DEFENSE OF THE FLEET
7 RULES, AND ALSO PROTECTING RESIDENTS FROM HARD RULE
8 STATIONARY SOURCE POLLUTION.

9 THANK YOU FOR THE OPPORTUNITY TO TESTIFY TODAY.

10 MS. VERDUGO-PERALTA: MR. CHAIRMAN, I HAVE ONE
11 QUESTION OF THIS PERSON.

12 CHAIRMAN BURKE: YES.

13 MS. VERDUGO-PERALTA: SO FOR THE RECORD, YOU'RE
14 IN FAVOR, THEN, OF UTILIZING THE SETTLEMENT MONEY IN
15 OPTION NO. 1; IS THAT CORRECT?

16 MR. MARTINEZ: I WASN'T PREPARED TO NECESSARILY
17 ANSWER THAT. COULD YOU CLARIFY THE QUESTION?

18 MS. VERDUGO-PERALTA: IN OPTION NO. 1, AND
19 CORRECT ME IF I'M WRONG HERE, THAT INCLUDES UTILIZING THE
20 ONE-TIME SETTLEMENT MONEY; IS THAT CORRECT?

21 MR. WALLERSTEIN: NO. IT DOESN'T INCLUDE THAT
22 AS THE ACTION OF THE BOARD TODAY, ONLY TO DIRECT THE
23 STAFF TO COME BACK AT NEXT MONTH'S MEETING WITH A
24 PROPOSAL THAT THE BOARD WOULD THEN CONSIDER
25 INDEPENDENTLY.

1 CHAIRMAN BURKE: ALL RIGHT. IT DOESN'T HAVE
2 THAT ACTION AT ALL. BECAUSE NOBODY'S PREPARED TO DO THAT
3 AT THIS TIME.

4 THANK YOU VERY MUCH. MR. JOHN LONG AT THE
5 OTHER MICROPHONE.

6 MR. MARTINEZ: GOOD MORNING, DR. BURKE AND
7 MEMBERS OF THE BOARD. MY NAME IS HAROLD MARTINEZ, AND I
8 AM THE FOUNDER AND PRESIDENT OF ABEL INDUSTRIAL PRODUCTS
9 HERE IN ONTARIO, CALIFORNIA. I AM SPEAKING TO YOU TODAY
10 AS A SMALL BUSINESSMAN, A MEMBER OF THE DISTRICT'S LOCAL
11 GOVERNMENT AND SMALL BUSINESS ASSISTANCE ADVISORY GROUP.
12 AND I'M ASKING YOU TO REJECT OPTION NO. 1 OF THE PROPOSED
13 FEE INCREASE AND TO APPROVE OPTION NO. 2 INSTEAD.

14 WHEN THE CHIEF FINANCIAL OFFICER RICK PEARCE
15 PRESENTED THE DRAFT BUDGET AND THE TWO OPTIONS FOR
16 INCREASING FEES TO THE LOCAL GOVERNMENT AND SMALL
17 BUSINESS ASSISTANCE ADVISORY GROUP, THE MAJORITY OF THE
18 MEMBERS WERE SHOCKED, DISAPPOINTED, AND ANGRY TO THINK
19 THAT THE STAFF'S FIRST CHOICE FOR SOLVING THEIR BUDGET
20 PROBLEMS IS TO MAKE BUSINESS PAY FOR IT BY RAISING FEES.

21 IT IS QUITE OBVIOUS THAT IT NEVER OCCURS TO
22 THEM TO LOOK FOR WAYS TO CUT SPENDING, REDUCE OVERHEAD,
23 AND DOWNSIZE IF NECESSARY UNTIL THE BUDGET NUMBER OR
24 NUMBERS BALANCES IS OUT. THESE ARE THE KINDS OF PROBLEMS
25 THAT SMALL BUSINESS OWNERS CONSTANTLY FACE AND THE SMART

1 SUCCESSFUL BUSINESS OWNERS FIND ANSWERS AND MAKE
2 DIFFICULT DECISIONS BEFORE THEY EVEN CONSIDER TELLING
3 THEIR CUSTOMERS THAT THEY ARE GOING TO RAISE THEIR
4 PRIZES.

5 MOST, IF NOT ALL, OF THE INDIVIDUALS WHO
6 REPRESENT LOCAL GOVERNMENT AND SMALL BUSINESS ON THE
7 ADVISORY GROUP EXPRESS THEIR OPPOSITION TO OPTION 1 WHICH
8 WOULD INCREASE FEES OF BUSINESSES BY 30 PERCENT OVER THE
9 NEXT FEW YEARS. AND I HOPE THAT YOU WILL ADD YOUR VOICES
10 TO OURS BY OPPOSING OPTION 1 AND SUPPORTING OPTION 2
11 WHICH WOULD INCREASE THE FEES BY THE CONSUMER PRICE INDEX
12 OF 3.65.

13 THANK YOU FOR ALLOWING ME TO COMMENT.

14 MR. WILSON: THANK YOU VERY MUCH. OUR NEXT
15 SPEAKER WILL BE ANGELA JOHNSON MESSAROS, AND SHE WILL BE
16 FOLLOWED BY ADRIAN MARTINEZ AT THE OTHER MICROPHONE.

17 MS. MESSAROS: GOOD MORNING. I SHOULD JUST NOTE
18 THAT ADRIAN MARTINEZ HAS ALREADY SPOKEN ON THIS ITEM.

19 MR. WILSON: OKAY. IN THAT CASE GENE LOPEZ WILL
20 BE THE FOLLOWING SPEAKER.

21 MS. MESSAROS: GOOD MORNING MEMBERS OF THE
22 BOARD. MY NAME IS ANGELA JOHNSON MESSAROS. I AM THE
23 DIRECTOR OF POLICY AND GENERAL COUNSEL FOR THE CALIFORNIA
24 ENVIRONMENTAL RIGHTS ALLIANCE.

25 FIRST I WANT TO NOTE THAT WE RECOGNIZE THAT THE

1 BOARD AND STAFF HAVE A VERY DIFFICULT TASK AHEAD MANAGING
2 THIS LARGE ORGANIZATION AND BALANCING IS COMPLEX AND
3 SOMETIMES COMPETING CONSIDERATION THAT OFTEN GET WORKED
4 OUT MANY PLACES IN THE PROGRAM INCLUDING THE BUDGET.
5 WITH THAT SAID, I'D LIKE TO SAY THAT WE SUPPORT THE STAFF
6 RECOMMENDATION OF A 10 PERCENT FEE INCREASE. BUT WE DO
7 HAVE TO NOTE THAT EVEN WITH SUCH AN INCREASE THE STAFF
8 ACKNOWLEDGES THAT THEY WILL NOT BE ABLE TO COVER THE
9 ESTIMATED -- THAT THE ESTIMATED REVENUES FOR NEXT YEAR DO
10 NOT RECOVER THE COST OF THE AQMD'S STATIONARY PROGRAMS.

11 IT IS IN FACT CRITICALLY IMPORTANT THAT THE
12 STAFF AND THE BOARD ADDRESS THE SITUATION. STAFF HAS
13 NOTED IN ITS FEE REQUEST THAT, QUOTE, FURTHER DOWNSIZING
14 IN FUTURE YEARS FROM THE CURRENT BUDGET MAY BE REQUIRED.
15 I NOTE THAT THE DISTRICT DOES NOT HAVE THE LUXURY OF
16 TRADITIONAL BUSINESS OF REDUCING ITS PRICES FOR ITS
17 PRODUCT, IN OUR CASE REGULATING AIR QUALITY, TO A PRICE
18 POINT THAT IS DICTATED BY ITS USER, IN OUR CASE THE AIR
19 POLLUTION. INSTEAD THE DISTRICT MUST OPERATE EFFICIENTLY
20 AND EFFECTIVELY AS POSSIBLE, BUT IT MUST SET A FEE THAT
21 COVERS THE NECESSARY COSTS OF THE DISTRICT'S PROGRAMS
22 THIS INDEED IS NOT A BUSINESS.

23 SUCH A FEE RECOVERY, IN ADDITION, IS A
24 REQUIREMENT OF FEDERAL LAW CERTAINLY AS IT APPLIES TO
25 TITLE 5 SOURCES, WHICH ARE THE SOME 800 LARGEST POLLUTERS

1 IN THE BASIN. FORTY SFR AT SECTION 70.9 SAYS THAT THE
2 STATE MUST RECOVER -- THE STATE SHALL RECOVER -- I'M
3 SORRY. IT SAYS THE STATE PROGRAM SHALL REQUIRE THAT THE
4 OWNERS OR OPERATORS OF PART 70 SOURCES PAY ANNUAL FEES
5 THAT ARE SUFFICIENT TO COVER THE PERMIT PROGRAM COSTS AND
6 ASSURE THAT ANY FEE REQUIRED BY THIS SECTION BE USED
7 SOLELY FOR PERMIT PROGRAM COSTS.

8 IT SEEMS THAT THE DISTRICT FEE STRUCTURE MAY IN
9 FACT FALL SHORT OF THIS REQUIREMENT. AND I URGE THE
10 BOARD AND STAFF THE INTERESTED STAKEHOLDER TO WORK TO
11 ENSURE THAT A FEE STRUCTURE IS CONSTRUCTED THAT ALLOWS
12 FOR EFFICIENT OPERATION OF THE DISTRICT AND COMPLIANCE OF
13 FEDERAL REQUIREMENT. WE URGE THAT THE BOARD ADOPT OPTION
14 1 ONE TODAY. AND THANK YOU VERY MUCH FOR ALLOWING ME THE
15 OPPORTUNITY TO TESTIFY.

16 MR. WILSON: THANK YOU.

17 MR. LOPEZ, OUR LAST SPEAKER.

18 MR. LOPEZ: GOOD MORNING. I'M GENE LOPEZ. I
19 REPRESENT THE CALIFORNIA AUTO BODY ASSOCIATION, AND MY
20 EMPLOYER IS SEIDNER'S COLLISION CENTER. AND WE OPPOSE
21 THIS BUDGET INCREASE AND FOR A FEW REASONS. LIKE ONE OF
22 THE OTHER SPEAKERS SPOKE OF EARLIER, IT MAY BE TOO LATE
23 NOW TO LOOK AT EFFICIENCIES OR INEFFICIENCIES OF THE
24 STAFF. BUT I DO HAVE TO SAY AS A MANAGER IN A BODY SHOP
25 OR COLLISION REPAIR FACILITY, WE COUNT ON THE ENGINEERS

1 TO HELP US OUT AND WE COUNT ON SOUTH COAST STAFF TO HELP
2 US OUT, AND THEY DO A REAL GOOD JOB AT THAT.

3 THERE ARE SOME TIMES, THOUGH, THAT WHEN YOU LOOK
4 AT HOW WE RUN A BUSINESS AND HOW STAFF IS ABLE TO GET
5 SOME OF THEIR OBLIGATIONS COMPLETED, IT -- WE NEED A
6 BETTER REPORT CARD OR WE NEED SOME SORT OF MEANS TO
7 MEASURE THE EFFICIENCIES OF THE STAFF BECAUSE SOMETIMES
8 BUSINESSES JUST GET FRUSTRATED ON PERHAPS HOW LONG DOES
9 IT REALLY TAKE TO GET A CHANGE OF OPERATOR NOTICE
10 THROUGH. IN TODAY'S ENVIRONMENT, I THINK IT'S LIKE FOUR
11 MONTHS THAT'S LIKE GOING TO THE DMV AND SAYING I WANT TO
12 CHANGE THE REGISTRATION ON THIS VEHICLE. IT DOESN'T TAKE
13 FOUR MONTHS.

14 AND SO, YOU KNOW, I THINK OUR POSITION IS --
15 LET'S TAKE A LOOK AT HOW EFFICIENT STAFF IS REALLY DOING
16 AND THEN CONSIDER, YOU KNOW, THAT EVALUATION AND, YOU
17 KNOW, HOW WELL OR HOW MUCH A BUDGET INCREASE SHOULD
18 REALLY BE QUALIFIED.

19 SO THANK YOU FOR YOUR TIME.

20 MR. WILSON: THANK YOU VERY MUCH. I'LL DECLARE
21 THE PUBLIC HEARING CLOSED AND ASK THE BOARD FOR COMMENTS.

22 MS. CARNEY.

23 MS. CARNEY: WELL, LET ME JUST SAY THAT I LOVE
24 BEING ON THIS BOARD WHEN THE FEE INCREASES WHEN THIS CAME
25 UP IN PAST YEARS AND THE FEE INCREASE WERE AT OR BELOW

1 THE COST OF LIVING INCREASES. AND THIS IS NOT A FUN
2 YEAR. HOWEVER, WE'VE ALSO HEARD -- WE'VE WRESTLED
3 AROUND WITH THIS A LOT. I'VE BEEN AN ADVOCATE AT LOOKING
4 AT THE PENSION PLAN COSTS. THE STAFF HAS DONE THAT.

5 THERE WERE CHANGES NEGOTIATED IN THE LAST ROUND
6 OF THE LABOR UNION NEGOTIATIONS. AND AS A PART OF THE
7 DISCUSSION OF THIS AT THE ADMIN COMMITTEE, I ASKED STAFF
8 TO ADD TO THE ACTION ITEMS THAT THE LEGISLATIVE COMMITTEE
9 WOULD CONSIDER SEEKING A CHANGE IN LEGISLATION THAT WOULD
10 ALLOW US TO HAVE A TIERED PENSION PLAN. RIGHT NOW THE
11 ONLY RETIREMENT AGE WHICH WE CAN HAVE IN OUR RETIREMENT
12 PLAN 55. IT'S TWO PERCENT AT 55. AND I THINK THAT GIVEN
13 THE LONGEVITY OF ALL OF US. THANK GOODNESS. THAT'S NO
14 LONGER AN APPROPRIATE -- THAT'S NO LONGER AN APPROPRIATE
15 AGE. AND WE CAN'T CHANGE THIS WITHOUT LEGISLATIVE
16 APPROVAL TO CHANGE IT. AND SO ONE OF THE ACTION ITEMS
17 THAT'S HERE IS THAT THE LEGISLATIVE COMMITTEE WILL
18 CONSIDER SEEKING LEGISLATIVE AUTHORITY TO CHANGE THAT.

19 I THINK THAT STAFF IS DOING SIGNIFICANT THINGS
20 TO BE MORE EFFICIENT, TO STREAMLINE THE SERVICES THAT ARE
21 PROVIDED, AND TO OPERATE EFFICIENTLY. AND AS A BOARD, I
22 KNOW THAT WE WILL ALL CONTINUE TO WATCH THIS AS THIS YEAR
23 UNFOLDS BECAUSE WE WILL NOT FORGET THIS DAY WHEN WE WERE
24 ASKED TO VOTE ON A 30 PERCENT INCREASE PHASED OVER THREE
25 YEARS.

1 BUT WITH THAT SAID, I THINK THAT THE INCREASE IS
2 NECESSARY. WITH THIS APPROACH TO FIXING SOME OF THE
3 PROBLEMS WITH THE RETIREMENT PLAN, I AM IN FAVOR OF THIS
4 PROPOSAL, AND I WOULD LIKE TO MOVE OPTION 1.

5 MR. WILSON: I HAVE A MOTION. IS THERE A SECOND
6 TO THAT MOTION? SECOND FROM MAYOR LOVERIDGE.

7 WE HAVE ADDITIONAL SPEAKERS ON THE MOTION.
8 MAYOR YATES.

9 MR. YATES: THANK YOU, MR. CHAIRMAN. BEFORE I
10 MAKE MY COMMENTS, SEVERAL SPEAKERS WERE ADDRESSING THIS
11 BOARD, AND FOR LACK OF A BETTER WORD ACCUSING STAFF OF
12 NOT CUTTING BACK AND NOT BEING PRUDENT IN THEIR
13 EXPENDITURES OF DOLLARS OR LOOKING AT OTHER WAYS OF
14 CUTTING COSTS. AND IN REALITY, THOSE COMMENTS SHOULD BE
15 DIRECTED TO THIS BOARD.

16 I KNOW A LOT OF THE PEOPLE THAT GOT UP IN FRONT
17 TO SPEAK WEREN'T AT THE BUDGET HEARING. BUT THIS BOARD
18 GIVES DIRECTION TO STAFF. SO IF YOU WANTED TO MAKE A
19 COMMENT IN THE TONE THAT WAS USED, THAT SHOULD BE
20 DIRECTED TO THIS GOVERNING BOARD AND NOT TO STAFF.
21 BECAUSE HOW IT WORKS IS THEY DO OUR BIDDING.

22 WELL, OPTION 1, MY QUESTION TO STAFF IS THE
23 RECOMMENDATION OF OPTION 1 IS TO INCREASE THE FEE
24 STRUCTURES 10 PERCENT FOR THREE YEARS RUNNING. DOES THAT
25 INCLUDE THE CPI ALSO DURING THAT THREE-YEAR PERIOD?

1 MR. TISOPULOS: NO. NO. NO. LET US CLARIFY.
2 IT'S 10 PERCENT FOR THE ANNUAL -- FOR THE PERMIT
3 PROCESSING FEES, ANNUAL RENEWALS, AND EMISSION FEES.

4 MR. YATES: I UNDERSTAND THAT FOR THE NEXT THREE
5 YEARS. BUT THE KEY QUESTION IS BECAUSE IT'S TIED TO CPI
6 IN OPTION 1 -- SO AT FIRST APPEARANCE WHEN I LOOKED AT
7 STAFF REPORT, IT APPEARS WE'RE ADOPTING A THREE-YEAR
8 BUDGET BECAUSE YOU'RE TYING THE 10 PERCENT FOR THE NEXT
9 THREE YEARS THAT YOU ALSO HAVE THE CPI THAT PRECEDES IT.
10 SO I'M A LITTLE CONCERNED AS TO THE DEFINITION OF WHAT
11 WE'RE VOTING ON. IF -- AS PRESENTED IF WE VOTED ON THIS,
12 IT WOULD BE APPROVING THE 10 PERCENT FOR THREE YEARS AND
13 THE CPI FOR THREE YEARS.

14 MR. TISOPULOS: FOR ONE YEAR.

15 MR. YATES: I DIDN'T SEE IN THE STAFF REPORT
16 WHERE IT SAID THE CPI WAS ONLY FOR ONE YEAR, UNLESS I
17 MISSED IT.

18 MR. TISOPULOS: BECAUSE WE DON'T KNOW WHAT THE
19 CPI IS GOING TO BE FOR THE NEXT YEAR AND YEAR AFTER,
20 WE'RE ONLY APPLYING IT TO THE REMAINDER OF THE FEES JUST
21 THE NEXT YEAR, WHICH WOULD CARRY OVER.

22 MR. YATES: THE BLANKET STATEMENT COULD BE CPI.
23 EVEN IF WE DON'T KNOW WHAT IT WAS GOING TO BE, WE COULD
24 SAY CPI WHICH WOULD RUN THREE YEARS CONCURRENT. MY
25 OPINION, THIS WOULD BE A THREE-YEAR BUDGET ADOPTION.

1 THAT'S JUST THE APPEARANCE I GET FROM THE STAFF REPORT.

2 MR. WALLERSTEIN: MAYOR YATES, IT IS THE STAFF'S
3 INTENT THAT IT WILL BE CPI FOR THOSE REMAINING CATEGORIES
4 OF FEES OTHER THAN THOSE MAIN CATEGORIES WHERE IT IS THE
5 TEN, TEN, AND TEN.

6 MR. YATES: OKAY. I WOULD REQUEST FROM THIS
7 GOVERNING BOARD THAT -- AND I'M A BELIEVER IN COST
8 RECOVERY. I MADE THAT APPARENT IN PUBLIC MEETINGS. BUT
9 I WOULD REQUEST THAT THE -- MS. CARNEY THAT MOVED THE
10 MOTION, THAT WE ADOPT OPTION 1 BUT FOR ONLY ONE YEAR OF
11 THE 10 PERCENT INCREASE AND THE CPI. I WOULD REQUEST
12 THAT YOU LET ME AMEND IT.

13 MR. WILSON: LET ME ASK STAFF. ISN'T THERE A
14 LEGAL REQUIREMENT THAT WE FORECAST THE THREE YEARS?

15 MR. WIESE: YOU'RE CORRECT, SUPERVISOR WILSON.
16 THE REQUIREMENT IS TO PHASE ANY INCREASE OVER CPI OVER AT
17 LEAST TWO YEARS.

18 MR. WALLERSTEIN: AND THE OTHER REASON THAT WE
19 HAD RECOMMENDED THE THREE-YEAR PERIOD BECAUSE AS COUNSEL
20 HAS EXPLAINED, IT HAS TO BE PHASED IN OVER TWO YEARS, IS
21 THAT WHAT WE WERE HOPING TO DO IS CREATE A VISION FOR THE
22 AGENCY, THE AFFECTED SOURCES, THAT HERE WE ARE, HERE'S
23 HOW WE'RE GOING TO CLOSE OUR BUDGET GAP AND HAVE
24 STABILITY.

25 WITH ADOPTING THE MULTI-YEAR PLAN, THEN WE

1 BELIEVE IT ALLOWS THE CHIEF FINANCIAL OFFICER TO
2 RECOMMEND TO THE BOARD THAT YOU CAN TAKE THOSE ONE-TIME
3 MONIES AND YOU CAN EITHER SPEND THEM ON DEBT REDUCTION OR
4 SPEND THEM ON OTHER COMMUNITY PROJECTS SUCH AS AIR
5 QUALITY IMPROVEMENT PROJECTS LIKE THE BOARD RECENTLY DID.
6 BECAUSE WE WON'T HAVE THE UNCERTAINTY OF NEEDING TO HOLD
7 IT IN THE BANK IN CASE THERE ISN'T A FEE INCREASE IN YEAR
8 OR TWO OR YEAR THREE. AND THAT THAT GAP DUE TO OUR LABOR
9 CONTRACTS AND OTHER ESCALATING COSTS IS SO GREAT THAT YOU
10 RUN THE RISK OF DEPLETING ALL YOUR RESERVES BELOW AN
11 ACCEPTABLE NUMBER.

12 MR. YATES: I QUESTION THAT RULING ABOUT MY LAW.
13 IN MY CITY WE ADOPT A YEARLY BUDGET. WE'RE NOT REQUIRED
14 TO PROTECT YEARS. WE HAVE FEES TOO, BUILDING INSPECTION
15 FEES AND WHAT HAVE YOU. SO I REALLY DISPUTE THAT
16 DECISION, COUNSEL.

17 MR. WIESE: MAYOR YATES, THERE'S A SPECIAL
18 HEALTH AND SAFETY CODE SECTION THAT APPLIES ONLY TO THE
19 SOUTH COAST AQMD THAT SAYS YOU'VE GOT TO PHASE ANY
20 INCREASE OVER CPI OVER TWO YEARS.

21 MR. WALLERSTEIN: AND, MAYOR YATES, YOU MAY
22 RECALL THAT COUNSEL'S OFFICE PREFERS THAT PHASE IN
23 INCLUDE SOMETHING OTHER THAN ZERO IN THE SECOND YEAR, BUT
24 IT'S NOT ABSOLUTELY NECESSARY. BUT LAST YEAR THE BOARD
25 DID AN INCREASE AND THEN A ZERO. AND AGAIN --

1 MR. YATES: MAYBE THAT'S WHY I'M CONFUSED. SO
2 TECHNICALLY --

3 MR. WALLERSTEIN: WE HAVE TO DO A TWO-YEAR PHASE
4 IN.

5 MR. YATES: SO THE MOTION WAS MADE TO APPROVE
6 CPI FOR ONE YEAR AND 10 PERCENT THE FIRST YEAR AND ZERO
7 THE FOLLOWING YEAR. THAT WOULD BE OKAY.

8 MR. WALLERSTEIN: THAT WOULD BE THE WAY WE DID
9 IT THE LAST TWO YEARS. BUT WE WOULD STILL -- YOU KNOW, I
10 WOULD STILL RECOMMEND TO THE BOARD THAT YOU CONTEMPLATE
11 THE MULTI-YEAR BECAUSE, A, IT LET'S THE BUSINESSES KNOW,
12 AND, SECONDLY, IT ALLOWS US TO PUT OURSELVES IN FIRM
13 FINANCIAL PLANNING INSTEAD OF HAVING TO CONFRONT THIS
14 EVERY YEAR, YEAR AFTER YEAR, AND HAVING THE UNCERTAINTY
15 ON HOW THE BUDGET IS GOING TO BE FOR THE AGENCY AND THE
16 UNCERTAINTY IT CREATES FOR THE STAFF.

17 BECAUSE IF THE BOARD WERE TO ELECT NOT TO
18 INCREASE FEES, THEN, YOU KNOW, WE'RE FRANKLY LOOKING AT
19 FURTHER STAFF REDUCTIONS, WHICH IS VERY DIFFERENT THAN
20 WHAT'S OCCURRING AT THE STATE LEVEL. BUT I HAVE TO TELL
21 YOU IN VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT, FOR
22 EXAMPLE, THEY ARE DECREASING THEIR STAFFING BY ABOUT 15
23 PERCENT THIS YEAR, AND THEY DIDN'T DO THE 30 SOME PERCENT
24 THAT WE'VE ALREADY DONE. BUT THESE ARE TOUGH FINANCIAL
25 TIMES. WE DON'T HAVE AN ALTERNATIVE REVENUE SOURCE SUCH

1 AS CITIES AND COUNTIES WHERE PROPERTY TAX MONEY AND
2 DEVELOPMENT FEES HAVE BEEN HELPING TO BALANCE CITY AND
3 COUNTY COSTS FOR RETIREMENT AND THINGS LIKE THAT. WE
4 JUST SIMPLY DON'T HAVE THOSE FUNDING SOURCES.

5 MR. YATES: THANK YOU, MR. CHAIRMAN.

6 MR. WILSON: THANK YOU. NEXT SPEAKER WILL BE
7 CYNTHIA VERDUGO-PERALTA.

8 MS. VERDUGO-PERALTA: THANK YOU, MR. CHAIRMAN.

9 AS JANE MENTIONED BEFORE, THIS IS NOT AN EASY
10 TASK. AND EVERY TIME THIS COMES BEFORE US, IT'S CONSTANT
11 WRESTLING BETWEEN WHAT ARE WE REALLY TRY TO ACHIEVE HERE
12 AND HOW CAN WE AFFORD TO DO WHAT WE CONTINUE TO DO, WHICH
13 IS TO HELP CLEAN THE AIR.

14 I ALSO HAVE CONCERNS ABOUT THE RECURRING
15 SITUATION THAT WE COME TO THAT'S FACED -- WE'RE FACED
16 WITH WHEN WE ARE PRESENTED THE BUDGET. I REALLY DO THINK
17 THAT WE STILL NEED TO PURSUE ALTERNATIVE SOURCES OF
18 FUNDING. I'VE BROUGHT THIS UP BEFORE. JANE MENTIONED
19 THE FACT THAT WE NEED TO LOOK AT THINGS LEGISLATIVELY
20 REGARDING THE RETIREMENT PROGRAM. I WHOLE HEARTEDLY
21 AGREE. BUT IN THE SAME TIME I ALSO WANT THAT TO INCLUDE
22 US LOOKING AT OTHER REVENUE SOURCES.

23 I KNOW WE DISCUSSED IT BEFORE, BUT I THINK WE
24 STILL NEED TO GO DOWN THAT ROAD. WHETHER THAT MEANS A
25 DOLLAR OR TWO ON A PROPERTY TAX, WHICH I KNOW IS VERY

1 UNPOPULAR AND/OR A DOLLAR OR TWO ON REGISTRATION FEES
2 WHICH WE KNOW THAT 80 PERCENT OF OUR POLLUTION COMES FROM
3 MOBILE SOURCES. TO ME THAT ONE MAKES THE MOST SENSE.
4 BUT THEN AGAIN, THAT HAS TO BE DONE LEGISLATIVELY IF I
5 UNDERSTAND IT. BUT THAT STILL GOES TO THE FACT THAT I
6 HATE TO COME BACK TO THIS ISSUE EVERY SINGLE TIME. AND I
7 AGREE WE SHOULD HAVE ALTERNATIVE SOURCES OF REVENUE.

8 THE ONLY THING THAT MAKES ME REALLY CONVINCED
9 THAT WE NEED TO VOTE THIS OPTION IN THAT WAS RECOMMENDED
10 BY STAFF IS WHEN I SAW THE SLIDE ABOUT WHAT THE OTHER AIR
11 POLLUTION CONTROL DISTRICTS ARE CHARGING THEIR
12 PERMITTEES. AND IF WE ARE IN FACT THAT FAR BELOW COST,
13 THEN THAT JUSTIFIES FOR ME BRINGING THAT UP, BUT NOT
14 WITHOUT LOOKING AT THOSE ALTERNATIVE SOURCES.

15 THE OTHER THING THAT WAS MENTIONED, BILL LAMAR
16 AND I HAD A DISCUSSION A FEW DAYS AGO IN REFERENCE TO
17 EFFICIENCY. AND BOTH BILL AND I SERVED ON PERMIT
18 STREAMLINING COMMITTEE A FEW YEARS BACK. AND WE BOTH
19 COME FROM A COMPANY WHERE GOALS ARE SOME PART OF THE
20 EMPLOYEE'S REVIEW SO THAT WE GET THE WORK DONE. I REALLY
21 WOULD LIKE STAFF TO LOOK AT THE EFFICIENCY IN REFERENCE
22 TO THE PERMIT STREAMLINING. I THINK THAT REALLY NEEDS TO
23 BE DONE.

24 THERE WAS AN OCCASION WHERE WE APPROVED MONIES
25 WHERE WE HIRED SEVERAL PERMIT PROCESSORS TO HELP GET RID

1 OF THE BACKLOG. WELL, THAT IS A TEMPORARY FIX. WE STILL
2 NEED TO LOOK ON A DAILY BASIS WHAT THE EFFICIENCY OF THE
3 PROCESSEE -- OR PROCESSORS I SHOULD SAY, HOW THAT IS
4 OCCURRING. AND STAFF CAN PLEASE EVALUATE THAT, I'D
5 GREATLY APPRECIATE THAT. BECAUSE I THINK THERE NEEDS TO
6 BE SOME TYPE OF A GOAL. AND I KNOW IT HAS TO BE TIERED
7 BASED ON THE SIGHTS AND THE SIZE OF THE SIGHTS. BUT THAT
8 IS SOMETHING THAT WE ALSO NEED TO LOOK AT. BECAUSE I
9 THINK WE DO OWE THE INDUSTRY THAT MUCH OF THE VERY LEAST.
10 IF WE'RE GOING TO INCREASE A COST, WE SHOULD BE DOING
11 THIS A LOT MORE EFFICIENTLY.

12 MR. WILSON: THANK YOU.

13 SUPERVISOR OVITT.

14 MR. OVITT: THANK YOU, MR. CHAIRMAN. AS I'M
15 SITTING HERE, I'M THINKING OF SOMETHING THAT I LEARNED IN
16 THE EIGHTH GRADE WHEN I WAS IN THE GLEE CLUB. "ALL NIGHT
17 LONG CHARLIE RODE THROUGH THE STATION CRYING WHAT WILL
18 BECOME OF ME. HOW CAN I AFFORD TO SEE MY SISTER IN
19 CHELSEA OR MY COUSIN IN ROXBURY? FIGHT THE FARE
20 INCREASE. VOTE FOR GEORGE O'BRIAN. GET POOR CHARLIE OFF
21 THE MTA."

22 HOW DOES THAT APPLY? WELL, SAN BERNARDINO
23 COUNTY, THE BACKBONE OF OUR ECONOMY, AND WE'RE TRYING TO
24 INCREASE IT CONTINUALLY WITH ECONOMIC DEVELOPMENT, IS
25 BASED ON SMALL BUSINESS. AND SO WHEN I'M HERE, I'M

1 REALLY REPRESENTING AN AREA OF SAN BERNARDINO COUNTY THAT
2 IS REALLY STRONG. AND SMALL BUSINESSES, WE DON'T HAVE A
3 LOT OF LARGER BUSINESS THAT L. A. COUNTY HAS ATTRACTED AND
4 ORANGE COUNTY HAS ATTRACTED. AND SO WHEN I'M TALKING
5 ABOUT THE CONSTITUENCY THAT I TRULY REPRESENT HERE, I'M
6 TALKING ABOUT SMALL BUSINESSES FROM SAN BERNARDINO
7 COUNTY.

8 SO WITH THAT IN MIND, I REALLY WILL ONLY SUPPORT
9 OPTION 2. I CANNOT SUPPORT OPTION 1.

10 MR. WILSON: THANK YOU.

11 SUPERVISOR ANTONOVICH.

12 MR. ANTONOVICH: I WOULD LIKE TO SHARE THOSE
13 SAME COMMENTS ON OPTION 2. BUT WHAT WE ALSO NEED TO DO
14 IS DEVELOP A COMMITTEE THAT I HELP INITIATE AT THE COUNTY
15 OF LOS ANGELES IN THE EARLY '80S, AND IT HAS SAVED CLOSE
16 TO \$2 THUS FAR. AND THAT'S A PRODUCTIVITY AND EFFICIENCY
17 COMMITTEE THAT OUGHT TO BE MADE UP OF PEOPLE FROM THE
18 DISTRICT, BOARD MEMBERS, SMALL BUSINESSES, AND
19 ENVIRONMENTAL COMMUNITY REPRESENTATIVES TO REVIEW ON HOW
20 TO ACHIEVE GREATER EFFICIENCIES OUT OF THE DEPARTMENT,
21 OUT OF THE AGENCY. HAVING THIS OUTSIDE TYPE OF A PUBLIC
22 PRIVATE PARTNERSHIP COULD HELP STREAMLINE COSTS. BUT I
23 HAVE A CONCERN IN THAT WE'RE LOCKING IN INCREASES, AND WE
24 WILL BE GOING BEYOND THE COST OF LIVING.

25 WHILE YOU SAY IT IMPACTS THE DISTRICT, IT

1 FURTHER IMPACTS THE ABILITY OF THE PEOPLE WHO PAY THE
2 FUNDS TO SUPPORT THE DISTRICT. AND WE OUGHT NOT TO BE
3 JEOPARDIZING THEIR ABILITY TO SURVIVE IN A VERY
4 COMPETITIVE ENVIRONMENT. AND WE GOT TO BE WORKING IN
5 HAND IN GLOVE WITH THEM AS WE WORK FORWARD TO IMPROVE THE
6 EFFICIENCIES OF THE AGENCY AND ALSO PROVIDE THE
7 LEADERSHIP IN CLEANING UP THE AIR. BUT IF WE PUT ALL OF
8 THE SMALL BUSINESSES OUT OF BUSINESS, WE WON'T HAVE
9 RESOURCES TO CLEAN UP THE AIR. AND THAT'S A FACT OF LIFE
10 THAT WE HAVE TO RECOGNIZE.

11 MR. WILSON: THANK YOU.

12 MAYOR LOVERIDGE.

13 MR. LOVERIDGE: WE'LL SUPPORT THE OPTION 1.
14 ALTHOUGH I UNDERSTAND DENNIS YATES HAS INDEED OFFERED AN
15 OPTION 3; IS THAT CORRECT? THERE ARE ALL KIND OF TRADE
16 OFFS WE GET IN THIS BUSINESS, AND IT SEEMS TO ME WE HAVE
17 TO MAKE THAT KIND OF ASSESSMENT. I GUESS WHERE I'M
18 COMING FROM IS THAT THE AIR QUALITY WHICH THE RESIDENTS
19 OF OUR COUNTY BREATHE, IT'S NOT ONLY OZONE NOW, IT'S NOT
20 ONLY PARTICULATE MATTER, BUT IT'S ALSO TRYING TO DEAL
21 WITH ALL THE STUFF AT THE PORTS AND DIESEL THAT SEEMS TO
22 ME A LOT OF TIME LESSEN THE ABILITY OF THIS DISTRICT TO
23 CLEAN THE AIR OF PEOPLE I REPRESENT. SO I WILL BE
24 SUPPORTING THE MOTION.

25 MR. WILSON: OKAY. THANK YOU. ARE THERE ANY

1 OTHER SPEAKERS? IF NOT I THINK WE'LL HAVE A CALL FOR
2 ROLL CALL VOTE. THE MOTION IS OPTION 1. WOULD YOU
3 PLEASE TURN ON THE VOTING MACHINE?

4 EVERYONE HAS VOTED. CAN WE SEE THE RESULTS?
5 CAN YOU DISPLAY THE RESULTS? HOLD ON. CHAIRMAN BURKE IS
6 HERE.

7 MS. VERDUGO-PERALTA: MY VOTE'S NOT REGISTERED.

8 MR. SILVA: MY VOTE DIDN'T REGISTER EITHER, BUT
9 THAT'S USUAL.

10 MR. WILSON: THAT MOTION FAILS. THAT -- IS
11 THERE A MOTION TO APPROVE OPTION 2.

12 MR. ANTONOVICH: OPTION 2.

13 MR. WILSON: I HAVE A MOTION TO APPROVE OPTION
14 2.

15 MR. OVITT: SECOND.

16 MR. WALLERSTEIN: SUPERVISOR, HOWEVER THIS
17 ULTIMATELY GETS RESOLVED, WHETHER IT'S TODAY OR NEXT
18 FRIDAY'S BOARD MEETING, WE'LL BE MORE THAN HAPPY TO SET
19 THAT UP.

20 MR. WILSON: WE HAVE A MOTION AND A SECOND FOR
21 OPTION 2.

22 MR. LOVERIDGE: THERE IS AN OPTION 3 WHICH WE
23 CAN CHOSE TOO.

24 CHAIRMAN BURKE: OPTION 3 WILL BE WHAT?

25 MR. WILSON: THAT WOULD BE A ONE YEAR 10

1 PERCENT. CHAIRMAN BURKE: DID YOU OPEN THE
2 ROLL?
3 MR. WILSON: THAT MOTION ALSO FAILS. WE EITHER
4 GO TO ANOTHER MOTION OR THIS CONTINUES OVER FOR ONE WEEK.
5 MR. WALLERSTEIN: BY THE RULES OF THE BOARD, IF
6 YOU'RE UNABLE TO RESOLVE THIS TODAY, WE HAVE SCHEDULED A
7 SPECIAL BOARD MEETING FOR NEXT FRIDAY.
8 MR. YATES: YOU WANT TO GIVE OPTION 3 A SHOT?
9 MR. LOVERIDGE: I'D BE WILLING TO SECOND
10 DENNIS'S OPTION 3.
11 CHAIRMAN BURKE: OPTION 3 IS WHAT? THAT'S JUST
12 THE ONE YEAR TEN PERCENT.
13 MR. YATES: YEAH. WITH THE CPI OF ONE YEAR.
14 MR. WILSON: WITH A ZERO FOR THE SECOND YEAR.
15 MR. YATES: RIGHT.
16 MR. WILSON: OKAY.
17 CHAIRMAN BURKE: SOMEBODY DIDN'T VOTE.
18 MR. WILSON: MOTION ALSO FAILS. SO THIS ITEM
19 WILL CARRY OVER. THESE TWO AGENDA ITEMS WILL CARRY OVER.
20 THE PUBLIC HEARING IS CLOSED. WE'LL CARRY THIS OVER TO
21 JUNE 9TH. WE HAVE A MEETING SCHEDULED FOR NEXT WEEK, AND
22 WE'LL TAKE UP THE VOTE AGAIN FOR ONE OF THE THREE
23 OPTIONS.
24 MR. WIESE: SUPERVISOR WILSON, I JUST WANTED TO
25 CLARIFY THAT IT'S THE BOARD'S INTENT TO CONTINUE THIS TO

1 THE MEETING ON JUNE 9TH.

2 MR. WILSON: DO YOU NEED A MOTION FOR THAT OR IS
3 THAT AUTOMATIC?

4 MR. WIESE: I THINK THAT WOULD BE A GOOD IDEA.

5 MR. WILSON: WE HAVE A MOTION? IS THERE A
6 SECOND.

7 MR. LOVERIDGE: SECOND.

8 MR. WILSON: MOTION TO SECOND. ANY OBJECTIONS
9 TO THE MOTION? HEARING NONE, SO ORDERED. THAT TAKES US
10 TO 30. AND WE HAVE A PRESENTATION ON 30. WE HAVE A
11 NUMBER OF SPEAKERS.

12 MR. TISOPULOS: YES. GOOD MORNING AGAIN. FOR
13 THE RECORD, MY NAME IS LAKI TISOPULOS, AND I WILL BE
14 GIVING YOU THE STAFF PRESENTATION ON PROPOSED AMENDMENTS
15 TO RULE 1113 ARCHITECTURAL COATINGS.

16 ARCHITECTURAL COATINGS IS THE MOST SIGNIFICANT
17 AND LARGEST EMISSIONS CATEGORY WITHIN THE REGULATORY
18 AUTHORITY OF THIS AGENCY. IN FACT, EMISSIONS FROM
19 ARCHITECTURAL COATINGS, WHICH ARE SLIGHTLY LESS THAN 40
20 TONS PER DAY ARE MORE THAN THE EMISSIONS FROM ALL OUR
21 CHEMICAL PROCESSING PETROLEUM REFINERIES, ADHESIVE
22 SEALANTS, AND PRINTING OPERATIONS COMBINED. IT IS THE
23 CORNERSTONE FOR ATTAINMENT STRATEGY WHICH MAKES OR BREAKS
24 BASICALLY OUR STATIONARY SOURCE ATTAINMENT STRATEGY. AND
25 PLEASE BE REMINDED THAT IN THE LAST FEW YEARS WHEN YOU

1 LOOK AT THE EIGHT HOUR AVERAGE CONCENTRATION, WE HAVE
2 STAGNATED AND WE NEED EVERY SINGLE OUNCE OF EMISSION
3 REDUCTIONS WE CAN GET.

4 TO ADDRESS THIS, OUR LAST COUPLE OF AMENDMENTS
5 DID REGISTER SIGNIFICANT EMISSION REDUCTIONS, CLOSE TO 27
6 TONS PER DAY AND ALL FOR THE COATING MANUFACTURES A
7 MULTI-YEAR LEAD TIME, A SIX, SEVEN, EIGHT YEARS LEAD TIME
8 WITH RESPECT TO SEVERAL CATEGORIES. AS YOU MAY KNOW,
9 SEVERAL OF THOSE LIMITS ARE KICKING IN TO EFFECT IN JULY
10 1 OF THIS YEAR.

11 ON -- WE ARE FLANKED ON BOTH SIDES WITH
12 LITIGATIONS. WE HAVE A FEDERAL CONSENT DECREE THAT WE
13 SIGNED WITH THE ENVIRONMENTAL COMMUNITY BACK IN '99 THAT
14 ESSENTIALLY LOCKS US IN AND OBTAINED A SPECIFIC TONNAGE
15 OF EMISSION REDUCTIONS AND ALSO REQUIRES US IN THE EVENT
16 WE MODIFY OUR LIMITS OR MOVE THE DATES THAT WE MAKE
17 FEASIBILITY FINDINGS.

18 ON THE OTHER HAND, WE ARE FLANKED BY A COUPLE OF
19 NPCA LITIGATIONS THAT ARE CURRENTLY ONGOING. THERE IS A
20 RECENT COURT DECISION UPHOLDING AQMD'S DETERMINATION THAT
21 VOC LIMITS ARE FEASIBLE. AS DIRECTED BY THE BOARD, AS
22 WELL AS THE RULE, WE HAVE CONDUCTED A VERY THOROUGH AND
23 DETAILED TECHNOLOGY ASSESSMENT, PROBABLY THE MOST
24 DETAILED TECHNOLOGY THAT WE CONDUCTED EVER FOR ANY OTHER
25 REGULATION. WE DID PRESENT IT IN OUR REPORT TO THE

1 GOVERNING BOARD IN JANUARY 6 AND FEBRUARY 3RD OF THIS
2 YEAR. AND WE MAINLY FOCUSED IN THE PRODUCT AVAILBLE AND
3 PERFORMANCE AND PRODUCT MANUFACTURERS, CONTRACTORS. WE
4 DID FIELD EVALUATION, AND IN ADDITION TO THE PERFORMANCE
5 STUDIES AND THE CONSULTATION MEETINGS THAT WE HAVE HAD
6 WITH THE TECHNICAL ADVISORY COMMITTEE, THE AD HOC
7 COMMITTEE THAT CHAIRMAN BURKE FORMED AND THAT IS BEING
8 CHAIRED BY SUPERVISOR ANTONOVICH AND JAN PERRY. AND ALSO
9 WE HAVE TALKED TO RESIN AND COATING MANUFACTURERS.

10 IN A NUT SHELL, WE HAVE IDENTIFIED A PLETHORA,
11 NUMEROUS COMPLIANT PRODUCTS WAY BACK FROM THE YEAR 2000
12 LITERALLY IN EVERY SINGLE SOURCE CATEGORY. WE HAVE MORE
13 THAN 500 600, PRODUCTS THAT WE IDENTIFIED AND WE INCLUDED
14 THOSE PRODUCT NAMES AS WELL AS THE MANUFACTURE NAMES IN
15 OUR TECHNOLOGY ASSESSMENT IN OUR ANNUAL REPORT TO THE
16 BOARD.

17 WE DID NOT RELAX WITH THE PRODUCTS THAT WE
18 IDENTIFIED. WE ACTUALLY TOOK THESE PRODUCTS AND RAN SIDE
19 BY SIDE COMPARATIVE ANALYSIS. WE HIRED THIRD-PARTY LAB
20 CONTRACTORS STUDYING THAT FROM '98. WE HAD NATIONAL
21 TECHNICAL SYSTEMS, AVES. WE COLLABORATED WITH OTHER
22 SISTER AGENCIES SUCH AS THE CONSORTIUM OF POPW'S AS WELL
23 AS THE ESSENTIAL PUBLIC SERVICES THAT IS A CONSORTIUM OF
24 WATER DISTRICTS. AND MOST RECENTLY WE CONTRACTED WITH
25 THE UNIVERSITY OF MISSOURI WHICH WE HAD A LINE IN OUR

1 LATEST FINDINGS.

2 WE DID PRESENT OUR FINDINGS TO THE BOARD IN
3 JANUARY AND FEBRUARY. TESTIMONY WAS RECEIVED, YOU MAY
4 RECALL, AT THE TIME. MANY MANUFACTURERS WERE --
5 ESSENTIALLY INDICATED THEIR READINESS TO GO AHEAD WITH
6 THE LIMITS. NPCA ON THE OTHER SIDE WANTED TO EXTEND THE
7 STAFF PROPOSAL AND ESSENTIALLY GIVE MORE LEAD TIME WITH
8 RESPECT TO SEVERAL COATING CATEGORIES.

9 WE HAVE HELD NUMEROUS MEETINGS WITH NPCA, RESIN
10 MANUFACTURERS AS WELL AS INDIVIDUAL MANUFACTURERS, MORE
11 THAN 39 MEETINGS, NINE MEETINGS WITH THE TAC. WE HAD OUR
12 AD HOC COMMITTEE MEETINGS WITH THE BOARD MEMBERS AND
13 EIGHT SUBCOMMITTEE MEETINGS. AND WE HAD 22 MEETINGS WITH
14 THE INDUSTRY SINCE JANUARY 30 WHERE THIS BOARD HAD
15 DIRECTED US TO CONTINUE OUR EFFORTS TO RESOLVE AND NARROW
16 DOWN OUR ISSUES. WE HAVE HELD A PUBLIC WORKSHOP ON
17 JANUARY 26TH. AND BASED ON MEETINGS AND LEADS WE HAVE
18 RECEIVED, WE HAVE REVISED OUR PROPOSAL THAT WAS PRESENTED
19 TO YOU IN MONTHS BACK.

20 IN A NUTSHELL, OUR CONCLUSIONS ARE WE ARE READY
21 TO ROLL WITH THE LIMITS FOR MOST OF THE CATEGORIES WITH
22 THE EXCEPTION OF A FEW IN WHICH ADDITIONAL TRANSITION
23 TIME IS WARRANTED. ESSENTIALLY WE ARE PROPOSING TO
24 ESTABLISH A NEW CATEGORY FOR THE HIGH GLOSS NON-FLATS AND
25 POSTPONE THE FINAL LIMITS BY ONE YEAR FOR THE HIGH GLOSS,

1 THE QUICK DRY ENAMELS, AND SPECIALTY PRIMERS AND WE ARE
2 ESTABLISHING INTERIM LIMITS FOR THOSE.

3 ALSO TO PROVIDE INTEREST WITH SOME FLEXIBILITY
4 ON THE INDUSTRIAL MAINTENANCE COATINGS, ESPECIALLY FOR
5 THOSE FORMULATIONS THAT'S ARE GEARED TOWARDS THE HIGH
6 LONGEVITY PRODUCTS, WE ARE PROPOSING TO ALLOW TBAC AS AN
7 EXEMPT SOLVENT. WE HAVE CONDUCTED OUR ANALYSIS THAT
8 SHOWS THAT THE HEALTH RISK ASSOCIATED WITH THE USE OF THE
9 PRODUCT IS BELOW OUR THRESHOLDS. WE HAVE REACHED A
10 COMPROMISE OR RESOLUTION WITH THE INDUSTRY WITH REGARD TO
11 THE CLEAN WOOD FINISHES IN SMALL CONTAINERS. SO WE ARE
12 PROPOSING AN ADDITIONAL ONE YEAR OF SELL THROUGH. AND
13 ALSO WE ARE PROPOSING TO INCLUDE ADDITIONAL CATEGORIES
14 INTO AVERAGE OPTION.

15 WE ARE PROPOSING TO REDUCE THE VOC LIMITS ON
16 THREE CATEGORIES, CONCRETE CURING COMPOUND, DRY FOG
17 COATINGS, AND TRAFFIC COATINGS IN WHICH WE HAVE
18 IDENTIFIED SEVERAL PRODUCTS WITH SIGNIFICANT MARKET
19 PENETRATION AT THESE LOWER VOC LEVELS. AND WE ARE ALSO
20 PROPOSING TO PHASE OUT A SPECIALTY CATEGORY OF FIRE
21 RETARDANT COATINGS. BECAUSE, AGAIN, WE ALSO IDENTIFIED
22 PRODUCTS AT LOWER VOC LEVELS THAT PERFORM JUST AS WELL AS
23 HIGH VOC PRODUCTS.

24 THE STAFF PROPOSALS IMPACTS, EMISSION IMPACTS
25 WILL RESULT IN APPROXIMATELY EIGHT-TENTHS OF TON

1 POSTPONED FOR ONE YEAR. WE ARE RECAPTURING THOSE BACK IN
2 YEAR' S TIME. AND WITH THE PROPOSED REDUCTION IN VOC
3 CATEGORIES, WE ARE GOING TO BE ESSENTIALLY CAPTURING
4 ANOTHER .7 TONS OF ADDITIONAL REDUCTIONS. AND THESE ARE
5 VERY COST-EFFECTIVE REDUCTIONS. IT' S SLIGHTLY LESS THAN
6 \$5,000 PER TON.

7 NOW, AS YOU' VE HEARD FROM OUR PREVIOUS
8 MEETINGS, WE HAVE BEEN WORKING WITH NPCA AND THERE HAVE
9 BEEN SEVERAL PROPOSALS THAT HAVE SUBMITTED TO US. AND I
10 HAVE A COUPLE OF SLIDES BASED ON THEIR PROPOSAL, WHICH IS
11 ONE OF THE OPTIONS BEFORE YOU TODAY. THEY ARE
12 ESSENTIALLY PROPOSING -- THE PROPOSAL IS TO EXTEND THE
13 INDUSTRIAL MAINTENANCE CATEGORY AND RUST PREVENTATIVES BY
14 ONE YEAR. THEY' RE PROPOSING TO DELAY THE FUTURE LIMITS
15 WITH RESPECT TO THE WATERPROOFING, WATER SEALERS, AND
16 SEVERAL OTHER CATEGORIES.

17 THEY ARE PROPOSING TO SUBDIVIDE A SERIES OF
18 CATEGORIES INTO INTERIOR/EXTERIOR AND ELIMINATE THE
19 FUTURE EXTERIOR LIMITS, MAINTAIN THE SMALL CONTAINER
20 EXEMPTION FOR CLEAR WOOD FINISHES AND SEPARATE THE
21 ANTI -GRAFFITI FROM THE IM CATEGORY AND ALLOW A BROADER
22 USE OF TBAC, NOT JUST FOR IM, BUT ALSO FOR LACQUERS AND
23 VARNISHES AND ALSO ADVANCE THE FUTURE OF INTERIOR FLATS
24 BY ONE YEAR IN AN EFFORT TO OFFSET SOME OF THE EMISSION
25 REDUCTIONS PER ZONE.

1 OUR RESPONSE IS THAT WE CANNOT EMBRACE THIS
2 PARTICULAR PROPOSAL. OUR PROPOSAL IS SUBSET BASICALLY OF
3 NPCA'S PROPOSAL AND WE ARE EXTENDING THE TIME FRAME FOR
4 THOSE IN THOSE CATEGORIES. BUT WITH RESPECT TO THE REST
5 OF THE CATEGORIES, INCLUDING THE NPCA PROPOSAL, WE HAVE
6 IDENTIFIED COMPLIANT PRODUCTS LITERALLY IN ALL CATEGORIES
7 THAT PERFORM WELL COMPARABLE TO THE HIGHER VOC
8 COUNTERPARTS. AND WE CANNOT MAKE ANY INFEASIBILITY
9 FINDINGS WHICH ARE -- WHICH WE ARE REQUIRED TO MAKE UNDER
10 THE CONSENT DECREE. AND, FRANKLY, WE RECEIVE VERY LITTLE
11 QUANTITATIVE INFORMATION FROM NPCA TO OFFSET OR COUNTER
12 THOSE DATA.

13 SPLITTING CATEGORIES INTO INTERIOR/EXTERIOR IS
14 VERY DIFFICULT TO ENFORCE, AND WE ARE NOT SUPPORTIVE OF
15 IT. AND THE PROPOSAL WILL RESULT IN SIGNIFICANT
16 EMISSIONS IMPACT. WE ARE GOING TO BE LOSING 4.7 TONS PER
17 DAY PERMANENTLY AND ANOTHER 2 TONS PER DAY WILL BE
18 DELAYED BY A YEAR OR TWO. THESE ARE SIGNIFICANT EMISSION
19 REDUCTIONS PER ZONE. THEY WILL ESSENTIALLY WIPE OUT 25
20 TO 30 PERCENT OF THE EMISSION REDUCTIONS THAT WERE
21 OBTAINED IN THE LAST THREE, FOUR YEARS FROM ALL
22 STATIONARY SOURCES COMBINED AND WILL PUT US IN THE BLACK
23 WITH RESPECT TO OUR SIP COMMITMENTS.

24 WE ARE OFFERING TRANSITION TIME WHERE
25 WARRANTED. IN ADDITION, THERE ARE PROVISIONS OF THE RULE

1 SUCH AS THE SELL THROUGH, THE AVERAGING THAT ALLOWS SOME
2 FLEXIBILITY DURING TRANSITION. AND UNDER THE WORST
3 CONDITIONS, IF A SPECIFIC FACILITY NEEDS ADDITIONAL
4 TRANSITION TIME, WE ALWAYS HAVE THE VARIOUS OPTION.

5 THE FEEDBACK THAT WE ARE GETTING FROM SMALL,
6 MEDIUM, AS WELL AS LARGE MANUFACTURERS WHO ARE TELLING US
7 THAT THEY ARE READY TO ROLL WITH THOSE LIMITS IS THAT ANY
8 DELAY WOULD HAVE BEEN UNFAIR BECAUSE THEY HAVE INVESTED
9 SIGNIFICANT AMOUNTS OF R AND D COSTS. AND BASICALLY IT
10 WILL PUT THEM IN A COMPETITIVE DISADVANTAGE.

11 NOW, YOU MAY RECALL AT THE LAST MEETING BOARD
12 MEMBER SUPERVISOR ANTONOVICH MADE A MOTION THAT WAS
13 COMPRISED OF FOUR ELEMENTS TO POSTPONE THE HEARING DATE
14 BY THREE MONTHS TO SEPTEMBER AND ALSO DELAY THE EFFECTIVE
15 DATE FOR THE AMENDMENTS TO OCTOBER 6. THERE WAS A
16 DIRECTION TO CONTINUE TO WORK WITH THE AD HOC COMMITTEE
17 AND ALSO DIRECTION TO STAFF TO BRING BACK A REPORT AT
18 THIS MEETING TODAY.

19 WITH RESPECT TO ITEM NO. 2, WE SLIGHTLY MODIFY
20 SUPERVISOR'S MOTION BECAUSE IT WAS BROADER THAN WHAT HAS
21 BEEN ANALYZED CEQA. IT'S A LITTLE BROADER THAN WHAT NPCA
22 HAS BEEN ASKED. FOR INSTANCE, FOR INTERNAL PRODUCTS, WE
23 HAVE -- I'M SORRY. FOR EXTERIOR PRODUCTS -- FOR
24 POSTPONEMENT OF THE EXTERIOR PRODUCT LIMITS, WE HAVE
25 FULLY ANALYZED THE IMPACTS AND WE ARE READY TO ROLL.

1 WITH INTERIOR ONES, WE ARE SEEKING DIRECTION FROM THE
2 BOARD TO DIRECT STAFF TO COMPLETE THE CEQA ANALYSIS AND
3 COME BACK AS EXPEDITIOUSLY AS POSSIBLE AND IN THE INTERIM
4 EXERCISE ENFORCEMENT DISCRETION.

5 WITH RESPECT TO ITEM 3 AND 4, WE DID HAVE AN AD
6 HOC COMMITTEE MEETING ON MAY 12TH, SUBSEQUENTLY ON MAY
7 19TH, AND 23RD WE MET WITH -- THE SUBCOMMITTEE MET, AND
8 WE MADE SOME PROGRESS. WE REACHED A RESOLUTION -- WHAT I
9 BELIEVE IS A RESOLUTION ON THE ONE-YEAR SELL THROUGH.
10 AND WE DIDN'T MAKE MUCH PROGRESS ON THE REMAINING ISSUES.

11 HOWEVER, OUR RECOMMENDATION IS YOU HAVE
12 BASICALLY THREE OPTIONS BEFORE YOU TODAY. THE OPTION 1
13 IS STAFF PROPOSAL WHICH WOULD POSTPONE .8 TONS PER DAY,
14 AND WE'LL GET AN ADDITIONAL .7 TONS PER DAY BY NEXT YEAR.
15 OPTION 2 IS THE MOTION BY SUPERVISOR ANTONOVICH WHICH
16 WOULD POSTPONE 11.21 TONS PER DAY FOR 90 DAYS. AND THE
17 THIRD OPTION IS THE NPCA ALTERNATE PROPOSAL WHICH WOULD
18 PERMANENTLY FOREGO 4.7 PER DAY AND WOULD DELAY AN
19 ADDITIONAL 2.3 TONS PER DAY OF REDUCTIONS.

20 OUR RECOMMENDATIONS BASED ON THE FACTS THAT I
21 HAVE SHARED WITH YOU IS TO ADOPT OPTION 1. IN ADDITION
22 TO THE TWO OTHER ISSUES THAT ARE BEFORE YOU, ESSENTIALLY
23 WE ARE GRANTING ADDITIONAL SELL THROUGH TIME TO THE
24 SHELLACS, SHELLAC PRODUCTS IN RESPONSE TO A LATE COMMENT
25 THAT WE RECEIVED FROM ONE OF THE VENDORS. AS WE ALTER

1 THE DEFINITION, WE ENTER A LABELLING ISSUE AND TO ADDRESS
2 THE LABELLING ISSUE WE ARE PROPOSING TO, A, PHASE IN THE
3 CHANGE OF THE DEFINITION SIX MONTHS FROM NOW BY JANUARY 1
4 OF NEXT YEAR AND PROVIDE THEM WITH ONE-YEAR SELL THROUGH
5 PRIVILEGE SIMILAR TO WHAT WE HAVE PROVIDED TO THE CLEAR
6 WOOD FINISHES. ALSO, THE SECOND ITEM BASICALLY CLARIFIES
7 THAT THE BOARD CAN ACT ON OPTION 3 IF IT SO CHOOSES TODAY
8 AS OPPOSING TO CONTINUING THE HEARING UNTIL NEXT MONTH.

9 THAT CONCLUDES MY PRESENTATION. I'M HAPPY TO
10 ANSWER ANY QUESTIONS.

11 MR. WILSON: THANK YOU. ARE THERE ANY
12 QUESTIONS FROM THE BOARD BEFORE WE TAKE TESTIMONY?
13 SEEING NONE, THE FIRST SPEAKERS WILL BE FROM THE PAINT
14 INDUSTRY. AND WE HAVE ABOUT 16 SPEAKERS, SO PLEASE USE
15 YOUR TIME EFFICIENTLY. EVERYONE IS LIMITED TO THREE
16 MINUTES. THE FIRST SPEAKER WILL BE DAVID DARLING
17 FOLLOWED BY JEFFREY MARGOLIS. WILL THE SECOND SPEAKER
18 COME TO THE OTHER MICROPHONE?

19 MR. DARLING: GOOD MORNING. I'M DAVE DARLING
20 AND THE DIRECTOR OF ENVIRONMENTAL AFFAIRS AT THE NATIONAL
21 PAINT AND COATING ASSOCIATION. WE REPRESENT 95 -- WE
22 REPRESENT MANUFACTURERS THAT PRODUCE 95 PERCENT OF THE
23 COATINGS IN THE UNITED STATES.

24 I WOULD LIKE TO THANK BOARD MEMBERS ANTONOVICH
25 AND PERRY FOR THEIR TIME, EFFORT, AND PATIENCE FOR

1 SITTING ON AD HOC PAINT AND COATINGS COMMITTEE WHICH HAS
2 ATTEMPTED TO RESOLVE DIFFERENCES BETWEEN THE INDUSTRY AND
3 STAFF OVER TECHNOLOGICAL ISSUES OVER COATINGS.

4 WE'VE MADE PROGRESS TO DATE, AND WE BELIEVE THAT
5 THE PROPOSED AMENDMENTS ARE A GOOD START. HOWEVER, WE
6 REALLY NEED MORE TIME TO WORK THROUGH MANY MORE OF THE
7 TECHNOLOGICAL ISSUES. WE BELIEVE THAT AN EXTENSION AT
8 THIS TIME REALLY WILL NOT AFFECT AIR QUALITY BECAUSE THE
9 PRODUCTS ARE ALREADY IN THE PIPELINE.

10 BEHIND ME YOU HAD MENTIONED THAT I HAVE SEVERAL
11 MEMBERS THAT ARE GOING TO SPEAK TO SOME OF THE REMAINING
12 ISSUES, THE IMPORTANT ISSUES THAT STILL NEED TO BE
13 ADDRESSED. AND TODAY YOU'RE GOING TO HEAR FROM SEVERAL
14 COMPANIES THAT WILL SAY THAT THEY COMPLY WITH THE LIMITS.
15 HOWEVER, WE ARE CONCERNED THAT THESE COMPLIANT COATINGS
16 REPRESENT ONLY A SMALL FRACTION OF THE MARKETPLACE AND
17 THAT THESE COATINGS REALLY HAVE NOT BEEN FULLY PROVEN IN
18 THE FIELD.

19 THANK YOU.

20 MR. WILSON: THANK YOU VERY MUCH.

21 AFTER MR. MARGOLIS WE'LL HEAR FROM CHRISTINE
22 STANLEY.

23 MR. MARGOLIS: JEFF MARGOLIS. I'M HERE ON
24 BEHALF OF NATIONAL PAINT AND COATINGS ASSOCIATION.

25 IN 1999 AND 2002 AND AGAIN IN 2003 THIS BOARD

1 ADOPTED AMENDMENTS TO THIS RULE THAT REQUIRED
2 MANUFACTURERS TO DEVELOP AND CONSUMERS TO USE DRASTICALLY
3 REFORMULATED COATINGS THAT WERE LARGELY UNPROVEN. OVER
4 THE LAST FIVE YEARS, THERE HAVE BEEN SOME SUCCESSES AND
5 SOME DIFFICULTIES AND MANY PROBLEMS THAT MR. DARLING
6 NOTED REMAINED.

7 STAFF HAS BEEN WILLING TO ADDRESS SOME OF THE
8 CONCERNS OF MANUFACTURERS AND USERS IN THE PROPOSED
9 OPTION 1 BEFORE THE BOARD. WE APPRECIATE THE FLEXIBILITY
10 THAT STAFF HAS SHOWN, FOR EXAMPLE, IN THE TBAC ISSUE AND
11 ON THE SMALL CONTAINER SELL THROUGH PROPOSAL THAT WE WERE
12 ABLE TO RESOLVE. BUT WE THINK -- WE WERE MAINLY
13 CONCERNED ABOUT A NUMBER OF COATINGS AND APPLICATIONS FOR
14 WHICH NPCA'S MEMBERS BELIEVE THE TECHNOLOGY IS STILL NOT
15 AS SUFFICIENTLY DEVELOPED TO ALLOW FOR PRODUCTS THAT ARE
16 GOING TO MEET THE NEEDS OF THE CONSUMERS AND PROFESSIONAL
17 USERS IN THE BASIN WHEN THESE LIMITS COME IN TO EFFECT IN
18 JULY.

19 YOU'VE HEARD FROM STAFF THAT SOME MANUFACTURERS
20 CLAIM TO HAVE COMPLIANT COATINGS IN EACH CATEGORY.
21 YOU'VE ALSO HEARD THAT INDUSTRY NPCA HASN'T PROVIDED
22 QUANTITATIVE DATA. WE'VE HAD A NUMBER OF DISCUSSIONS AS
23 DR. TISOPULOS NOTED IN THE AD HOC COMMITTEE WHICH HAS LED
24 US TO UNDERSTAND WHAT STAFF IS SAYING THAT THEY -- THAT
25 WE DON'T HAVE QUANTITATIVE DATA COMPARING THESE COATINGS

1 THAT ARE CLAIMED TO COMPLY WITH THE RULE WITH EXISTING
2 COATINGS. AND THAT'S LARGELY BECAUSE THESE COATINGS
3 AREN'T ON THE MARKET. THEY'RE NOT AVAILABLE TO BE
4 TESTED. AND OF ALL THE TESTING THAT YOU'VE HEARD ABOUT
5 IS LAB TESTING NOT REAL WORLD PERFORMANCE DATA.

6 YOU'LL HEAR FROM OUR MEMBERS WHO WILL TELL YOU
7 THAT THEY NEED TO BE SECURE THAT A COATING WILL WORK AND
8 PROTECT BEFORE THEY'RE WILLING TO PUT IT ON THE MARKET.
9 THE LEGISLATURE HAS SAID THAT AT LEAST WE'RE BACKED, THAT
10 THE DISTRICT NEEDS TO MAKE SURE THAT WHEN A VENDOR CLAIMS
11 MY PRODUCT WILL COMPLY AND YOU SHOULD REVISE THAT, THAT
12 PRODUCT SHOULD BE SHOWN FOR A PERIOD OF AT LEAST A YEAR
13 TO WORK. WE THINK THAT EVIDENCE IS A SENSE THAT THE
14 BOARD OUGHT TO INCORPORATE IN THE RULE OF 1113 CONTEXT AS
15 WELL BEFORE ADOPTING RADICAL NEW REVISIONS THAT THESE
16 COATINGS SHOULD BE SHOWN TO WORK. AND WE JUST DON'T
17 THINK THE STATE OF THE TECHNOLOGY IS THERE.

18 AND IT'S DIFFICULT FOR US TO DEVELOP DATA TO
19 PROVE A NEGATIVE. WE CAN'T PROVE SOMETHING DOESN'T WORK
20 THAT ISN'T ON THE MARKET AND YOU HAVEN'T SEEN. YOU'RE
21 GOING TO HEAR FROM MANUFACTURERS WHO HAVE TOLD YOU -- WHO
22 WILL TELL YOU -- MISS STANLEY IS NEXT ABOUT AMARON, ONE
23 OF THE BIGGEST INDUSTRIAL MAINTENANCE COATINGS
24 MANUFACTURERS, THE DIFFICULTY THEY'RE HAVING IN COMING UP
25 WITH PRODUCTS THAT WILL MEET THIS RULE AND MEET THE NEEDS

1 OF THE USERS IN THIS DISTRICT.

2 HAVING SAID ALL OF THAT, WE'RE OPTIMISTIC THAT
3 CONTINUED TECHNICAL DIALOGUE IS THE BEST WAY TO ADDRESS
4 THESE ISSUES AND THAT THE AD HOC COMMITTEE'S IMPORTANT
5 WORK IN THIS REGARD IS NOT DONE YET. OUR GOAL IS TO COME
6 UP WITH AN AGREED UPON SET OF VOC LIMITS THAT PROVIDE
7 PRODUCTS THAT MEET THE NEEDS OF CONSUMERS AND
8 PROFESSIONAL USER IN THE BASIN WHILE STILL LOWERING
9 EMISSIONS TO THE MAXIMUM EXTENT FEASIBLE AND ASK THE
10 BOARD FOR SUPPORT IN THIS ENDEAVOR.

11 THANK YOU.

12 MR. WILSON: THANK YOU.

13 MISS STANLEY WILL BE FOLLOWED BY MADELINE
14 HARDING.

15 MS. STANLEY: GOOD MORNING. MY NAME IS
16 CHRISTINE STANLEY. I REPRESENT AMARON INTERNATIONAL, AND
17 WE PRODUCE INDUSTRIAL MAINTENANCE PRODUCTS.

18 INDUSTRIAL MAINTENANCE PRODUCTS THAT WE MAKE ARE
19 USED IN BOTH PUBLIC INFRASTRUCTURE AND INDUSTRIAL
20 INFRASTRUCTURE. THE CONSEQUENCE OF FAILURE OF OUR
21 PRODUCTS CAN BE VERY SIGNIFICANT AS YOU COULD IMAGINE
22 WHAT HAPPENS WHEN BRIDGES RUST, TRANSMISSION PIPELINES
23 FAIL, TO CHEMICAL STORAGE TANKS BURST.

24 THE STAFF HAS RECOGNIZED THE PROBLEMS THAT WE'VE
25 HAD IN TRYING TO MEET A HUNDRED GRAMS PER LITER AND HAS

1 RECOMMENDED THE USE TBAC OR TO LISTING TBAC FOR USE IN
2 INDUSTRIAL MAINTENANCE COATINGS. THIS HAPPENS TO BE A
3 VERY GOOD OPTION FOR MANY OF OUR COATINGS, BUT NOT FOR
4 ALL OF THEM. FOR EXAMPLE, TBAC DOES NOT WORK AS A
5 COALESCENT IN WATERBOUND PRODUCTS. AND TO DATE OUR
6 COMPANY HAS NOT BEEN ABLE TO PRODUCE OUR WATERBOUND
7 PRODUCT AT A HUNDRED GRAMS PER LITER WITHOUT GIVING
8 CORROSION RESISTANCE.

9 FURTHER, THE TBAC ISSUE IS VERY NEW FOR US. WE
10 STARTED REFORMULATING WITH TBAC LAST YEAR. IT'S TAKEN US
11 A LONG TIME. WE HAVE OVER 50 PRODUCTS TO REFORMULATE.
12 AND DURING THOSE REFORMULATIONS, WE'VE ALSO FOUND THAT
13 TBAC IS NOT A PLUG IN REPLACEMENT. WE CANNOT TAKE ONE
14 SOLVENT OUT AND PUT TBAC IN. WE HAVE TO REFORMULATE THE
15 WHOLE PRODUCT.

16 THE PROBLEMS THAT WE'VE COME ACROSS AND ARE
17 STILL PLAGUING US IN OUR REFORMULATIONS ARE DRY SPRAY,
18 COLOR AND COMPATIBILITY, AND SUBSTRATE WETTING, IN
19 PARTICULAR THE SUBSTRATES THAT ARE FULLY PREPARED AS SUCH
20 WE SEE IN INDUSTRIAL MAINTENANCE APPLICATIONS.

21 WE NEED TIME TO COMPLETE ALL THESE
22 REFORMULATIONS. BEYOND THAT WE NEED TIME TO TEST. WE
23 HAVE TO TEST THESE PRODUCTS EXTENSIVELY IN THE LAB AND IN
24 THE FIELD. THEY PROVIDE A VERY IMPORTANT ROLE IN OUR
25 INFRASTRUCTURE. FURTHER TO THAT WE DO NEED TO DESCALE

1 AND IT CAN TAKE SEVERAL MONTHS JUST TO SCALE A PRODUCT UP
2 IN PRODUCTION OF THAT SIZE.

3 WE ASK YOU TO CONSIDER SUPPORTING OPTIONS 2 OR 3
4 WHICH WOULD GIVE US TIME TO DO PRODUCE PRODUCTS THAT WILL
5 PERFORM AS NEEDED IN THIS VERY CATEGORY.

6 THANK YOU.

7 MR. WILSON: THANK YOU.

8 MISS HARDING WILL BE FOLLOWED BY ROBERT WENDELL.

9 MS. HARDING: MY NAME IS MADELINE HARDING. I'M
10 MANAGER OF REGULATORY AFFAIRS FOR THE SHERWIN WILLIAMS
11 COMPANY. TODAY I'D LIKE TO DISCUSS INDUSTRIAL
12 MAINTENANCE COATINGS AS CHRISTINE DID, AND I WANT TO
13 SUPPORT EVERYTHING SHE HAS SAID ABOUT INDUSTRIAL
14 MAINTENANCE COATINGS.

15 INDUSTRY HAS REQUESTED A DELAY IN THE
16 IMPLEMENTATION OF THE HUNDRED GRAM PER LITER LIMIT IN
17 THIS CATEGORY. STAFF DISAGREES STATING THAT THERE ARE
18 NUMEROUS IM COATINGS THAT WILL COMPLY. WE AGREE. IN
19 FACT, SHERWIN WILLIAMS IS ONE OF THE ORGANIZATIONS THAT
20 MAKES A WHOLE LOT OF THOSE. HOWEVER, WE WANT YOU TO
21 REMEMBER THAT IM COATINGS ARE USED FOR PROTECTION. THEY
22 ARE NOT JUST DECORATIVE LIKE THE REST OF THE COATINGS IN
23 THIS AREA.

24 AND BECAUSE THAT PROTECTION IS CRITICAL, IT
25 PROTECTS THINGS LIKE BRIDGES AND CHEMICAL STORAGE TANKS

1 AND CHEMICAL FACILITIES, IT'S CRITICAL THAT THE PRODUCTS
2 THAT ARE ON THE MARKET AND THAT ARE OFFERED ACTUALLY DO
3 THE JOB AND DO IT RIGHT. OUR PRODUCTS ARE GOOD, BUT
4 THEY'RE NOT GOOD FOR ALL APPLICATIONS FOR WHICH THEY'RE
5 GOING TO HAVE TO BE USED UNDER THIS SCENARIO.

6 I WANT YOU TO REALIZE THAT THE LIMIT FOR IM
7 COATINGS, THE HUNDRED GRAM PER LITER LIMIT THAT'S COMING
8 IN TO EFFECT IN JULY OF THIS YEAR IS THE SAME LIMIT
9 THAT'S FOR FLAT COATINGS TODAY. THAT IS BIZARRE. FLAT
10 COATINGS ARE WHAT GOES ON YOUR DINING ROOM WALL AND
11 DOESN'T NEED A WHOLE LOT OF PROTECTIVE PROPERTIES. AND
12 IT IS BIZARRE THAT THE SAME LIMIT IS GOING TO BE FOR
13 INDUSTRIAL MAINTENANCE COATINGS.

14 I ALSO TO WANT TO POINT OUT THAT IN ADDITION TO
15 INDUSTRIAL MAINTENANCE TO 100, ZINCRAGE PRIMERS ARE ALSO
16 GOING TO A HUNDRED. AND ZINCRAGE PRIMERS ARE THE
17 FUNDAMENTAL BASE ON WHICH A RUST PREVENTATIVE INDUSTRIAL
18 MAINTENANCE COATING RESTS. AND AT THAT LIMIT, YOU ARE
19 REALLY LIMITING THE SELECTION TO VERY VERY VERY VERY FEW
20 PRODUCTS THAT ARE ON THE MARKET. AND THE SURFACE
21 PREPARATION USING THOSE PRODUCTS BECOMES EXTREMELY
22 IMPORTANT. AND IF IT IS NOT PERFECT, THEN THAT SYSTEM
23 WILL NOT WORK.

24 I JUST WANT TO RESPECTFULLY RECOMMEND THAT THE
25 BOARD PURSUE A ONE- OR TWO-YEAR DELAY IN THE EFFECTIVE

1 DATE FOR THE INDUSTRIAL MAINTENANCE COATINGS. THANK YOU.

2 MR. WILSON: THANK YOU.

3 MR. WENDELL WILL BE FOLLOWED BY MIKE DAVIS.

4 MR. WENDELL: GOOD MORNING, MR. CHAIRMAN,
5 WHEREVER YOU ARE, AND MEMBERS OF THE BOARD. MY NAME IS
6 ROBERT WENDELL, AND I AM THE DIRECTOR OF ENVIRONMENTAL
7 AFFAIRS FOR DUNN EDWARDS CORPORATION.

8 DUNN EDWARDS IS A MAJOR SOUTHWESTERN REGIONAL
9 MANUFACTURER AND DISTRIBUTOR OF ARCHITECTURAL COATINGS.
10 OUR MAIN OFFICE AND FACTORY COMPLEX ALONG WITH ALMOST
11 HALF OF 80 DISTRIBUTION CENTERS ARE LOCATED HERE IN THE
12 SOUTH COAST.

13 SOME OF YOU MAY RECALL THAT SEVEN YEARS AGO DUNN
14 EDWARDS SUPPORTED THE ADOPTION OF MAJOR AMENDMENTS TO
15 RULE 1113 INCLUDING THE LIMITS THAT ARE SCHEDULED TO
16 BECOME EFFECTIVE OF JULY 1ST OF THIS YEAR. WE DID SELL
17 AT THAT TIME, EVEN THOUGH WE KNEW THAT NO TECHNOLOGY YET
18 EXISTED TO MEET THOSE LIMITS, BECAUSE WE BELIEVE THAT
19 REASONABLE SAFEGUARDS WERE BEING PUT INTO THE RULE.
20 AMONG THOSE SAFEGUARDS WAS THE TECHNOLOGY ASSESSMENT
21 PROCESS WHICH WAS INTENDED TO MONITOR THE PROGRESS OF
22 COATINGS TECHNOLOGY AND TO RECOMMEND CHANGES IN LIMITS OR
23 DEADLINES AS APPROPRIATE.

24 UNFORTUNATELY, THIS PROCESS HAS NOT PERFORMED AS
25 WELL AS EXPECTED. THIS STUDY THAT WAS TO EVALUATE

1 FEASIBILITY OF THE JULY 1ST LIMITS INCLUDED ONLY THE SORT
2 OF PRELIMINARY BENCH TESTS, LABORATORY TESTS THAT
3 COATINGS FORMULATORS USED TO DETERMINE WHETHER TO MOVE A
4 NEW FORMULATION INTO THE MORE CRITICAL PHASE OF FIELD
5 APPLICATION TRIALS AND LONG-TERM EXPOSURE TESTS.

6 DUNN EDWARDS HAS ON ITS OWN CONDUCTED SUCH FIELD
7 APPLICATION TRIALS AND LONG-TERM EXPOSURE TESTS
8 PARTICULARLY FOR NON-FLAT COATINGS FORMULATED TO MEET A
9 VOC CONTENT OF 50 GRAMS PER LITER. OUR TEST RESULTS,
10 WHICH WE HAVE SHARED WITH YOUR STAFF, SHOW THAT THE 50
11 GRAM PER LITER NON-FLATS ARE GROSSLY DEFICIENT IN THEIR
12 PERFORMANCE RELATIVE TO THE PERFORMANCE OF OUR CURRENTLY
13 AVAILABLE NON-FLATS MEETING A LIMIT OF 150 GRAMS PER
14 LITER.

15 THIS IS ESPECIALLY TRUE FOR LOWER VOC EXTERIOR
16 NON-FLATS WHICH HAVE VERY POOR DIRT PICKUP RESISTANCE
17 GOING TO THE INHERENTLY SOFT AND GUMMY NATURE OF THE LOW
18 VOC CAPABLE RESINS USED TO FORMULATE THESE PAINTS THEY
19 READILY PICK UP DIRT AND DUST THAT BECOMES PERMANENTLY
20 EMBEDDED IN THE PAINT FILM CAUSING IT TO LOOK
21 UNACCEPTABLY FILTHY IN AS LITTLE AS TWO YEARS WHICH LEADS
22 TO EARLY REPAINTING.

23 BECAUSE OF THIS AND OTHER SIMILAR PROBLEMS WITH
24 LOW VOC TECHNOLOGY, DUNN EDWARDS SUPPORTS NPCA'S REQUEST
25 FOR MORE TIME TO CONTINUE ENGAGING THE STAFF IN A

1 DIALOGUE ON APPROPRIATE MEANS TO ADDRESS ISSUES OF
2 TECHNOLOGICAL AND ECONOMIC INFEASIBILITY OF THE JULY 1ST
3 LIMITS.

4 THANK YOU FOR YOUR CONSIDERATION OF OUR REQUEST.

5 MR. WILSON: THANK YOU.

6 MR. DAVIS WILL BE FOLLOWED BY MIKE MURPHY.

7 MR. DAVIS: GOOD MORNING, MEMBERS OF THE BOARD.
8 MY NAME IS MIKE DAVIS. I'M THE LOCAL MANUFACTURERS
9 REPRESENTATIVE FOR PROSOCO, INC., AND I'M HERE TODAY TO
10 URGE YOU TO CONSIDER AMENDMENTS 2 OR EXTENSION OF RULE
11 1113.

12 PROSOCO IS A SMALL FAMILY-OWNED COMPANY WITH 45
13 YEARS OF EXPERIENCE AND SPECIALLY COATINGS FOR CONCRETE
14 MASON AND CONSTRUCTION. OUR SOUTH COAST RESUME INCLUDES
15 PROMINENT NEW CONSTRUCTION PROJECTS SUCH AS -- RECENT
16 CONSTRUCTION PROJECTS SUCH AS DISNEY CONCERT HALL,
17 CATHEDRAL OF OUR LADY OF ANGELS, THE RENOVATION PROJECT
18 SUCH AS DODGER STADIUM, RESTORATION OF VENTURA CITY HALL,
19 AND ALSO RESTORATION OF THE GETTY VILLAS IN MALIBU AND
20 ALSO THE NEW CONSTRUCTION OF GETTY MUSEUM IN WEST L. A.

21 ALL THESE NEW OR THESE PROMINENT STRUCTURES HAVE
22 SOMETHING IN COMMON. EACH WAS PROTECTED BY OR WILL NEED
23 RECOATING WITH TECHNOLOGIES THAT WILL NO LONGER BE
24 AVAILABLE AFTER JULY 1ST. OUR CATEGORY IS COMPLEX WITH
25 OVER 80 DISTINCT SUBSTRATES AND FINISHES AND INTERIOR AND

1 EXTERIOR INSTALLATIONS. RIGOROUS PERFORMANCE STANDARDS
2 FOR ANTI-GRAFFITI COATINGS FOR CONCRETE AND MASONRY
3 INCREASE COMPLEXITY.

4 CONCRETE AND NATURAL STONE DEFINE THE CHARACTER
5 OF BUILDINGS MEANT TO STAND FOR CENTURIES. WITHOUT
6 COATINGS AND PROTECTIVE TREATMENTS, AESTHETIC CHARACTER
7 CAN BE MARRED WITHIN YEARS OR WITHIN MINUTES AT THE HANDS
8 OF A GRAFFITI VANDAL.

9 LOW VOC HAVE THEIR PLACE IN THE ARCHITECTURAL
10 WORLD. WHERE THEY DON'T WORK, STRUCTURAL DECAY HAPPENS
11 MUCH SOONER THAN WITH THE CURRENTLY COMPLIANT
12 ALTERNATIVES. THE STAKES ARE HIGH. LOS ANGELES IS
13 BETTING \$1.8 BILLION ON THE GRAND AVENUE RENOVATION
14 PROJECT. LIMESTONE AND TRAVERTINE AND OTHER TYPES OF
15 NATURAL STONES WILL BE DOMINANT SUBSTRATES. EXTINCT
16 COATINGS TECHNOLOGIES WITH CARBONATE STONE HAVE SERVICE
17 LIVES MEASURED IN DECADES. FUTURE COMPLIANT TECHNOLOGIES
18 HAVE SERVICE LIVES MEASURED IN MONTHS OR YEARS.

19 THE DECISIONS MADE BY THIS BOARD HAVE VERY REAL
20 IMPACTS ON THE CIVIC LANDSCAPE. PROSOCO HAS PROVIDED
21 AQMD STAFF WITH INFORMATION ON TECHNOLOGY LIMITS AND THE
22 NEED FOR HIGH PERFORMANCE OF EACH PRODUCTS. WE HAVE
23 RECEIVED LITTLE RESPONSE TO DATE. WE HOPE FOR A TWO-WAY
24 DIALOGUE ON SUBCATEGORIZATION FOR EACH PRODUCT WITH
25 PROBLEMATIC SUBSTRATES AND APPLICATIONS. YOU CAN PROVIDE

1 TIME TO ACCOMPLISH THIS.

2 RULE 1113 IS SUPPOSED TO BE A BEST AVAILABLE
3 RETROFIT CONTROL TECHNOLOGY STANDARD AND WAS NEVER
4 INTENDED TO REMOVE NECESSARY TECHNOLOGIES FROM THE
5 MARKET. SEVERAL KEY TECHNOLOGIES HAVE ALREADY BEEN
6 ELIMINATED. MORE ARE ON THEIR WAY OUT. WISHFUL THINKING
7 DOES NOT PRESERVE BUILDINGS. WE URGE THE BOARD TO
8 CONSIDER A BRIEF EXTENSION FOR SOME OR ALL OF RULE 1113
9 LIMITS IN ORDER TO GIVE STAKEHOLDERS AND STAFF AN
10 OPPORTUNITY TO WORK TOWARDS REAL AND REASONABLE
11 COMPROMISES THAT ALLOW AVAILABILITY OF PERFORMANCE
12 PRODUCTS.

13 THANKS FOR YOUR TIME AND ATTENTION.

14 MS. CARNEY: MR. CHAIRMAN.

15 MR. WILSON: YES.

16 MS. CARNEY: COULD I ASK A QUESTION?

17 MR. WILSON: YES.

18 MS. CARNEY: I'D LIKE TO ASK STAFF TO RESPOND TO
19 THIS. I DON'T RECALL ANY COMMENTS -- AND MAYBE I'M JUST
20 NOT REMEMBERING BECAUSE THERE ARE LOTS OF CATEGORIES.
21 BUT IN THE FEASIBILITY STUDY REPORTS THAT WE'VE HAD THIS
22 YEAR, I DON'T RECALL ANY COMMENTS ON PRODUCTS THAT SEEM
23 TO FIT THE CATEGORY THAT THIS GENTLEMAN IS TALKING ABOUT.

24 MR. TISOPULOS: LET ME ADDRESS THIS. THE
25 ANTI-GRAFFITI ISSUE, THE REASON WHY YOU HAVE NOT HEARD OF

1 IT INDEPENDENTLY IS BECAUSE IT'S A CATEGORY IMBEDDED
2 WITHIN THE INDUSTRIAL MAINTENANCE CATEGORY. IT WAS AN
3 ISSUE THAT WAS BROUGHT UP A FEW YEARS BACK WHEN WE
4 AMENDED THIS RULE, AND WE IDENTIFIED SEVERAL COMPLIANT
5 PRODUCTS. THIS ISSUE WAS BROUGHT UP TO US ALONG WITH THE
6 CONCRETE MASONRY TO OUR ATTENTION FOR THE FIRST TIME IN
7 FEBRUARY OF THIS YEAR. AND BASICALLY THE ARGUMENT THAT
8 WAS MADE WAS WE DON'T BREATHABLE ANTI -GRAFFITI COATINGS,
9 SO THE SEALERS THAT ARE APPLIED TO NATURAL STONES, SUCH
10 AS TRAVERTINE, THEY ARE NOT THERE. THE LOW VOC
11 CHEMISTRIES TO DO LEND THEMSELVES TO THE PRODUCTION OF
12 THESE KIND OF PRODUCTS.

13 AND EVEN THOUGH THIS COMPANY AS WELL AS THE
14 PEOPLE REPRESENTING THIS COMPANY, WE'VE BEEN WORKING WITH
15 THEM FOR A NUMBER OF YEARS, THIS ISSUE WAS NEVER BROUGHT
16 UP REGARDLESS. SO WE TOOK THEIR COMMENTS TO HEART AND WE
17 LOOKED AT THE PRODUCTS AVAILABLE, AND IN A VERY SHORT
18 TIME FRAME WE WERE ABLE TO IDENTIFY NINE COMPLIANT
19 PRODUCTS THAT ARE ALREADY ON THE MARKET. SO THERE MAY BE
20 ALWAYS SOME NICHE APPLICATIONS FOR WHICH THEY FEEL THAT
21 THERE MAY NOT BE PRODUCTS, BUT THERE ARE ALSO THE
22 AVERAGING OPTION IN THE RULE THAT CAN ALSO BE UTILIZED IF
23 THEY ARE TRULY NICHE APPLICATIONS TO STILL RETAIN THESE
24 PRODUCTS INTO THE MARKET.

25 THE COMPLIANT PRODUCTS THAT I'M REFERRING TO OUT

1 THERE HAVE A SIGNIFICANT MARKET PENETRATION FROM THE YEAR
2 2000 IN THE ABSENCE OF ANY REGULATIVE DRIVER WHICH IS A
3 TESTAMENT THAT THOSE PRODUCTS OBVIOUSLY WORK OTHERWISE
4 PEOPLE WOULDN'T BE USING THOSE LOWER VOC PRODUCTS IF THEY
5 WERE THE ONLY ALTERNATIVE.

6 MS. CARNEY: THANK YOU.

7 MR. TISOPULOS: AND PLUS -- THANK YOU. WE DO
8 HAVE A SMALL CONTAINER EXEMPTION THAT IS STILL AVAILABLE
9 TO THE COMPANY FOR THOSE NICHE APPLICATIONS.

10 MS. CARNEY: WELL, I'M NOT SURE HOW A SMALL
11 CONTAINER EXEMPTION, THOUGH, ADDRESSES THE NEED FOR
12 PROTECTION AT THE WALT DISNEY CONCERT HALL, FOR EXAMPLE,
13 OR THE GRAND AVENUE PROJECT. I MEAN THOSE ARE FOR
14 PRESUMABLY AIMED AT HOMEOWNER-TYPE USES.

15 MR. TISOPULOS: NO. IT CAN BE ALSO FOR
16 COMMERCIAL/INDUSTRIAL SETTINGS.

17 MS. CARNEY: WELL, I REALIZE IT'S NOT LIMITED TO
18 THAT.

19 MR. WALLERSTEIN: WE'RE NOT RELYING ON THAT
20 PRINCIPALLY. I ASKED LAKI TO MENTION IT BECAUSE WE'RE
21 AWARE OF SOME SMALL USES WHERE IT MAY BE NECESSARY, AND
22 SO -- STATUARY, THINGS LIKE THAT.

23 MS. CARNEY: OKAY. JUST LET ME FOLLOW-UP WITH
24 JUST ONE MORE QUESTION. SO SUPPOSE THIS COMPANY HAS A
25 PRODUCT WHICH IS UNIQUE. THERE AREN'T -- THERE ISN'T A

1 COMPLIANT PRODUCT BECAUSE THIS IS A NICHE MARKETER, AND
2 THEY MAKE THIS APPLICATION AND THEY'RE THE ONLY ONE
3 REALLY AVAILABLE. WHAT DO THEY DO ABOUT THAT IF THIS
4 RULE IS PASSED IN ACCORDANCE WITH THIS STAFF PROPOSAL?

5 MR. TISOPULOS: THAT'S A VERY GOOD QUESTION. IF
6 THE ONE PRODUCT IS THE BANNER PRODUCT I GUESS THAT THE
7 COMPANY HAS PRESENTED TO US ACTUALLY IS A SUPER HIGH VOC
8 PRODUCT THAT HAS BEEN ILLEGAL HERE IN CALIFORNIA FOR THE
9 LAST -- NOT HERE IN SOUTH COAST, BUT HERE IN THE STATE,
10 FOR THE LAST EIGHT YEARS. THEY HAVE BEEN SELLING THIS
11 PRODUCT PERHAPS IN THE REST OF THE COUNTRY BECAUSE THE
12 NATIONAL RULE GIVES THEM THE ABILITY TO SELL PRODUCTS
13 THAT EXCEED THE LIMITS SO MUCH AS THEY PAY THE EMISSION
14 FEE, A SO-CALLED PAID PROVISION THAT WE DO NOT HAVE HERE
15 AND WE DO NOT SUPPORT. BUT INSTEAD WE CREATED THIS
16 AVERAGE OPTION WHERE MANUFACTURERS CAN AVERAGE NICHE
17 PRODUCTS.

18 MS. CARNEY: I GET IT. THE AVERAGING OPTION IS
19 WHAT THE COMPANY WOULD NEED TO USE, CORRECT?

20 MR. TISOPULOS: YES. ALSO, THE PUBLIC POSITION
21 IS IN THE EVENT THAT DOESN'T WORK BECAUSE IT'S NOT MAYBE
22 NOT GOING TO WORK FOR EVERY MANUFACTURER, WE HAVE A
23 HEARING BOARD THAT CAN OBTAIN A VARIANCE THAT CAN TRULY
24 DEMONSTRATE THAT THIS IS A VIABLE PRODUCT, A NECESSARY
25 PRODUCT, THAT OPTION IS ALWAYS AVAILABLE TO THEM.

1 MS. CARNEY: THANK YOU.

2 MR. DAVIS: MEMBERS OF THE BOARD, IF I CAN
3 COMMENT JUST FOR A SECOND ON THE NICHE PRODUCT ASPECT OF
4 GRAFFITI COATINGS. AS I SAID, I'M THE MANUFACTURER'S REP
5 AND HAVE BEEN FOR PROSOCO FOR THE LAST SIX YEARS IN LOS
6 ANGELES. AND I HAVE TO TELL YOU EVERYBODY'S GRAFFITI
7 COATING NO MATTER IF IT'S HIGH VOC OR LOW VOC LOOKS
8 DIFFERENT ON A GIVEN SUBSTRATE. AND WHEN WE'RE TALKING
9 ABOUT HIGH PROFILE MASONRY AND PRECAST CONCRETE AND SO
10 FORTH, THAT'S AN EXTREMELY IMPORTANT ISSUE. ONE PRODUCT
11 THAT LOOKS GOOD ON ONE OF THE SIDE OF THE STREET ON A
12 CERTAIN SUBSTRATE WILL LOOK HORRIBLE ON THE OTHER SIDE OF
13 THE STREET ON A DIFFERENT SUBSTRATE REGARDLESS OF THE
14 PERFORMANCE PROPERTIES. I'M JUST TALKING ABOUT VISUAL
15 APPEARANCE.

16 SO IT'S TRULY -- THE GRAFFITI COATINGS WHEN IT
17 COMES TO THE HIGH PROFILE ARCHITECTURAL TYPE OF PROJECT
18 IS UNIQUE. AND I SPEAK FROM EXPERIENCE ON THAT ONE.

19 MR. WILSON: OKAY. THANK YOU.

20 WE'LL HEAR NOW FROM MR. MURPHY AND HE'LL BE
21 FOLLOWED BY HAL BERNSON.

22 MR. MURPHY: MR. CHAIRMAN, MEMBERS OF THE BOARD.
23 MY NAME IS MIKE MURPHY. I'M CORPORATE COUNSEL FOR
24 RUST-OLEUM. WE MANUFACTURE A FULL LINE OF HIGH
25 PERFORMANCE INDUSTRIAL COATING WHICH WE WILL NOT HAVE

1 AVAILABLE AS OF JULY 1ST IF THE RULE GOES FORWARD THE WAY
2 IT IS. SO I SUPPORT THE POSITIONS TAKEN BY MS. HARDING
3 AND MS. STANLEY EARLIER TODAY.

4 BUT I'D LIKE TO TALK ABOUT RUST PREVENTATIVE
5 COATINGS WHICH IS OUR CONSUMER LINE AND IS GOING FROM
6 400 TO 100 GRAMS PER LITER AS OF JULY 1ST. I HAD AN
7 OPPORTUNITY EARLIER THIS YEAR TO LOOK AT THE TECH
8 ASSESSMENT FOR THESE PRODUCTS, AND THE FIRST QUESTION I
9 ASKED IS WHERE IS THAT RUST INHIBITOR DATA ON THESE
10 PRODUCTS. THE SUMMARY THAT I READ TALKED ABOUT -- READ
11 ABOUT THE GLOSS RETENTION OF THE COATINGS, THE DRY TIME
12 OF THE COATINGS TESTED, AND THE COLOR CHANGE OF THE
13 COLORS OF THE COATINGS TESTED. NOTHING ON RUST, NOTHING
14 ON BLISTERING. THINGS THAT WE WOULD NORMALLY TEST FOR
15 RUST PREVENTATIVE COATINGS.

16 I LATER FOUND OUT THE COATINGS THAT WERE TESTED,
17 THERE WERE ALKYLATE TYPE AND SOLVENT BASED PRODUCTS THAT
18 WERE TESTED. THEY RANGED FROM THE MID TO UPPER 300
19 GRAMS PER LITER. IT WAS A TWO-COMPONENT SYSTEM. THE
20 TWO-COMPONENT WAS A PRIMER AND A TOP COAT. SO THEY
21 TESTED THE SAME THING WITH THE WATERBEDS. I LATER FOUND
22 OUT THAT ONE OF THE WATERBASED PRODUCTS THAT WAS TESTED
23 WAS TRULY OVER 150 GRAMS PER LITER. IT WASN'T A HUNDRED
24 GRAMS PER LITER. SO IT DOESN'T QUALIFY FOR THE TESTING.
25 AND, IN FACT, IT FAILED IN THE TESTING.

1 THE SECOND WATERBASED PRODUCT HAPPENED TO BE ONE
2 OF OUR PRODUCTS. IT WAS OUR SEA AIR BRAND METAL MATCH
3 PRODUCTS. WE BOUGHT A COMPANY A COUPLE YEARS AGO
4 SPECIFICALLY TO OBTAIN ZERO VOC COATINGS, AND METAL MATCH
5 IS A ZERO VOC COATING, BUT IT'S NOT A CONSUMER PRODUCT.
6 AND THAT'S WHAT RUST PREVENTATIVE CATEGORY IS. WE SELL
7 METAL MATCH THROUGH THE INDUSTRIAL MARKET MOSTLY OEM
8 COATINGS BECAUSE LIKE ANY OTHER WATERBASED RUST
9 PREVENTATIVE COATINGS APPLICATION AND SURFACE PREPARATION
10 IS CRITICAL. AND WE FOUND CONSUMERS ARE LESS LIKELY TO
11 SANDBLAST THE SURFACE BEFORE COATING IT. THEY'RE LESS
12 LIKELY TO WAIT UNTIL 50 DEGREES FAHRENHEIT OR BELOW 90
13 DEGREES TO PAINT, AND THEY'RE NOT GOING TO CHECK THE
14 HUMIDITY OR THINGS THAT ARE CONTROLLED IN OEM
15 APPLICATIONS.

16 SO MY CONCERN IS THAT THE TEST DATA THAT WAS
17 PROVIDED THAT I SAW ON THIS CATEGORY DOES NOT INDICATE AT
18 ALL THAT THERE'S A RUST PREVENTATIVE COATING LESS THAN
19 100 GRAMS PER LITER. I DID MEET WITH STAFF, AND I
20 MENTIONED WHERE WE WERE GOING. I HAD THE VICE PRESIDENT
21 OF R AND D MEET WITH STAFF TOO TO TALK ABOUT WHERE WE
22 INTENDED TO GO WITH R AND D, BUT WE'RE NOT THERE YET.
23 AND I DON'T KNOW ANYBODY IN THE RUST PREVENTATIVE COATING
24 INDUSTRY THAT HAS A WORKABLE PRODUCT AT LESS THAN 100
25 GRAMS PER LITER.

1 THANK YOU.

2 CHAIRMAN BURKE: THANK YOU FOR YOUR TESTIMONY.
3 WOULD MR. FILER TAKE THE EMPTY MICROPHONE AS
4 MR. BERNSON TESTIFIES?

5 MR. BERNSON: YES. THANK YOU, MR. CHAIRMAN.
6 GOOD MORNING. MY NAME IS HAL BERNSON. I HAD THE
7 OPPORTUNITY TO SERVE AS A MEMBER OF THIS AQMD BOARD FOR
8 MANY YEARS REPRESENTING THE WESTERN CITIES OF LOS ANGELES
9 COUNTY UNTIL MY RETIREMENT FROM OFFICE IN 2003.

10 AS I MENTIONED AT LAST MONTH'S MEETING, I SERVED
11 WITH MANY OF YOU WHEN RULE 1113 WAS FIRST BROUGHT TO THE
12 BOARD. AND I VIVIDLY RECALL THE HIGH DEGREE OF ANIMOSITY
13 AND ACRIMONY THAT EXISTED AT THE TIME BETWEEN THE
14 DISTRICT AND PAINT AND COATINGS INDUSTRY.

15 OVER THE LAST YEAR I HAVE BEEN ADVISING THE
16 NATIONAL PAINT AND COATINGS ASSOCIATION WORKING VERY HARD
17 TO SEE IF A REASONABLE SOLUTION TO RULE 1113 CAN BE
18 REACHED THAT ELIMINATES THE YEARS OF LITIGATION AND
19 ANIMOSITY, CREATES A RULE THAT PROVIDES FOR BETTER
20 QUALITY, DURABILITY, AND RELIABLE PRODUCTS FOR CONSUMERS
21 AND GOVERNMENTS AND PROVIDES INDUSTRY WITH A GREATER
22 REGULATORY CERTAINTY.

23 WE'RE VERY THANKFUL THAT CHAIRMAN BURKE
24 ESTABLISHED RULE 1113 AD HOC COMMITTEE LAST YEAR IN AN
25 EFFORT TO BRING PARTIES TOGETHER TO REACH THIS KIND OF

1 RESOLUTION. WE'RE EQUALLY GRATEFUL TO BOARD MEMBERS
2 SUPERVISOR MICHAEL ANTONOVICH AND COUNSEL MEMBER JAN
3 PERRY WHO HAVE SERVED -- SPENT CONSIDERABLE EFFORT AND
4 TIME AS MEMBERS OF THE AD HOC COMMITTEE TRYING TO ACHIEVE
5 THIS GOAL.

6 I HAVE BEEN GENUINELY IMPRESSED WITH THE EFFORTS
7 THAT INDUSTRY HAS UNDERTAKEN IN THE LAST YEAR TO REACH AN
8 ACCOMMODATION WITH THE DISTRICT THAT WILL PRODUCE
9 SIGNIFICANT AIR QUALITY BENEFITS TO THE SOUTH COAST WHILE
10 ALLOWING FOR THE TIMELY IMPLEMENTATION OF THE RULE IN A
11 WAY THAT DOES NOT ADVERSELY IMPACT BUSINESS AND CONSUMERS
12 THROUGHOUT THE DISTRICT.

13 SINCE OUR MOST RECENT AD HOC COMMITTEE ON MAY
14 12TH, WE HAVE MADE WHAT WE CONSIDER TO BE SIGNIFICANT
15 PROGRESS. WE NOW HAVE AN AGREEMENT AND PRINCIPAL WITH
16 THE DISTRICT OVER THE ISSUE OF SMALL CONTAINER EXEMPTION
17 AND A MATTER OF MAJOR SIGNIFICANCE. IN ADDITION, THE
18 NPCA HAS NOW NARROWED DOWN THEIR ISSUES OF CONCERN FROM
19 WHAT WAS INITIALLY A DOZEN INDIVIDUAL COATING CATEGORIES
20 TO FIVE CORE ISSUES. WE CONTINUE TO BELIEVE THESE FIVE
21 ISSUES CAN BE RESOLVED THROUGH CONSTRUCTIVE TWO-WAY
22 DIALOGUE BETWEEN INDUSTRY AND STAFF.

23 WE'VE ALREADY HEARD FROM OTHER COMPANIES HERE
24 TODAY, AND THEY HAVE DESCRIBED FOR YOU THE SPECIFIC
25 CONCERNS THEY HAVE OVER THE REMAINING ISSUES. ON BEHALF

1 OF THE NPCA I ASK THAT YOU CONSIDER A MOTION TODAY WHICH
2 PROVIDE THE AD HOC COMMITTEE, STAFF, AND INDUSTRY
3 ADDITIONAL TIME TO ADDRESS THESE FIVE CORE ISSUES WHILE
4 ALLOWING REMAINING RULE CATEGORIES TO BE IMPLEMENTED
5 IMMEDIATELY.

6 IF THE BOARD WERE TO APPROVE SUCH A MOTION,
7 IMPLEMENTATION OF NEW LIMITS WOULD PRODUCE EMISSION
8 REDUCTIONS OF SIZABLE AMOUNT. WE WOULD ALSO VERY MUCH
9 LIKE THE OPPORTUNITY TO MEET WITH EACH OF YOU
10 INDIVIDUALLY SO THAT YOU CAN BETTER UNDERSTAND OUR
11 PERSPECTIVE ON WHAT WE FEEL IS NEEDED TO BRING THESE
12 ISSUES TO FINAL CLOSURE. AND I MIGHT ADD THAT
13 UNFORTUNATELY WE DID NOT HAVE THE OPPORTUNITY TO MEET
14 INDIVIDUALLY WITH YOU BECAUSE OF DISCLOSURE BECAUSE OF
15 THE GAG ORDER THAT WAS IMPOSED. I REMAIN CONFIDENT THAT
16 WE CAN ACHIEVE FINAL AGREEMENT ON THE RULE, ONE THAT WILL
17 BEGIN A NEW ERA OF CONSTRUCTIVE DIALOGUE BETWEEN THE
18 DISTRICT AND THE PAINT INDUSTRY.

19 I THANK YOU VERY MUCH FOR HEARING ME TODAY.

20 CHAIRMAN BURKE: THANK YOU VERY MUCH FOR YOUR
21 TESTIMONY MR. BERNSON.

22 AND IT'S MR. FILER.

23 MR. FILER: MY NAME IS BILL FILER.

24 THE BURKE: JUST A MOMENT, MR. FILER.

25 MR. FILER: SURE.

1 CHAIRMAN BURKE: AS HE'S TESTIFYING, MAY I HAVE
2 JOHN HENIS COME UP TO THE OTHER MICROPHONE? PLEASE
3 PROCEED.

4 MR. FILER: THANK YOU.

5 MY NAME IS BILL FILER. MY COMPANY IS E3
6 COATINGS OF WEST SACRAMENTO. AND THE CATEGORY I AM
7 SPEAKING ABOUT IS EXTERIOR WOOD STAINS. THANK YOU FOR
8 THE CHANCE TO SPEAK TO YOU TODAY ABOUT VERY IMPORTANT
9 ISSUES.

10 MY NATURAL WOOD SEALER HAS BEEN PRESERVING SOME
11 OF THE PRESTIGIOUS NATURAL WOOD HOMES IN NORTHERN
12 CALIFORNIA AND BEYOND FOR OVER FIVE YEARS. MY PRODUCT
13 HAS NOT EMITTED ONE IOTA OF VOC'S DURING MY WATCH. I
14 HAVE MANY MANY REPEAT CUSTOMERS. CUSTOMERS LIKE PAUL
15 SCHMITZ OF LABRADOR LOG HOMES IN BEND, OREGON. CUSTOMERS
16 LIKE RICH HOTONE, WHO RESTORES LIKE A PERFECTIONIST OVER
17 400 DECKS A SEASON IN CONTRA COSTA COUNTY, LIKE ERIC
18 NAYBORG WHO DOES RESTORATIONS IN TAHOE EVERY SEASON.

19 THE LIST DOESN'T GO ON FOREVER, BUT IT DOES GO
20 ON, AND THESE ARE ALL TOP EDUCATED CONTRACTORS IN THEIR
21 FIELDS. YOU MIGHT THINK THESE PROFESSIONALS ARE UNWISE
22 AS TO QUALITY NATURAL WOOD PRESERVATIONS PRODUCT IS OR
23 ARE THEY ONLY IN IT TO BE GOOD SAMARITANS OF THE PLANET.
24 I DON'T THINK SO.

25 HOWARD JONES, THE OWNER OF MOUNTAIN HARDWARE

1 SELLS OVER 50,000 GALLONS OF NATURAL WOOD SEALERS A YEAR
2 IN TRUCKEE, CALIFORNIA. HOWARD BELIEVES THAT MY WOOD
3 SEALER COMPETES WITH EVERY OTHER SEALER HE SELLS ON ALL
4 LEVELS, AND HE SELLS SUPER DECK, PRESERVAWOOD, CABOT,
5 SASHCO, ARMSTRONG, AND MOST LIKELY A FEW MORE. AND
6 ENVIROLAST XT COMPETES ON EVERY LEVEL WITH ALL THESE
7 GREAT WOOD CARE PRODUCTS. IT IS NOT CONSIDERED A HIPPIE
8 PRODUCT. IT IS AS REAL WORLD AS IT GETS. NO ONE IN
9 TAHOE WOULD USE THIS PRODUCT IF IT DID NOT, A, LOOK
10 BEAUTIFUL AS A SEMI-TRANSPARENT WOOD SEALER, B, BE EASY
11 TO APPLY AND ALSO RECOAT QUICKLY EASILY, C, BE A
12 REASONABLY DURABLE PRODUCT, D, HAVE A REASONABLY
13 STRAIGHTFORWARD MAINTENANCE.

14 ENVIROLAST XT'S DURABILITY HAS BEEN PROVEN BY
15 DISCERNING PROFESSIONAL CONTRACTORS IN THEIR FIELD FROM
16 THEM BUYING A PRODUCT OVER AND OVER AGAIN. AND IT IS
17 DONE WITHOUT EVER EMITTING ANY POLLUTING SOLVENTS WITH
18 OVER 40,000 GALLONS SOLD TO DATE.

19 AM I QUALIFIED TO DISCUSS THE PRESERVATION OF
20 NATURAL WOOD? WELL, I AM PASSIONATE ENOUGH THAT IS FOR
21 SURE. I HAVE DONE MY HOMEWORK. I HOPE THIS BOARD STANDS
22 TALL FOR BOTH HUMAN HEALTH AND DOESN'T SETTLE WHEN
23 CONSIDERING WHETHER A HUNDRED GRAMS PER LITER IS A
24 REASONABLE DROP IN EMISSIONS WHEN PRESERVING NATURAL
25 WOOD. IT IS FAR MORE THAN REASONABLE FROM MY HUMBLE

1 PERSPECTIVE.

2 THANK YOU.

3 CHAIRMAN BURKE: THANK YOU VERY MUCH.

4 WHILE MR. HUNT IS TESTIFYING, WE'D LIKE LISA
5 KING TO COME TO THE OTHER MICROPHONE, PLEASE.

6 MR. HENIS: MR. CHAIRMAN, MEMBERS OF THE BOARD,
7 MY NAME IS JOHN HENIS. I AM THE WESTERN BUSINESS MANAGER
8 FOR ZINSSER OF SOMERSET, NEW JERSEY. I MANAGE THE OKAHAN
9 BRAND OF CONCRETE, WATER REPELLENTS, AND SEALERS WHICH
10 ARE MANUFACTURED IN RIVERSIDE, CALIFORNIA.

11 THOSE PRODUCTS IN THEIR CATEGORY ARE ALREADY
12 COMPLIANT WITH 1113. MOST OF THOSE PRODUCTS ARE. THE
13 ONES THAT ARE NOT ARE BEING REFORMULATED TO BE COMPLIANT.
14 THAT FACILITY IN RIVERSIDE SERVES THE WESTERN UNITED
15 STATES AS A DISTRIBUTION FACILITY FOR ZINSSER AS WELL.

16 MICHAEL JURIST OUR VICE PRESIDENT OF
17 MANUFACTURING AND REGULATORY AFFAIRS COULD NOT BE HERE
18 TODAY. HE ASKED ME TO READ A LETTER HE SENT TO
19 DR. TISOPULOS. WITH YOUR PERMISSION, I WOULD LIKE TO DO
20 THAT.

21 "DEAR LAKI, I WOULD LIKE TO TAKE THIS
22 OPPORTUNITY TO THANK YOU AND YOUR STAFF OF THE SOUTH
23 COAST AIR QUALITY MANAGEMENT DISTRICT FOR TAKING THE TIME
24 TO MEET WITH ME AND OTHER REPRESENTATIVES FROM ZINSSER
25 COMPANY, INCORPORATED, ON MORE THAN ONE OCCASION IN ORDER

1 TO UNDERSTAND OUR CONCERNS WITH SPECIFIC PROVISIONS OF
2 PROPOSED RULE 1113, IN PARTICULARLY THE SPECIALTY PRIMER
3 CATEGORY.

4 "THIS VALUED WORKING RELATIONSHIP HAS BEEN VERY
5 HELPFUL TO OUR COMPANY. DURING OUR NUMEROUS DISCUSSIONS
6 AND WRITTEN COMMUNICATIONS REGARDING THE SPECIALTY PRIMER
7 CATEGORY, ZINSSER SUGGESTED TO SCAQMD INTERIM MEASURES
8 THAT COULD BE ADOPTED INTO A WATERBASED TECHNOLOGY.
9 TECHNOLOGY NOW IN DEVELOPMENT IS PROVEN TO SOLVE THE
10 UNIQUE APPLICATION CHALLENGES THIS CATEGORY POSES.

11 "THE PLAN OF ACTION WE PRESENTED TO THE AGENCY
12 CONSISTED OF DIFFERENT OPTIONS BASED ON DETAILED
13 TECHNICAL VOTING. ONE OF THE OPTIONS MENTIONED INCLUDED
14 THE NOW PROPOSED DELAY IN IMPLEMENTATION OF THE 100 GRAMS
15 PER LITER VOC LIMIT AND THE INTERIM CHANGE TO THE VOC
16 LIMIT OF 250.

17 "ZINSSER IS PLEASED THAT SCAQMD IS ABLE TO
18 UNDERSTAND THE TECHNOLOGICAL ARGUMENTS WE MADE FOR
19 CHANGING THE VOC LIMIT FOR SPECIALTY PRIMERS TO 250 GRAMS
20 PER LITER SO THAT WE CAN OFFER A PRODUCT THAT SEALS FIRE
21 AND SMOKE OF SUBSTRATES AS WELL AS SEVERE WATER SOLUBLE
22 STAINS AND THAT DOES NOT HAVE HIGHLY OBJECTIONABLE
23 ODOR PROBLEMS TYPICAL OF MOST EXEMPT SOLVENTS. THIS
24 ALLOWS US TO CONTINUE OFFERING AN EFFECTIVE SPECIALTY
25 PRODUCT TO OUR CUSTOMERS ALONG WITH OUR OTHER COMPLIED

1 VOC COATINGS TO THE SCAQMD REGION.

2 "THANK YOU AGAIN FOR YOUR COOPERATION AND
3 ASSISTANCE IN THIS MATTER. MICHAEL JURIST, VP
4 MANUFACTURING AND REGULATORY AFFAIRS. "

5 WE WOULD NOT OPPOSE THE BOARD TAKING ACTION
6 TODAY ON OPTION 1 OR EITHER OF THE OPTIONS IF YOU SO
7 CHOOSE. THANK YOU VERY MUCH.

8 CHAIRMAN BURKE: THANK YOU FOR YOUR TESTIMONY.
9 WHILE MS. KING IS SPEAKING, WE'D LIKE ANDY
10 ROGERSON, ANDY ROGERSON TO COME TO THE OTHER MICROPHONE.
11 MISS KING.

12 MS. KING: GOOD MORNING, DR. BURKE AND MEMBERS
13 OF THE BOARD. MY NAME IS LISA KING. I AM THE COMPLIANCE
14 OFFICER FOR BONAKEMI USA, INCORPORATED. I WOULD LIKE TO
15 COMMENT ON THE THREE OPTIONS THAT ARE IN FRONT OF YOU
16 TODAY FOR RULE 1113.

17 BONAKEMI IS THE MARKET LEADER IN THE US FOR
18 WATERBORNE TECHNOLOGY FOR USE IN WOOD COATINGS. AMONGST
19 THE PRODUCTS WE MANUFACTURE ARE SEMI-TRANSPARENT STAINS,
20 SANDING SEALERS, QUICK DRY SEALERS, GYM FLOOR PAINTS, AND
21 VARNISHES, ALL WHICH ARE REGULATED UNDER THE RULE 1113.

22 WE WOULD LIKE TO URGE THE BOARD TO CHOOSE OPTION
23 1 TODAY WHICH IS TO ADOPT THE PROPOSED AMENDMENTS TO THE
24 RULE 1113. AS THE STAFF CORRECTLY POINTS OUT IN THEIR
25 BOARD LETTER, PAINT MANUFACTURERS HAVE MADE SIGNIFICANT

1 PROGRESS TOWARD DEVELOPING FUTURE COMPLIANT PRODUCTS IN
2 PRACTICALLY ALL CATEGORIES.

3 WE ARE STRONGLY OPPOSED TO OPTION 2. THIS
4 PROVIDES A 90-DAY EXTENSION. CLEARLY NOTHING BY WAY OF
5 COMPLIANCE WITH THE LOWER VOC LIMITS COULD BE
6 ACCOMPLISHED IN SUCH A SMALL TIME FRAME. IT WOULD SERVE
7 NO PURPOSE OTHER THAN TO ALLOW MANUFACTURERS TO FLOOD THE
8 MARKET WITH THE HIGHER VOC PRODUCTS WITHIN THIS 90-DAY
9 PERIOD.

10 BONA STRONGLY DISAGREES WITH OPTION 3. WE
11 BELIEVE OPTION 3 WOULD COMPLETELY ERODE WHAT THE SOUTH
12 COAST AIR QUALITY MANAGEMENT DISTRICT IS TRYING TO
13 ACHIEVE WHILE PUNISHING MANUFACTURERS WHO HAVE BEEN
14 PREPARING FOR THESE NEW LIMITS FOR ALMOST THREE YEARS.

15 WE ARE ESPECIALLY DISTURBED BY THE PROPOSAL TO
16 REINSTATE THE SMALL CONTAINER EXEMPTION FOR THE CLEAR
17 WOOD FINISHES. WE COMPLETELY AGREE WITH THE STAFF'S
18 FINDINGS THAT THERE IS NO JUSTIFICATION FOR THE
19 EXEMPTION. ON THE OTHER HAND, THERE ARE TWO COMPELLING
20 REASONS TO ALLOW FOR THE SUNSETTING OF THE EXEMPTION, THE
21 COURT EXEMPTIONS. FIRST, THE VOLUME OF SMALL CONTAINER
22 SALES FOR THE CLEAR WOOD FINISHES HAS INCREASED
23 SIGNIFICANTLY OVER THE LAST FEW YEARS. WE DON'T NEED A
24 CRYSTAL BALL TO SEE THAT THE SMALL CONTAINER EXEMPTION
25 WILL SERVE ONLY TO ENCOURAGE CONTINUED SALES OF

1 NON-COMPLIANT PRODUCTS. AND, THUS, CONTINUE TO THWART
2 THE GOALS OF RULE 1113.

3 SECONDLY, TECHNOLOGY IN THE CLEAR WOOD FINISH
4 CATEGORY HAS ADVANCED TO THE POINT THAT HIGHLY DURABLE
5 COMPLIANT FINISHES HAVE BEEN ON THE MARKET FOR AT LEAST
6 FIVE YEARS. ALL MANUFACTURERS HAVE HAD MORE THAN
7 SUFFICIENT TIME TO PREPARE FOR THE SUNSETTING OF THE
8 EXEMPTION.

9 IN CONCLUSION, WE ASK THAT THE BOARD ADOPT
10 OPTION 1 SO THAT THE DISTRICT CAN CONTINUE TO MOVE
11 FORWARD WITH THE TIMELINES ESTABLISHED FOR REDUCTION OF
12 VOC EMISSIONS.

13 THANK YOU FOR YOUR TIME.

14 CHAIRMAN BURKE: THANK YOU VERY MUCH FOR YOUR
15 TESTIMONY.

16 AND CAN WE GET MR. DANIEL B. PEROT TO COME TO
17 THE MICROPHONE WHILE MR. ROGERSON TESTIFIES.

18 MR. ROGERSON: THANK YOU, MR. CHAIRMAN, MEMBERS
19 OF THE BOARD. MY NAME IS ANDY ROGERSON. I'M THE SENIOR
20 CHEMICAL TESTING ENGINEER WITH CALTRANS IN CHARGE OF THE
21 CHEMICAL TESTING WITH THE DIVISION OF ENGINEERING
22 SERVICES.

23 WHEN I FIRST LOOKED AT THE PROPOSED AMENDMENTS
24 TO RULE 1113, THE CATEGORY THAT REALLY JUMPED OUT AT US
25 WAS THE REDUCTION OF THE VOC LIMITS FOR TRAFFIC PAINTS

1 AND CONCRETE CURING COMPOUNDS. WE TOOK A GOOD LOOK AT
2 TRAFFIC PAINTS, AND WE USE AN AWFUL LOT OF THEM, AND
3 ALMOST ALL THE TRAFFIC PAINTS WE USE DO COMPLY WITH THE
4 100 GRAM PER LITER LIMIT, SO THERE'S NO PROBLEM WITH
5 THAT.

6 CURING COMPOUNDS WERE A DIFFERENT ISSUE. AND
7 WE -- I CONTACTED DAN RUSSELL WITH THE STAFF, AND HE WAS
8 VERY COOPERATIVE WITH ME. WE DISCUSSED THE LIMITS AND
9 THE REASON FOR THE LIMITS. CALTRANS TOOK A LOOK AT THE
10 ACCEPTABLE CATEGORIES. AND ABOUT 40 PERCENT OF OUR USE
11 OF THE LOW VOC CATEGORIES, WE CAN USE THOSE FOR ABOUT 40
12 PERCENT OF OUR USE. FOR ABOUT 60 PERCENT OF OUR USE, WE
13 CANNOT FIND A CURING COMPOUND THAT WILL COMPLY WITH THAT.
14 AND STAFF WAS -- DAN RUSSELL AND HIS STAFF, THEY
15 ORGANIZED THE MEETING, A TELECONFERENCE BETWEEN CALTRANS
16 AND OUR TWO PRIMARY SUPPLIERS OF CONCRETE CURING
17 COMPOUNDS TO DISCUSS ALL OF THE ISSUES. AND STAFF WOUND
18 UP PROPOSING A MODIFICATION IN THE DEFINITION OF CONCRETE
19 CURING COMPOUNDS TO ALLOW CALTRANS TO CONTINUE USING THE
20 HIGHER VOC MATERIALS WHERE WE CAN'T FIND OR IDENTIFY AN
21 ACCEPTABLE LOWER VOC MATERIAL.

22 AT THE SAME TIME CALTRANS IS MODIFYING THEIR
23 SPECIFICATIONS TO USE THEIR LOWER VOC MATERIAL STATEWIDE
24 WHEREVER WE CAN. SO I JUST WANT TO THANK THE STAFF FOR
25 THEIR COOPERATION WITH WORKING WITH CALTRANS.

1 CHAIRMAN BURKE: THANK YOU FOR YOUR TESTIMONY.

2 MR. DANIEL PEROT, COME TO THE MICROPHONE,
3 PLEASE. SAY YOUR NAME FOR THE RECORD, PLEASE.

4 MR. PEROT: MY NAME IS DAN PEROT, AND I
5 REPRESENT LYONDELL CHEMICALS, THE DEVELOPER AND PRODUCER
6 OF TBAC. AND I APPRECIATE THIS OPPORTUNITY TO COMMENT ON
7 THE PROPOSED RULE 1113.

8 FIRST I'D LIKE TO STATE THAT WE SUPPORT THE
9 PROPOSED EXEMPTION OF TBAC IN INDUSTRIAL MAINTENANCE
10 COATINGS AND SOME SPECIALTY PRIMERS. STAFF HAS SHOWN IN
11 THEIR HEALTH RISK ASSESSMENT THAT THE HEALTH CONCERNS
12 RAISED AT THE PUBLIC WORKSHOP AND IN WRITTEN COMMENTS BY
13 THE DIRECTOR WERE BASELESS. STAFF SHOWED THAT EVEN
14 OCCUPATIONAL USE OF THESE COATINGS WOULD NOT BE A
15 SIGNIFICANT RISK TO WORKERS OR THE PUBLIC DESPITE MAKING
16 VERY CONSERVATIVE ASSUMPTIONS ABOUT ITS POTENTIAL
17 TOXICITY AND EXPOSURES.

18 HOWEVER, WE MUST OBJECT TO THE RULE AS CURRENTLY
19 WRITTEN BECAUSE STAFF HAS NOT PROPOSED TO EXEMPT TBAC IN
20 ALL OUR PROTECTIONS COATINGS DESPITE EVIDENCE THAT IS
21 URGENTLY NEED AND THE LACK OF EVIDENCE THAT IT GOES IN
22 RISK. IN PARTICULAR, NPCA HAS REPEATEDLY REQUESTED THAT
23 TBAC BE EXEMPTED IN VARNISHES AND LACQUERS, AND STAFF IS
24 PROPOSE TO DELAY THE REDUCTION OF VOC LIMITS IN SEVERAL
25 COATING CATEGORIES WHERE TBAC COULD BE USED. STAFF HAS

1 ALSO NOT PROVIDED A LEGITIMATE REASON FOR LIMITING THE
2 EXEMPTION. STAFF CITES THE SAME BASELESS CONCERNS THAT
3 WERE RAISED FOR COATINGS BUT DID NOT PERFORM A HEALTH
4 RISK ASSESSMENT TO SUPPORT THIS CLAIM.

5 WE BELIEVE THAT THIS IS REQUIRED UNDER CEQA
6 LIMIT 110 SINCE THE PUBLIC HEALTH IMPACT OF NOT EXEMPTING
7 TBAC IN ALL COATING CATEGORIES IS LIKELY TO BE HIGHER
8 OZONE LEVELS AND HIGHER CANCER RISKS FROM INCREASED USE
9 OF HUMAN CARCINOGENS. IN THAT REGARD WE BELIEVE THAT THE
10 CEQA ANALYSIS FOR RULE 1113 IS INCOMPLETE AND THE
11 DECISION TO LIMIT THE EXEMPTION OF TBAC IS NOT PROTECTIVE
12 OF HUMAN HEALTH OR THE ENVIRONMENT.

13 WE'RE ALSO CONCERNED THAT DR. WOLF, A PAID
14 DISTRICT CONSULTANT IS ACTIVELY CAMPAIGNING AGAINST THE
15 EXEMPTION OF TBAC AND MAKING FALSE STATES ABOUT ITS
16 TOXICITY. ALTHOUGH DR. WOLF IS CERTAINLY ENTITLED TO
17 VOICE HER OPINIONS ON ANY ISSUE, I FIND IT HERE
18 DISTURBING THAT SOME OF THESE STATEMENTS CAN BE FOUND
19 ALMOST VERBATIM IN STAFF CEQA DOCUMENTS AND IN THEIR
20 RESPONSE TO OUR COMMENTS. WE HAVE POINTED OUT THESE
21 ERRORS, BUT THEY HAVE NOT YET BEEN CORRECTED.

22 AGAIN, WE DO NOT OBJECT TO DR. WOLF EXPRESSING
23 HER CONCERNS AND OPINIONS. WE MERELY REQUEST THAT STAFF
24 WEIGH OUR COMMENTS EQUALLY AND THAT ANY MISSTATEMENTS
25 ABOUT TBAC BE CORRECTED WHEN WE POINT THEM OUT. WE WOULD

1 ALSO LIKE STAFF TO CLARIFY WHETHER DR. WOLF HAS BEEN
2 ASKED TO PROVIDE TOXICOLOGICAL OPINIONS ON TBAC AS PART
3 OF THE CONTRACT WITH THE DISTRICT OR IS MERELY PROVIDING
4 THEM AS A PRIVATE CITIZEN.

5 IN SUMMARY, LYONDELL RESPECTFULLY REQUESTS THAT
6 THE BOARD ASK STAFF TO EXTEND THE EXEMPTION OF TBAC TO
7 ALL COATING CATEGORIES UNDER 1113. WE ALSO REQUEST THAT
8 THE BOARD ENSURE THAT THE ERRORS THAT WE HAVE POINTED OUT
9 TO STAFF BE CORRECTED AS SOON AS POSSIBLE SO THE PUBLIC
10 CAN GET AN ACCURATE PERSPECTIVE AND THE RISK AND BENEFITS
11 PROVIDED BY THIS EXEMPTION. THANKS AGAIN FOR YOUR TIME
12 AND OPPORTUNITY TO COMMENT.

13 CHAIRMAN BURKE: THANK YOU VERY MUCH FOR YOUR
14 TESTIMONY. IF WE COULD PLEASE GET AARON MANN TO COME TO
15 THE EMPTY MICROPHONE.

16 MR. ACQUAN: MR. CHAIRMAN AND MEMBERS OF THE
17 BOARD, I'M LYLE ACQUAN, CHIEF TECHNICAL OFFICER FOR
18 DIVERSIFIED COATINGS, INC., A MANUFACTURER OF KRYLON
19 BRAND QUALITY ARCHITECTURAL PAINTS AND COATINGS. THE
20 SMART AND HARD WORKING TECHNICAL STAFF AT DIVERSIFIED
21 COATINGS, INC., ARE GOING TESTIFY ABOUT LOW VOC COATINGS
22 INCLUDING THE WATERBASED NONFLATS AMONG OTHERS.

23 IT IS NOT EASY TO MEET THESE LOW EMISSION LIMITS
24 FOR RULE 1113, BUT THEY ARE DOABLE. AND WE AT DCI HAVE
25 DONE IT. THEREFORE, DCI IS IN SUPPORT OF OPTION 1 STAFF

1 RECOMMENDATION.

2 THANK YOU.

3 CHAIRMAN BURKE: THANK YOU VERY MUCH FOR YOUR
4 TESTIMONY, SIR.

5 AND MAY WE HAVE, PLEASE, MR. CLAUDE FOREN AT THE
6 EMPTY MICROPHONE.

7 MR. MANN: GOOD MORNING. MY NAME IS AARON MANN.
8 I'M A SENIOR RESEARCH CHEMIST WITH JFP HART COATINGS.
9 JFP HART IS A MANUFACTURED COMPLIANT COATING FOR OVER
10 FIVE YEARS NOW. AND I REITERATE THAT THE SAME COMPLIANT
11 COATINGS THAT WE'VE MANUFACTURED FOR THE WHOLE FIVE
12 YEARS.

13 WE SPECIALIZE PRIMARILY IN INDUSTRIAL
14 MAINTENANCE, BOTH EPOXY AND URETHANES WHICH ARE UNDER A
15 HUNDRED GRAMS PER LITER, MANY OF WHICH ARE UNDER 50 GRAMS
16 PER LITER. THOSE CATEGORIES DO INCLUDE ANTI-GRAFFITI.
17 WE ALSO SPECIALIZE IN THE FLOORING MARKET, WHICH INCLUDES
18 VCT RESILIENT FLOORING, CLAY AND CONCRETE TILE, CONCRETE
19 FLOORING INCLUDING WET LOOK PRODUCTS. PRODUCTS THAT ARE
20 HARD AND DURABLE YET FLEXIBLE AND SLIP RESISTANT. IN
21 ADDITION, NOW WE'RE MAKING TECHNOLOGY AVAILABLE THROUGH
22 OUR MATERIAL SUPPLIES. WE'VE ALIGNED WITH OUR FRIENDS AT
23 RODEO WHOSE INTERNATIONAL COMPANY WITH OVER FIVE BILLION
24 EURO IN SALES LAST YEAR. TOGETHER WE'RE WORKING TO MAKE
25 URETHANE MATERIALS AND PRECURSORS THAT ARE DIRECTLY

1 COMPATIBLE WITH OUR PRODUCTS AVAILABLE.

2 LET ME ALSO MENTION THAT THERE ARE COMPETITIVE
3 MATERIALS IN MARKET -- MATERIALS ON THE MARKET AS WE
4 SPEAK. JFB HART BELIEVES THAT THE MEANS TO MAKE A FINE
5 MATERIAL ARE AVAILABLE, AND THE STAFF HAS BEEN DILIGENT
6 IN THEIR FINDINGS AND SUPPORTS STAFF RECOMMENDATION OF
7 OPTION 1.

8 THANK YOU.

9 CHAIRMAN BURKE: THANK YOU.

10 AND WOULD KATHY WOLF PLEASE TAKE THE VACANT
11 MICROPHONE?

12 MR. FOREN: GOOD MORNING. MY NAME IS CLAUDE
13 FOREN. I'M THE PRESIDENT AND OWNER OF RAINGUARD. WE'RE
14 A MANUFACTURER OF SPECIALTY COATINGS AND WE'RE BASED IN
15 SOUTHERN CALIFORNIA.

16 I WAS HERE SEVERAL YEARS AGO WHEN THE RULE WAS
17 FIRST ADOPTED. AND AN OBSERVATION I'D LIKE TO BRING TO
18 YOUR ATTENTION IS THE PEOPLE WHO ARE OPPOSING TODAY ARE
19 THE SAME PEOPLE THAT WERE OPPOSING IT BACK THEN. AND THE
20 REASON WAS THEY JUST WANTED TO DELAY IT. AND AS A
21 RESIDENT OF SOUTHERN CALIFORNIA, I DON'T THINK WE NEED TO
22 DELAY IT. I DON'T THINK WE SHOULD DELAY IT.

23 RAINGUARD MANUFACTURES 28 DIFFERENT PRODUCTS.
24 IN THE INDUSTRIAL MAINTENANCE CATEGORIES, I WANT TO SPEAK
25 TO TWO SPECIFIC PRODUCTS, ONE IS WATER REPELLENTS AND THE

1 OTHER IS ANTI -GRAFFITI COATINGS. IN THE PAST TWO YEARS
2 WE HAVE SOLD ENOUGH WATER REPELLENTS IN OUR WATERBORNE
3 COATINGS ONLY TO COAT 31 MILLION SQUARE FEET OF SURFACES.
4 OUR PROJECTS HAVE RANGED FROM THE NEW TERMINAL IN HONG
5 KONG TO THE ATHENS OLYMPIC STADIUM TO COUNTLESS PROJECTS.
6 THE LAST TIME ANY MEMBER HERE WALKED INTO A RALPH' S
7 GROCERY STORE SINCE 1985 IT' S BEEN COATED WITH RAINGUARD
8 PRODUCTS ON IT. THESE HAVE BEEN AND WILL ALWAYS BE LOW
9 VOC PRODUCTS.

10 WE READ THE WRITING ON THE WALL. YOU TOLD US
11 YEARS AGO THAT THIS NEEDS TO FALL UNDER LOW VOC
12 CATEGORIES. WE TOOK YOU SERIOUSLY. IT' S UNFORTUNATE
13 THAT CERTAIN PEOPLE IN THE ROOM WHO DIDN' T TAKE YOU
14 SERIOUSLY. THEY ARE MUCH BIGGER THAN WE ARE. THEY HAVE
15 MILLIONS AND MILLIONS AND MILLIONS OF DOLLARS WORTH OF
16 RESOURCES TO GET ON THE DIME AND FOLLOW THE RULES. YOU
17 SET THE RULES. AND WE SELL PRODUCTS ALL OVER THE
18 COUNTRY. AND EVERYBODY FOLLOWS THE LEAD TO WHAT YOU
19 FOLKS DETERMINE TO DECIDE IN THIS ROOM.

20 ON OUR ANTI -GRAFFITI LINE, WE HAVE PRODUCTS THAT
21 GO FROM ONE YEAR TO TEN YEARS OF WARRANTY, INCLUDING
22 MATERIAL AND LABOR, A FULL WARRANTY, THE MOST COMPETITIVE
23 WARRANTY, IF NOT THE BEST WARRANTY IN THE INDUSTRY. OUR
24 ANTI -GRAFFITIS ARE SO GOOD THAT WE' VE PRODUCED PRIVATE
25 LABEL PRODUCTS MORE THAN WE' VE PRODUCED OUR OWN LABEL

1 PRODUCTS TO SOME COMPANIES THAT ARE ACTUALLY REPRESENTED
2 IN ROOM TODAY. AND THE REASON THEY DO IT IS BECAUSE IT'S
3 UNDER A HUNDRED GRAMS PER LITER VOC, IT WORKS, AND WE CAN
4 STAND BEHIND IT FOR TEN YEARS PLUS.

5 THE FACT THAT OTHER MANUFACTURERS OR
6 DISTRIBUTORS HAVE DECIDED TO DRAG THEIR FEET ON IT SHOULD
7 NOT FALL ONTO THE FEET OF YOUR MEMBERS. IT SHOULD FALL
8 ON THEIR FEET, AND THEY SHOULD BE HELD RESPONSIBLE FOR
9 IT. THE ONLY WAY TO PUNISH THEM IS TO STICK WITH THE
10 RULES AND GO WITH OPTION 1.

11 THANK YOU.

12 MR. YATES: MR. CHAIRMAN, MIGHT I ASK A QUESTION
13 OF THE SPEAKER?

14 CHAIRMAN BURKE: SURE.

15 MR. YATES: SIR, CAN I ASK YOU A QUESTION? OVER
16 HERE. THE LITTLE GUY. A HUNDRED YEARS AGO I USED TO
17 SELL DUTCH BOY PAINT. NATIONAL LEAD COMPANY OWNED THEM
18 AT THE TIME. I KNOW THERE'S RIGOROUS TESTING THAT GOES
19 ON WITH THE R AND N PROCESS WITH PAINTS AND COATINGS AND
20 WHAT HAVE YOU. AND THEN ONCE THE PRODUCT IS DEVELOPED,
21 THEY TAKE IT OUT IN THE FIELD AND APPLY IT TO THE WEATHER
22 CONDITIONS, THE SUN CONDITIONS, ALL OF THAT. WHAT I'M
23 GETTING FROM THE PAINT ASSOCIATION WITH THESE LOW VOC
24 COATINGS -- MAYBE MY QUESTION TO YOU IS DO YOU GO THROUGH
25 THE SAME TESTING PROCEDURES THAT THE OIL BASED OR HIGH

1 VOC COATINGS WENT THROUGH TO GET WHERE THEY' RE AT?

2 MR. FOREN: ABSOLUTELY. IT'S INTERESTING
3 THE ARGUMENT, THOUGH, IS THEY NEED TIME TO TEST THESE
4 PRODUCTS.

5 MR. YATES: EXACTLY.

6 MR. FOREN: IF SOMEBODY IN OHIO DECIDES THEY' RE
7 GOING TO INTRODUCE A NEW PRODUCT, I DON'T THINK THEY WAIT
8 FIVE YEARS TO INTRODUCE THAT PRODUCT. THEY INTRODUCED IT
9 IN SIX MONTHS.

10 MR. YATES: BUT THEY' RE IMPLYING THAT -- AT
11 LEAST I'M GETTING THE IMPRESSION FROM THE COATINGS PEOPLE
12 THAT -- LIKE YOUR COATINGS AREN'T AS WELL TESTED AS
13 THEIRS.

14 MR. FOREN: WE' VE BEEN AROUND SINCE 1969. WE
15 WOULDN'T BE IN BUSINESS TODAY IF THE COATING DIDN'T WORK.

16 MR. YATES: THANK YOU.

17 CHAIRMAN BURKE: COULD WE PLEASE HAVE MR. JOHN
18 LONG COME TO THE VACANT MICROPHONE?

19 MS. WOLF: GOOD MORNING. MY NAME IS DR. KATIE
20 WOLF FROM THE INSTITUTE FOR RESEARCH AND TECHNICAL
21 ASSIST. AND MR. PEROT FROM LYONDELL CHEMICALS JUST
22 INDICATED THAT I WAS HERE AS A PAID CONSULTANT TO TESTIFY
23 AGAINST TERT-BUTYL ACETATE. I AM IN DEED HERE TODAY TO
24 TESTIFY AGAINST THE EXEMPTION OF TERT-BUTYL ACETATE RULE
25 1113, BUT I'M NOT BEING PAID BY ANYBODY TO DO THIS

1 UNFORTUNATELY. I'M ON MY OWN.

2 I DO WANT TO URGE YOU TO OPPOSE THE EXEMPTION OF
3 TERT-BUTYL ACETATE IS A CHEMICAL THAT FORMS A METABOLITE
4 THAT IS A CARCINOGEN. THE HAZARD EVALUATION SYSTEM AND
5 INFORMATION SERVICE, WHICH IS PART OF THE DEPARTMENT OF
6 HEALTH SERVICES IN CALIFORNIA, USING A CANCER POTENCY
7 FACTOR DEVELOPED BY OLEHA INDICATES THAT THE RISK TO A
8 WORKER EXPOSED AT THE WORKER EXPOSURE LEVEL FOR
9 TERT-BUTYL ACETATE THE CANCER RISK WOULD BE 74,000 IN A
10 MILLION. THAT'S A 7.4 PERCENT CANCER RISK, WHICH IS
11 EXTREMELY HIGH.

12 NOW, THE DISTRICT STAFF WILL TELL YOU THAT THEY
13 AREN'T RESPONSIBLE FOR WORKER EXPOSURE. AND, IN FACT,
14 THAT'S TRUE. BUT IN THIS CASE THEY WILL BE RESPONSIBLE
15 FOR EXPOSING WORKERS AND COMMUNITY MEMBERS TO TERT-BUTYL
16 ACETATE. TERT-BUTYL ACETATE ISN'T USED TODAY BECAUSE
17 IT'S MORE EXPENSIVE THAN VOC SOLVENTS. IF THE DISTRICT
18 GOES FORWARD FROM AND EXEMPTS IT FROM VOC REGULATIONS,
19 HOWEVER, IT WILL HAVE A VERY STRONG MARKET IN INDUSTRIAL
20 MAINTENANCE COATINGS. IN OTHER WORDS, THE DISTRICT WILL
21 BE RESPONSIBLE FOR DEVELOPING THE MARKET FOR TERT-BUTYL
22 ACETATE IN THE BASIN AND EXPOSING WORKERS AND COMMUNITY
23 MEMBERS TO THE MATERIAL TO A CANCER RISK.

24 THE DISTRICT IS AN AGENCY WHO IS RESPONSIBLE FOR
25 PROTECTING PUBLIC HEALTH. AND, IN FACT, THE DISTRICT IN

1 MANY CASES IS PHASING OUT CARCINOGENS THAT ARE USED IN
2 COMMERCE. EARLIER TODAY THE BOARD TALKED ABOUT THE FACT
3 THAT RULE 1421, THE DISTRICT RULE, WAS PHASING OUT PERK
4 AND DRY CLEANING. WHY THEN WOULD THE DISTRICT DEVELOP
5 AND CREATE A MARKET FOR AN EXEMPTION FOR TERT-BUTYL
6 ACETATE TO PUT ON THE MARKET A CHEMICAL THAT WILL POSE A
7 CANCER RISK TO THE PUBLIC. THAT JUST DOESN'T MAKE SENSE.

8 SO IN CLOSING, THEN, I URGE YOU TO NOT ALLOW AN
9 EXEMPTION FOR TERT-BUTYL ACETATE IN THIS RULE. THERE ARE
10 OTHER COMPLIANT COATINGS THAT DON'T USE THIS MATERIAL,
11 AND THEY CAN BE USED INSTEAD. THANK YOU FOR YOUR
12 ATTENTION.

13 MS. CARNEY: MR. CHAIRMAN, CAN I ASK A QUESTION?

14 CHAIRMAN BURKE: YES.

15 MS. CARNEY: DR. WOLF, ARE THERE SAFETY MEASURES
16 THAT EMPLOYEES APPLYING THIS OR WORKERS APPLYING THESE
17 COATINGS WITH TBAC IN THEM, ARE THERE SAFETY PROCEDURES
18 THEY CAN FOLLOW THAT REDUCES THE RISK?

19 MS. WOLF: NO ONE USES TERT-BUTYL ACETATE TODAY.
20 THE DISTRICT IN EXEMPTING IT WILL CREATE A MARKET FOR IT.
21 IT IS MUCH MORE EXPENSIVE THAN VOC SOLVENTS THAT ARE USED
22 TODAY. BUT IF IT'S EXEMPTED, PEOPLE WILL IN DEED USE IT
23 AND FORMULATE IT IN COATINGS. AND, YES, THERE ARE
24 MEASURES THAT PEOPLE COULD TAKE. BUT SINCE IT HASN'T
25 BEEN USED, THE CAL OSHA HAS NOT BEEN VERY DILIGENT IN

1 SETTING STANDARDS FOR IT. SO THE WORKER EXPOSURE LEVEL
2 IS 200 PARTS PER MILLION. AND, AGAIN, AT THAT RISK IT
3 POSES TO WORKERS A CANCER RISK OF 74,000 IN A MILLION.
4 AND IT'S OF GREAT CONCERN TO ME.

5 MS. CARNEY: DOES STAFF HAVE A RESPONSE TO THIS?

6 MR. TISOPULOS: YES. TERT-BUTYL ACETATE HAS
7 BEEN DELISTED BY EPA. IT'S A VOC EXEMPT SOLVENT BECAUSE
8 OF IT'S LOW CHEMICAL REACTIVITY. WE HAVE NO ARGUMENT
9 THAT ABOUT THAT. IT HAS LOW CHEMICAL REACTIVITY. AND
10 TYPICAL WE WOULD EMBRACE THAT SOLVENT AND DELIST IT FROM
11 OUR RULES AND REGULATIONS AS WELL. WE HAVE NOT DONE SO
12 BECAUSE OF THE POTENTIAL TO TOXICITY ISSUES THAT WE ARE
13 DEBATING TODAY. IT'S NOT A FORMALLY APPROVED CARCINOGEN.
14 BUT ONE OF ITS METABOLITES, THE TERT-BUTYL, HAS BEEN
15 FOUND TO CAUSE TUMORS IN RATS. EVEN THE TERT-BUTYL HAS
16 NOT BEEN FORMALLY CLASSIFIED AS A CARCINOGEN YET. BUT
17 THERE IS REASON TO BE APPREHENSIVE ABOUT AND TAKE
18 PRECAUTIONARY MEASURES.

19 WHAT WE HAVE DONE IN THIS ANALYSIS IS THAT ONLY
20 IN THOSE IM PRODUCTS WHERE WE ARE LOOKING FOR
21 HIGH-LONGEVITY PRODUCTS WHERE ALTERNATIVE PRODUCTS ARE
22 NOT AVAILABLE RIGHT NOW IN THE MARKET AND WE KNOW THAT
23 TBAC CAN BE VERY HELPFUL, THIS IS THE ONLY AREA WHERE WE
24 ARE RECOMMENDING ITS EXEMPTIONS. AND BEFORE WE FORMALIZE
25 THIS RECOMMENDATION AND PRESENT IT BEFORE YOU, WE

1 CONDUCTED A VERY THOROUGH HEALTH RISK ASSESSMENT ANALYSIS
2 THAT ESSENTIALLY HAS USED VERY CONSERVATIVE RISK FACTORS
3 THAT HAVE BEEN DEVELOPED BY OLEHA. AND WHAT WE HAVE
4 FOUND THERE WAS WITH REGARDS TO THE IMPACT ON THE WORKER
5 EXPOSURE -- BECAUSE IM PRODUCTS ARE PREDOMINANTLY APPLIED
6 BY PROFESSIONAL CREWS, THEY ARE TYPICALLY BEING
7 RECOMMENDED -- THE POINT IS BEING RECOMMENDED TO BE
8 UTILIZED WITH PROTECTIVE GEAR. AND, THEREFORE, THERE
9 SHOULD NOT BE ANY HEALTH RISK IMPOSED ON THOSE FELLOWS.

10 WE ALSO LOOKED AT THE DOWNWIND IMPACT ON THE
11 COMMUNITY, AND WE FOUND AT THE LEVELS, EVEN UNDER WORSE
12 CASE SCENARIOS, WE HAVE FOUND OUT THE LEVEL'S WAY BELOW
13 OUR RISK LEVELS. SO FOR THIS NICHE CATEGORY, THE IM
14 PRODUCTS, WE ARE RECOMMENDING ITS EXEMPTION. WE ARE NOT
15 RECOMMENDING A BROADER EXEMPTION AS YOU HEARD FROM
16 MR. PEROT FROM LYONDELL BECAUSE -- AND WE ARE EXPLAINING
17 SOME ADDITIONAL TOXICITY INFORMATION ON THE PRODUCT.

18 AND BESIDES THERE ARE ALTERNATIVE PRODUCTS THAT
19 COMPLIED, THAT PERFORMED WELL THAT DO NOT HAVE THE ADDED
20 RISK -- POTENTIAL RISK I SHOULD POINT OUT, THE POTENTIAL
21 MAY BE IMPOSED BY THE PRODUCT. THEREFORE, THE
22 PRECAUTIONARY AND PERHAPS THE REASONABLE APPROACH OR
23 BALANCED APPROACH TO TAKE IN THIS PARTICULAR CASE IS GIVE
24 TO THE EXEMPTION ONLY TO THIS NICHE CATEGORY WHERE IT'S
25 MOST NEEDED.

1 OBTAIN ADDITIONAL TOXICITY INFORMATION, AND WE
2 KNOW THAT LYONDELL THAT HAS CONDUCTED SOME ADDITIONAL
3 TOXICITY STUDIES. AND BASED ON THAT REVISIT, OUR LIMITED
4 EXEMPTION, DOES IT STAND, OR NARROW IT DOWN DEPENDING ON
5 THE RESULTS OF THE STUDIES.

6 MS. CARNEY: WELL, WHAT DO WE KNOW ABOUT THE
7 EFFICACY OF PROTECTIVE CLOTHING AND THAT KIND OF THING OR
8 MASKS OR WHATEVER IT IS THAT'S RECOMMENDED FOR -- THAT
9 THE APPLICATOR WOULD WEAR.

10 MR. TISOPULOS: THEY ARE DESIGNED TO
11 SIGNIFICANTLY REDUCE RISKS.

12 MS. CARNEY: BUT DR. WOLF'S POINT, I THINK, THAT
13 WE'RE WAY OUT AHEAD OF OSHA OR CAL OSHA ON THIS.

14 MR. TISOPULOS: THE SPECIFIC FIGURE SHE HAS
15 MENTIONED, AND WE HAVE TALKED TO THE FOLKS IN THAT AGENCY
16 WAS TO ESSENTIALLY TO ENTICE THE OTHER REGULATORY
17 AGENCIES, NOT US, PARTICULARLY WITH WORKER EXPOSURE TO
18 REDUCE THE EXPOSURE LEVEL. RIGHT NOW I BELIEVE IT'S 200
19 PPM, AND WE WOULD LIKE TO SEE THE REDUCTION ON THE
20 PERCENTAGE FIGURES THAT THEY -- THAT DR. WOLF POINT WAS
21 IN RESPONSE TO THAT.

22 MR. WALLERSTEIN: I THINK THE OTHER POINT IS
23 THIS IS THE SECOND TIME THIS ISSUE'S BEEN BEFORE THE
24 BOARD. A FEW MONTHS AGO IT WAS IN THE CONTEXT OF
25 AUTOMOTIVE REFINISHING. AND IN THAT CASE THE STATE AIR

1 BOARD HAD LOOKED AT THIS ISSUE AND LEFT FLEXIBILITY TO
2 LOCAL DISTRICTS TO MAKE A JUDGMENT ON THEIR OWN. AND AS
3 LAKI HAS MENTIONED, WE SPENT QUITE A BIT OF TIME TALKING
4 TO THE STATE OFFICIALS AND CONDUCTING RISK ASSESSMENTS.
5 SO WE'RE COMFORTABLE THAT WE'RE DOING A VERY NARROW
6 EXEMPTION, AND WE'RE NOT THROWING THE DOORS WIDE OPEN,
7 WHICH THE INDUSTRY HAS BEEN REQUESTING UNTIL THERE'S SOME
8 FURTHER TESTING. BUT WE FEEL THAT WE'RE TAKING A
9 PRECAUTIONARY APPROACH HERE.

10 MR. TISOPULOS: AND I ALSO SHOULD POINT ONE MORE
11 THING OUT. THAT OLEHA IN LATE DECEMBER DID REVISE ONE OF
12 THE ACUTE TOXICITY RISK FACTORS DOWNWARDS. THEY
13 RECOGNIZED AN ERROR THAT THEY MADE IN THE PAST THAT
14 BASICALLY HAD AN INCREASED RISK FACTOR BY AN ORDER OF
15 MAGNITUDE. SO THE RISKS ARE A LOT LOWER THAN WHAT WE
16 ORIGINALLY WROTE --

17 MS. WOLF: NOT THE CANCER RISK.

18 MR. TISOPULOS: THERE IS NO FORMALLY APPROVED
19 CANCER RISK AS OF YET. BUT THE RISK, ENOUGH REASON TO BE
20 CONCERNED ABOUT, AND THIS IS WHY IT IS VERY INDICATED BY
21 POSING A VERY NARROW EXEMPTION WITH SOME FLEXIBILITY TO
22 THE MANUFACTURERS, BUT NARROW IT ENOUGH TO PROTECT THE
23 PUBLIC FOR UNDUE RISK.

24 MS. CARNEY: THANK YOU.

25 CHAIRMAN BURKE: WHAT I DIDN'T HEAR IN THERE WAS

1 IF IT'S TRUE THAT IT WILL CREATE A NEW MARKET DEMAND FOR
2 THIS, HOW DO YOU EXTRAPOLATE OUT WHAT THE POTENTIAL RISK
3 WILL BE?

4 MR. TISOPULOS: THE WAY WE DO OUR ANALYSIS IS WE
5 LOOK AT HIGH USAGE SCENARIOS. FOR INSTANCE, THE ONE WE
6 USED IN OUR CEQA ANALYSIS WAS WE LOOKED AT SANITATION
7 DISTRICTS PETROLEUM REFINERIES THAT DO MAINTENANCE
8 ACTIVITIES AROUND THE CLOCK ON A DAILY BASIS, AND WE SAID
9 UNDER THESE WORST CASE SCENARIOS, UNDER THESE HIGH VOLUME
10 USAGES, WHAT WOULD BE THE POTENTIAL RISK DOWN THE ROAD TO
11 A COMMUNITY ACROSS THE FENCE SO TO SPEAK. AND IT'S BASED
12 ON THAT TYPE OF ANALYSIS THAT WE ARE SAYING THAT THE
13 RISKS ARE PRETTY LOW.

14 MS. CARNEY: EXCUSE ME. MAY I FOLLOW-UP TOO?

15 CHAIRMAN BURKE: YES.

16 MS. CARNEY: DOWNWIND IS ONE QUESTION. BUT WHAT
17 ABOUT THE PERSON WHO IS STANDING THERE APPLYING IT? AS
18 YOU SAY IT'S AROUND THE CLOCK APPLICATION. IF WE ALLOW
19 THIS ON THE MARKET, I THINK WE OUGHT TO ASSUME THAT THEY
20 ARE GOING TO BE SOME PEOPLE WHO ARE EXPOSED TO THIS A
21 LOT. AND, YOU KNOW, PERSONALLY I NEED TO HAVE A LEVEL OF
22 CONFIDENCE THAT EITHER THIS SUBSTANCE HAS BEEN TESTED AND
23 THE RISK IS NOT LOW, NOT JUST THAT IT'S UNKNOWN, BUT THAT
24 IS LOW OR THAT THERE IS PROTECTIVE EQUIPMENT THAT LOWERS
25 THE RISK. I REALIZE THAT WE'RE NOT OSHA. BUT ON THE

1 OTHER HAND, I THINK WE HAVE A RESPONSIBILITY TO NOT
2 CREATE UNINTENDED CONSEQUENCES.

3 MR. TISOPULOS: I AGREE, MS. CARNEY. BUT ALSO
4 I SHOULD POINT OUT AND SOMETHING THAT I OMITTED IN MY
5 PRESENTATION, THAT THE INDUSTRIAL MAINTENANCE PRODUCTS
6 THAT ARE USED TODAY DO NOT CONTAIN BENIGN CHEMICALS AS
7 WELL, SO ALL THE INDUSTRIAL PRODUCTS DO HAVE THEIR OWN
8 HAZARDOUS COMPONENTS.

9 MS. CARNEY: THERE HAS TO BE A BETTER ANSWER
10 THAN THAT. WE'RE POISONING PEOPLE NOW, SO IT'S OKAY IF
11 WE KEEP ON?

12 MR. TISOPULOS: I DO HAVE --

13 MS. CARNEY: I DID BRING THIS UP BEFORE, SO
14 THIS IS NOT -- YOU KNOW, I DIDN'T SANDBAG YOU.

15 CHAIRMAN BURKE: AND IT'S OKAY IF YOU DID.

16 MR. TISOPULOS: BARRY HAS REMINDED ME --

17 MS. CARNEY: I NEED TO KNOW. TBAC HAS --

18 MR. TISOPULOS: BARRY HAS REMINDED ME THAT
19 OPERATORS OR USERS OF THE PRODUCT ARE GOING TO BE USING
20 THE RESPIRATORS. AND WHEN I SAID PROTECTIVE GEAR, THAT'S
21 WHAT I MEANT, USING RESPIRATORS IN APPLYING THESE
22 PRODUCTS.

23 MS. CARNEY: AND WHO SAYS THAT'S EFFECTIVE? I
24 MEAN IS THERE SOME AGENCY? IS THERE SOMEBODY WHO USES
25 THIS? IS THERE MANUFACTURE TESTING? IS THERE SOMETHING

1 THAT TELLS US THAT THAT'S PROTECTING?

2 MR. TISOPULOS: OSHA.

3 MS. CARNEY: OSHA. SO DR. WOLF SAID OSHA DIDN'T
4 REQUIRE THIS, BUT --

5 MR. WALLERSTEIN: I THINK, IF I UNDERSTOOD KATIE
6 RIGHT, SHE WAS IN PART QUESTIONING WHETHER THEY'RE OUT IN
7 THE FIELD AND DOING ENFORCEMENT AND ENSURING COMPLIANCE
8 WITH OSHA REQUIREMENTS.

9 MS. CARNEY: OKAY. THANK YOU.

10 CHAIRMAN BURKE: ANY FURTHER QUESTIONS?

11 MS. PERALTA, WE HAVE ONE MORE PERSON TO TESTIFY. IS THIS
12 A QUESTION TO --

13 MS. VERDUGO-PERALTA: I JUST WANTED TO FOLLOW
14 UP ON YOUR QUESTION. IF IN FACT IT IS THE CASE THAT IT'S
15 NOT BEING UTILIZED, HOW REAL IS IT THAT WE WOULD BE
16 CREATING A MARKET FOR IT? BECAUSE I HAD NOT HEARD THAT
17 STATEMENT BEFORE.

18 MR. TISOPULOS: IF I CAN ADDRESS THAT. AND,
19 BARRY, PERHAPS YOU CAN HELP OUT. OF COURSE, ONCE WE ARE
20 DELISTING A PARTICULAR PRODUCT, THERE IS A POTENTIAL OF
21 CREATING A MARKET. BUT KEEP IN MIND THIS PARTICULAR
22 CHEMICAL IS MORE EXPENSIVE THAN THE CONVENTIONAL
23 SOLVENTS, SO IT'S GOING TO BE USED ONLY ON THOSE NICHE
24 AREAS WHERE IT'S ABSOLUTELY NEEDED. AND THE ONLY AREA WE
25 IDENTIFIED -- BECAUSE WE IDENTIFIED NUMEROUS COMPLIANT

1 PRODUCTS THAT ARE ALREADY IN THE MARKET AND ALREADY USED
2 AND PEOPLE ARE HAPPY WITH THEM.

3 THE ONLY AREA WHERE WE FOUND THAT THIS PRODUCT
4 CAN BE USEFUL IS IN PRODUCTS WITH PRODUCTS WITH
5 EXCEPTIONALLY LONG DURABILITY, EXCEPTIONALLY LONG LIFE,
6 15, 20 YEARS. TYPICALLY PRODUCTS THAT ARE BEING APPLIED
7 ON WATER TANKS FOR INSTANCE. AND WATER DISTRICTS HAVE AN
8 INTEREST IN MINIMIZING THEIR MAINTENANCE CYCLES AND
9 MAINTENANCE COSTS. SO THAT'S AN AREA WHERE PERHAPS YOU
10 COULD FIND THIS APPLICATION.

11 NOW, WE DO HAVE WATER DISTRICTS, SANITATION
12 DISTRICTS THAT HAVE BEEN USING THE EXISTING PRODUCTS,
13 PERHAPS THEY'RE NOT AS LONG LASTING, BUT THEY'VE BEEN
14 USING THEM FOR A NUMBER OF YEARS.

15 MR. WALLERSTEIN: I THINK I WOULD ALSO SUGGEST
16 THAT SHOULD THE BOARD GO AHEAD WITH THIS DELISTING FOR
17 VERY NARROW USE, THAT THE STAFF BE DIRECTED TO REPORT
18 BACK IN SIX-MONTH PERIODS AS TO THE SORT OF USE THAT IS
19 OCCURRING FROM THE VARIOUS MANUFACTURERS AND FOR US TO
20 WORK WITH SOME OF THE END USERS TO ALSO KIND OF GET A
21 BETTER HANDLE ON THE PRACTICES THAT THEY USE IN THE FIELD
22 TO ENSURE WORKER SAFETY.

23 CHAIRMAN BURKE: ANY ADDITIONAL COMMENTS BY ANY
24 BOARD MEMBERS? QUESTIONS.

25 I'M SORRY, SIR, YOU HAD TO STAND THERE SO LONG.

1 BUT CAN YOU PLEASE STATE YOUR NAME FOR THE
2 RECORD?

3 MR. LONG: YES. MY NAME IS JOHN LONG. I'M THE
4 ENVIRONMENTAL COMPLIANCE MANAGER FOR VISTA PAINT
5 CORPORATION. I'M HERE TO SUPPORT OPTION 1. WE ARE A
6 MANUFACTURER OF ARCHITECTURAL COATINGS. YOU HEARD
7 EARLIER TODAY ABOUT THE NONFLAT PROBLEM OUT IN THE FIELD.
8 AND I BROUGHT A PANEL. I ASKED EARLIER AT A MEETING IF
9 YOU WANTED TO SEE SOME OF THESE PANELS. AND THE BLUE
10 TAPE IS A SECTION OF A STANDARD 150 GRAM PRODUCT THAT IS
11 CURRENTLY OUT IN THE MARKET AND THEN THE BALANCE OF THE
12 PANEL IS VARIOUS 50 GRAM COATINGS FROM VARIOUS RESIN
13 MANUFACTURERS AND FORMULATIONS.

14 AS YOU CAN SEE, SOME PERFORM QUITE WELL, SOME
15 PERFORM POORLY. WE HAVE HAD NONFLATS IN ALL GLOSS
16 CATEGORIES OUT IN THE MARKET FOR AT LEAST THREE MONTHS
17 NOW. IT HASN'T BEEN OUT IN THE MARKET FOR YEARS AS SOME
18 PEOPLE KNEW THAT IT NEEDS TO BE. THAT PANEL HAS ONE YEAR
19 AGING IT ON. AND WE'RE READY TO GO WITH THE RULE AS IT
20 IS AND WE SUPPORT IT.

21 CHAIRMAN BURKE: MAYOR YATES.

22 MR. YATES: THANK YOU, CHAIRMAN.

23 JUST A COMMENT. WHEN I WORKED FOR NATIONAL LEAD
24 COMPANY, IT DIDN'T REALLY MATTER HOW DURABLE ANY COATING
25 THAT WE SOLD. IT MATTERED ON THE PREPARATION AND THE

1 SEALING OF THAT SURFACE. WE HAD ARCHITECTURAL COATINGS
2 THAT WHEN THEY WERE DRY THEY WERE LIKE IRON. BUT IF YOU
3 DIDN'T SEAL AROUND OR PREVENT MOISTURE FROM COMING
4 UNDERNEATH IT, IT WAS WORTHLESS. SO THESE NEW LOW VOC
5 COATINGS, DO THEY FALL INTO THAT SAME CATEGORY THAT
6 PREPARATION IS THE ULTIMATE TASK BEFORE YOU PREPARE TO
7 PAINT A SURFACE? DOES THAT HOLD TRUE WITH THESE LOW VOC
8 ITEMS TOO.

9 MR. LONG: I WOULD SAY FOR ANY TYPE OF COATING
10 PREPARATION IS IMPORTANT.

11 MR. YATES: SO IF YOU DIDN'T PREPARE IT OR SEAL
12 IT RIGHT, YOU'RE IN BIG TROUBLE NO MATTER WHAT COATING
13 YOU USE.

14 MR. LONG: A HIGH VOC WILL FAIL TOO.

15 MR. YATES: RIGHT. THAT'S MY POINT.

16 MR. LONG: SO IT'S REALLY IRRELEVANT, I THINK,
17 TO -- THE POINT WE'RE TALKING ABOUT, WHAT WE'RE SHOWING
18 ON THAT PANEL IS THE DIRT PICK UP THAT WAS SPECIFICALLY
19 MENTIONED EARLIER THAT THE LOW VOC COATINGS SUPPOSEDLY
20 HAVE. AND I'M TRYING TO SAY THAT NO, THEY DON'T.

21 MR. YATES: AND EVERYTHING IS PREPARATION,
22 PREPARATION, RIGHT?

23 MR. LONG: WELL, IT'S PREPARATION, BUT IT'S ALSO
24 COATING TECHNOLOGY. WHAT YOU'RE SEEING THERE IS THE
25 COATING ITSELF PERFORMING WELL. IT HAS NOTHING TO DO

1 WITH THE PREPARATION. THERE ARE CASES WHERE LOW VOC
2 COATING ON A POORLY PREPARED SURFACE IS NOT GOING TO
3 WORK. ABSOLUTELY. BUT THE SAME HOLDS TRUE FOR THE HIGH
4 VOC COATING. OR IT MAY BE LITTLE MORE FORGIVING.

5 MR. WALLERSTEIN: MR. LONG, HOW LARGE A PLAYER
6 ARE YOU IN THE MARKETPLACE, YOUR COMPANY?

7 MR. LONG: I DON'T KNOW HOW'D YOU DEFINE. WE'RE
8 IN EXCESS OF A HUNDRED MILLION DOLLARS. SMALL COMPARED
9 TO SOME OF THE PLAYERS, BIGGER THAN OTHERS.

10 CHAIRMAN BURKE: WELL, TRULY ONE OF THE
11 QUESTIONS AT MY HOUSEHOLD ABOUT THIS WHOLE ISSUE OF
12 COATING IS THE DURABILITY OF GLOSS ON THE INSIDE OF YOUR
13 HOUSE. WITH THE RULES THAT WE ARE PLACING ON THE PAINT
14 INDUSTRY BECAUSE -- YOU KNOW, AS A KID, I CAN REMEMBER MY
15 DAD MAKING ME PAINT THE WINDOW SILLS WITH THAT HIGH
16 GLOSS. IT STAYED HIGH FOR TWO OR THREE DAYS, BUT THOSE
17 WINDOWS ALSO -- THAT TRIM STAYED GLOSSY LIKE FROM THE
18 TIME I WAS IN THE NINTH GRADE UNTIL I GRADUATED HIGH
19 SCHOOL. BUT NOWADAYS IT SEEMS TO ME IF I HAVE SOMEONE
20 COME OVER AND PAINT THE HOUSE, IT DOESN'T LAST AS LONG AS
21 IT USED TO. IS THAT AN IMPACT OF OUR RULES OR IS THAT A
22 CHANGE IN MATERIALS USED BY PAINT MANUFACTURERS FOR
23 PROFIT MOTIVE OR WHAT IS THAT?

24 MR. LONG: WELL, I'VE BEEN IN THE INDUSTRY FOR
25 ABOUT 15 YEARS, AND IT'S BEEN THROUGH THE REGULATIONS

1 THAT WE'RE GOING THROUGH. AND I KNOW I CERTAINLY WAS ONE
2 OF THE ONES SCREAMING SAYING DON'T CHANGE THE RULES WAY
3 BACK WHEN. TECHNOLOGY CHANGES. THE RULES CHANGE. AND
4 YOU TRY TO MAKE THE BEST COATING POSSIBLE UNDER THE
5 CURRENT REGULATION. I THINK THE --

6 CHAIRMAN BURKE: SO IS IT MY IMAGINATION OR IS
7 THIS PAINT NOT SHINING AS LONG AS IT USED TO BE?

8 MR. LONG: I GOT HIGH GLOSS ON MY HOME. THAT'S
9 BEEN ON FOR SIX YEARS EXTERIOR. IT'S A LATEX. IT LASTED
10 A LOT BETTER THAN THE EXTERIOR OUTFIT THAT I HAD ON PRIOR
11 TO THAT, BUT WHAT CAN I TELL YOU.

12 MR. YATES: YOU'RE BUYING CHEAP PAINT.

13 CHAIRMAN BURKE: YOU GOT THAT PART RIGHT TOO.

14 MR. LONG: WELL, THAT EXPLAINS IT, THEN.

15 MR. YATES: IT'S THAT \$2 A GALLON PAINT.

16 CHAIRMAN BURKE: IT'S THE STUFF I GOT OUT OF
17 YOUR GARAGE.

18 OKAY. IT JUST SEEMED TO ME -- BUT, YOU KNOW,
19 DENNIS COULD BE RIGHT. I'M BUYING CHEAP PAINT. OKAY.
20 WELL, THANK YOU VERY MUCH FOR YOUR TESTIMONY. AND ADRIAN
21 MARTINEZ, I'M GOING TO LET YOU TESTIFY, BUT YOU DID NOT
22 HAVE A CARD IN ON NO. 30. WE HAD THREE PEOPLE LEFT, SO I
23 DON'T WANT YOU TO THINK THIS WILL HAPPEN AT EVERY
24 MEETING.

25 MR. OVITT: MR. CHAIRMAN, I JUST WANTED TO

1 MENTION THAT I HAVE VINYL SIDING AND VINYL WINDOWS AND SO
2 I DON'T HAVE THAT SAME ISSUE. BUT I DO HAVE SOME PAINTED
3 PARTS OF MY HOME, AND I HAVE HAD TO REPLACE THE PAINT
4 WITHIN A SIX-YEAR PERIOD. BUT I'M NOT HERE TALKING ABOUT
5 VINYL SIDING ANYMORE.

6 MR. MARTINEZ: CHAIRMAN BURKE, MEMBERS OF THE
7 BOARD, I APOLOGIZE FOR THE CONFUSION WITH MY CARD. MY
8 NAME IS ADRIAN MARTINEZ, AND I'M HERE ON BEHALF OF THE
9 NATURAL RESOURCES DEFENSE COUNSEL. FIRST I WANT TO
10 ENCOURAGE THE BOARD TO BE STRONG AND MAINTAINING A
11 SUFFICIENTLY STRONG ARCHITECTURAL COATINGS RULE.

12 AS YOU KNOW, VOC EMISSIONS CAUSE THE FORMATION
13 OZONE PM 2.5 AND PM 10. SOUTH COAST AIR BASIN EXCEEDS
14 BOTH STATE AND NATIONAL AIR QUALITY STANDARDS FOR THE
15 OZONE LEADS TO A WIDE RANGE OF RESPIRATORY PROBLEMS,
16 DAMAGE TO PLANTS, AND LACK OF VISIBILITY. AND, IN
17 ADDITION, TO PARTICULATE MATTER IS EXCEPTIONALLY
18 DANGEROUS TO HUMAN HEALTH.

19 SEEING AS ARCHITECTURAL COATINGS ARE ONE OF THE
20 LARGEST MOBILE SOURCES OF VOC'S IN THE AIR BASIN IT IS
21 IMPORTANT THAT THE BOARD AGGRESSIVELY WORK TO REDUCE THIS
22 DIFFICULT SOURCE OF EMISSIONS. FURTHER, AS PLAINTIFFS IN
23 THE SIP LAWSUIT OF THE LATE 1990S, WE HAVE A STRONG
24 INTEREST IN THE DISTRICT'S COMPLIANCE WITH THE SETTLEMENT
25 AGREEMENT NEGOTIATED BETWEEN ENVIRONMENTAL PLAINTIFFS AND

1 THE SCAQMD.

2 THERE ARE THREE OPTIONS ON THE TABLE. OPTION 2
3 AND 3 DO NOT APPEAR TO BE CONSISTENT WITH OUR SETTLEMENT.
4 THUS, OF THE THREE OPTIONS, WE SEE OPTION 1 AS YOUR BEST
5 CHOICE. SPECIFICALLY THE PROPOSAL OF THE NATIONAL PAINT
6 AND COATING ASSOCIATION WILL PLACE A SEVERE BURDEN ON THE
7 DISTRICT AND TO ANY FEDERAL AIR QUALITY STANDARDS.
8 FURTHER, WE THINK THE REQUIRED INFEASIBILITY FINDING
9 CANNOT BE MADE FOR THE NPCA PROPOSAL.

10 THANK YOU FOR YOUR TIME.

11 CHAIRMAN BURKE: THANK YOU. ANY COMMENTS ABOUT
12 THIS ISSUE TO STAFF?

13 YES, MS. PERALTA.

14 MS. VERDUGO-PERALTA: THANK YOU,
15 MR. CHAIRMAN.

16 TESTIMONY BY CALTRANS CONCERNED ME VERY MUCH.
17 IF WE'RE TALKING ABOUT THE FACT THAT THEY FIND THAT 60
18 PERCENT OF THE CURING COMPOUND OR SURFACES THAT THEY NEED
19 FOR CURING, IF THAT PRODUCT IS NOT AVAILABLE, HOW ARE
20 THEY GOING TO ADDRESS THAT? AND I'M CONCERNED IN THE
21 SENSE OF PUBLIC SAFETY, NOT TO MENTION THE FACT PUBLIC
22 FUNDS THAT GO INTO THE FACT THAT THEY ARE WORKING ON
23 BEHALF OF THE STATE OF CALIFORNIA.

24 MR. TISOPULOS: THANK YOU, MS. PERALTA. THIS
25 IS ACTUALLY A VERY GOOD QUESTION. INDEED THAT WAS ONE OF

1 THE COMMENTS THAT WAS MADE TO US BY CALTRANS, BUT WE'RE
2 ABLE TO CARVE OUT THE NICHE APPLICATIONS AND LEAVE THE
3 LIMIT IN TACT. SO AS IT STANDS THEY'RE SUPPORTIVE OF THE
4 STAFF PROPOSAL RIGHT NOW WITH THAT MODIFICATION. SO WE
5 FULLY ADDRESSED THEIR NEED.

6 CHAIRMAN BURKE: ANY FURTHER QUESTIONS?

7 MIKE, SUPERVISOR ANTONOVICH.

8 MR. ANTONOVICH: I'D LIKE TO POSE A FOURTH
9 OPTION. AND WE'VE HAD MEETINGS AND THERE'S BEEN PROGRESS
10 BEING MADE AS WERE STATED WITH THE SMALL CONTAINER
11 EXEMPTION ISSUES AND OTHERS THAT HAVE BEEN NARROWED DOWN
12 AND COMING TO AN AGREEMENT. AND THAT WOULD BE THAT WE
13 WOULD APPROVE THE PROPOSALS BEFORE US, BUT THE FIVE KEY
14 AREAS WHICH HAD BEEN NARROWED DOWN FROM THE DOZEN OR SO
15 SEPARATE CATEGORIES BE CONTINUED FOR 90. SO WE WOULD
16 APPROVE THE ITEM WITH FIVE KEY AREAS BEING THE MAINTAIN
17 CURRENT LIMITS ON THE FOLLOWING INDUSTRIAL MAINTENANCE
18 COATINGS, THE RUST PREVENTATIVE COATINGS, WATERPROOFING
19 SEALERS AND MASONRY SEALERS, AND CREATE INTERIOR/EXTERIOR
20 LIMITS ON NONFLAT COATINGS AND HIGH GLOSS NONFLAT
21 COATINGS, WHICH IS THAT QUICK DRY. THOSE BE CONTINUED
22 FOR 90 DAYS WITH STAFFING CONTINUING TO WORK WITH THE
23 INDUSTRY TO COME BACK WITH A PROPOSAL.

24 MR. WALLERSTEIN: MR. CHAIRMAN, MEMBERS OF THE
25 BOARD.

1 CHAIRMAN BURKE: LET ME SEE IF I CAN GET A
2 SECOND? NOW.

3 MR. WALLERSTEIN: THE IMPACT OF THAT WOULD BE
4 ABOUT A MAXIMUM OF ABOUT CLOSE TO 7 TONS A DAY FOR THE
5 THREE-MONTHS PERIOD. WE HAVE MET EXTENSIVELY WITH THE
6 INDUSTRY ON THOSE ISSUES. AND AS YOU'VE HEAR IN THE
7 TESTIMONY TODAY WHERE WE MET WITH FOLKS AND FOLKS COULD
8 DEMONSTRATE THAT THEY HAD COMPLIANCE AND INFEBASIBILITY
9 PROBLEMS, THE STAFF HAS MADE MULTIPLE TO THE RULE THAT
10 ARE BEING PROPOSED TO YOU TODAY TO ADDRESS THAT. BUT I
11 REGRET TO INFORM THAT I DON'T BELIEVE THE 90 DAYS WILL
12 RESULT IN A SIGNIFICANT DIFFERENCE. AND, IN FACT, WILL
13 RESULT IN A SIGNIFICANT EMISSIONS INCREASE OF A VERY
14 LARGE MAGNITUDE. AND SO WE WOULD STILL REQUEST THAT THE
15 BOARD APPROVE THE STAFF RECOMMENDATION.

16 CHAIRMAN BURKE: MS. CARNEY.

17 MS. CARNEY: THANK YOU.

18 I'D JUST LIKE TO SAY THAT I'M NOT SURE WHAT
19 WOULD HAPPEN IN THE 90-DAY PERIOD. THERE'S BEEN SOME
20 COMPLAINTS THAT THERE WASN'T ENOUGH ACTUAL FIELD TESTING
21 OF THESE PRODUCTS. BUT ACCORDING TO WHAT THEIR
22 TESTIFYING IN THE TESTIMONY, 90 DAYS WOULDN'T BE ENOUGH
23 TO DO THAT. AND IF WE THINK THERE ARE COMPLIANT
24 PRODUCTS, THEN I DON'T KNOW WHAT 90 DAYS WOULD GIVE US.
25 I MEAN THERE EITHER ARE OR THERE AREN'T. AND FOR

1 COMPANIES THAT HAVE DONE THE R AND D AND HAVE PRODUCTS
2 EITHER IN THE MARKET OR READY TO RELEASE INTO THE MARKET
3 AND THEY RESPONDED TO THIS TECHNOLOGY FORCING RULE THAT
4 WAS ADOPTED A FEW YEARS AGO, I JUST DON'T THINK IT'S FAIR
5 TO DELAY THE LIMITS AND PUNISH THE PEOPLE WHO DID PUT
6 FORTH THE EFFORT AND CAME UP AND DID WHAT WE HOPED.

7 I MEAN IT'S GOOD FOR THEM, GOOD FOR PUBLIC
8 HEALTH. I DON'T THINK 90 DAYS DOES ANYTHING PRODUCTIVE.
9 I KNOW HOW HARD IT IS TO WORK ON AD HOC COMMITTEE BECAUSE
10 I CHAIRED THE AD HOC REFINERY COMMITTEE FOR A LONG TIME.
11 AND, YOU KNOW, YOU GET SO FAR VERY. YOU CAN REACH
12 AGREEMENT ON A WHOLE LOT OF THINGS. THEY'RE VERY USEFUL
13 TOOLS. YOU DO GET -- THERE'S A REAL OPPORTUNITY FOR GOOD
14 INFORMATION TO BE PRESENTED BY INDUSTRY AND FOR THAT TO
15 BE VENTED AND ARGUED BACK AND FORTH AND YOU COME BACK AT
16 IT TWO OR THREE OR FOUR TIMES. BUT YOU REACH A POINT
17 WHERE YOU'RE JUST NOT GOING TO MAKE ANY REAL -- YOU'RE
18 NOT GOING TO REACH AGREEMENT ON EVERY ISSUE. SO
19 PERSONALLY I'M IN FAVOR OF VOTING ON THIS TODAY.

20 THANK YOU.

21 MR. LOVERIDGE: THE QUESTION WAS BROUGHT --
22 FIRST OF ALL, I HAVE A SECOND TO THE MOTION BY SUPERVISOR
23 ANTONOVICH.

24 CHAIRMAN BURKE: THE QUESTION WAS FOR MAYOR
25 LOVERIDGE, IS THAT A SUBSTITUTE MOTION? BEFORE YOU

1 ANSWER THAT QUESTION, I JUST -- I HAVE -- FIRST OF ALL,
2 BEEN LUCKY TO WORK WITH SUPERVISOR ANTONOVICH AS YOU DID
3 ON YOUR REFINERY COMMITTEE, BUT I HANDED YOU THAT BRICK
4 THAT WAS GOING SWIMMING. BUT YOU DID A GREAT JOB ON
5 THAT, AND I'M SURE THAT EVERYBODY ON THE BOARD AND
6 REFINERY INDUSTRY TOO -- THOSE KIND OF COMMITTEES OPEN
7 LINES OF COMMUNICATION, WHICH I JUST DON'T THINK EXIST
8 FOR STAFF AT ALL. BUT I ALSO THINK YOU'RE RIGHT AT SOME
9 POINT IT'S A DIMINISHING RETURN.

10 THE QUESTION IS NOW, YOU KNOW -- AND I THINK WE
11 HAVE TO LOOK TO MIKE AS THE AUTHORITY ON THIS SINCE JAN
12 IS NOT HERE, IS DOES HE THINK THERE'S STILL SOME ROOM IN
13 HERE. DOES HE THINK THAT 90 DAYS -- THAT SMALL
14 CONTAINER THING THAT THEY WORKED ON, I THOUGHT THAT WAS A
15 GOING TO BE A DISASTER. THAT WORKED OUT.

16 SO RESPECTING WHAT BARRY SAID ABOUT -- 7 TONS A
17 DAY, AND 7 TONS A DAY IS 7 TONS A DAY. BUT IF THE AD HOC
18 COMMITTEE REALLY THINKS THAT THERE IS SOME ROOM IN THERE
19 IN THAT 90 DAYS, I'D BE INCLINED TO GIVE THEM 90 DAYS
20 BECAUSE THEY'VE PROVEN THEIR WORTH UP TO THIS POINT.
21 NOW, IF THEY COME BACK IN 90 DAYS AND ASK FOR ANOTHER 90
22 DAYS, I GOT NEWS FOR THEM. I JUST -- AND I THINK MIKE
23 HAS GOT TO FILL US IN. I THINK WE CAN DO SOMETHING IN 90
24 DAYS OR WE HAVE THE OPPORTUNITY TO DO SOMETHING. WE'RE
25 NOT AT A DEADENED LOOKING AT A BLANK WALL.

1 SO, MIKE, WOULD YOU LIKE --

2 MR. ANTONOVICH: JUST THAT FROM THE BEGINNING
3 THEY DIDN'T THINK WE'D MAKE ANY TYPE OF AGREEMENT, AND
4 YET WE'VE BEEN ABLE TO NARROW IT DOWN AND NARROW IT DOWN
5 AND GET SOME AGREEMENTS SO WE CAN PROVE THOSE AREAS THAT
6 WE MADE PROGRESS ON. AND, AS I SAID, THEY NARROWED IT
7 DOWN FROM 12 OR SO POINTS TO FIVE OTHER AREAS OF CONCERN.
8 FOCUS ON THOSE FIVE EXCLUSIVELY. COME BACK IN 90 DAYS,
9 AND HOPEFULLY WE'LL HAVE THE SAME RESULTS THAT WE HAD IN
10 PASSING TODAY'S MOTION, WHICH IS MAKING AN AGREEMENT ON
11 THOSE THAT WE HAVE ALREADY COME TO A CONSENSUS FOR
12 BETWEEN THE DISTRICT AND INDUSTRY.

13 CHAIRMAN BURKE: I'M SORRY. SUPERVISOR WILSON.

14 MR. WILSON: A QUESTION FOR STAFF. IF WE WERE
15 TO ADOPT OPTION 1 TODAY AND MIKE'S COMMITTEE KEPT MEETING
16 AND THEY WERE ABLE TO RESOLVE SOME OF THESE ISSUES, COULD
17 YOU BRING BACK AN AMENDMENT IN 90 DAYS?

18 MR. WALLERSTEIN: NO PROBLEM.

19 MR. WILSON: THEN I WOULD -- IN VIEW OF THE FACT
20 THAT 7 TONS A DAY IS 7 TONS A DAY, I WOULD BE INCLINED TO
21 SUPPORT -- TO NOT SUPPORT MIKE'S MOTION TOTALLY, BUT TO
22 SUPPORT A MOTION THAT WOULD ADOPT OPTION 1 BUT ASK MIKE
23 AND THE COMMITTEE TO CONTINUE TO MEET AND TRY TO RESOLVE
24 THESE ISSUES. AND IF THEY CAN RESOLVE ISSUES AND BRING
25 THEM BACK TO US, AND WE'LL AMEND THE RULE.

1 MR. ANTONOVICH: ARE YOU PUTTING THAT OUT AS A
2 MOTION?

3 MR. WILSON: I PUT THAT OUT AS A SUBSTITUTE
4 MOTION.

5 CHAIRMAN BURKE: AND WE HAVE A MOTION AND A
6 SECOND.

7 MR. WILSON: LET ME JUST COMMENT THAT THE
8 PROBLEM WITH THAT APPROACH IS THAT YOU PUT THE MONKEY ON
9 THE INDUSTRY'S WHEREAS IF WE DON'T PASS -- IF WE ONLY
10 PASS TODAY THOSE THAT WE REACH AN AGREEMENT ON, WHICH ARE
11 SUBSTANTIAL, THEN THE DISTRICT AND THE INDUSTRY ARE ABLE
12 TO NEGOTIATE IN GOOD FAITH WITH EACH OTHER TO COME TO AN
13 AGREEMENT. I MEAN IT'S JUST -- OTHERWISE, YOU
14 PREDETERMINE THE OUTCOME WHERE RIGHT NOW THEY WOULD BE
15 EQUAL IN COMING TOGETHER AND NEGOTIATING.

16 CHAIRMAN BURKE: WE HAVE A SUBSTITUTE MOTION ON
17 THE FLOOR. WOULD YOU LIKE TO SPEAK TO YOUR MOTION?

18 MR. WILSON: JUST THAT I DON'T QUITE FOLLOW
19 THAT LOGIC. I THINK THE INDUSTRY WOULD BE MORE INCLINED
20 TO NEGOTIATE IN GOOD FAITH. AND I THINK THE COMMITTEE
21 IS -- FROM THE BOARD'S STANDPOINT WOULD CONTINUE TO
22 NEGOTIATE IN GOOD FAITH. AND I TRUST THE STAFF TO BE
23 ABLE TO ACCEPT REASONABLE COMPROMISING TO BRING BACK TO US.
24 SO I WOULD SUPPORT ADOPTION OF OPTION 1.

25 CHAIRMAN BURKE: WE HAVE A MOTION ON THE FLOOR.

1 CAN THE CLERK OPEN ROLL?

2 MR. WIESE: MR. CHAIRMAN, JUST FOR
3 CLARIFICATION, WHICH OF THE TWO MOTIONS IS ON THE FLOOR.

4 CHAIRMAN BURKE: SUPERVISOR WILSON'S AND THE
5 SUBSTITUTE MOTION. WE OBVIOUSLY HAVE TO VOTE ON THAT
6 SUBSTITUTE MOTION. I DON'T KNOW IF WE VOTED ON IT OR
7 NOT. MIKE DIDN'T VOTE.

8 MR. ANTONOVICH: I VOTED, BUT I THINK THERE'S
9 SOMETHING WRONG WITH THE MACHINE.

10 CHAIRMAN BURKE: CAN YOU CLOSE THE ROLL AND OPEN
11 THE ROLL? BECAUSE IT'S GOT ME VOTING NOT LIKE I VOTED.
12 SO SOMETHING REALLY DID HAPPEN THIS TIME. SO CLOSE THE
13 ROLL, OPEN THE ROLL.

14 MR. WILSON: IS THERE A VOTE ON THE MAIN OPTION?

15 CHAIRMAN BURKE: YES, ON SUPERVISOR ANTONOVICH'S
16 MOTION.

17 MR. WALLERSTEIN: IN THE EVENT THIS FAILS, I
18 ASSUME WE CAN CARRY THIS OVER TO NEXT FRIDAY WHEN THERE
19 ARE MORE BOARD MEMBERS PRESENT.

20 CHAIRMAN BURKE: RIGHT. OPEN THE ROLL. THIS
21 MOTION ALSO FAILS. SO THIS WILL BE CARRIED OVER TO NEXT
22 WEEKS MEETING.

23 MR. WIESE: MR. CHAIRMAN, AND AGAIN, I'M
24 ASSUMING THAT'S TO THE JUNE 9TH BOARD MEETING.

25 CHAIRMAN BURKE: YES.

1 MR. WILSON: I WOULD SO MOVE THE MOTION.

2 MR. ANTONOVICH: SECOND.

3 CHAIRMAN BURKE: ANY OPPOSITION TO MOVING THAT
4 TO JUNE 9TH?

5 MS. VERDUGO-PERALTA: MR. CHAIRMAN, I HAD JUST
6 WANTED TO MAKE ONE MORE REQUEST OF STAFF. WHEN THIS IS
7 DONE THAT THIS IS ALSO LOOKED AT ON A COMPETITIVE NATURE.
8 BECAUSE THAT WAS ONE QUESTION I CONTINUED TO HAVE IN
9 REFERENCE TO ALL OF THE COMPANIES THAT ARE IN THE
10 INDUSTRY. I WOULD LIKE TO SEE SOME TYPE OF COMPETITIVE
11 ANALYSIS. WE'RE ALWAYS TALKING ABOUT COMPETITION WITHIN
12 THE INDUSTRY. AND I THINK LAKI AND I HAD THAT
13 CONVERSATION WHEN WE HAD THE MEETING.

14 MR. ANTONOVICH: ALSO, MR. CHAIRMAN, DURING
15 THIS WEEK'S TIME APPROXIMATELY FIVE, SIX DAYS, COULD THE
16 INDUSTRY AND THE DISTRICT MEET TO SEE IF THEY CAN NARROW
17 DOWN THAT LIST OF FIVE THAT WE TALKED ABOUT?

18 MR. WALLERSTEIN: AND ALTHOUGH THE PUBLIC
19 HEARING IS CLOSED, SO WE COULD CERTAINLY DO THAT SO WE
20 CAN ADVISE THE BOARD IF THERE WAS SOME PROBLEMS.

21 (END OF PUBLIC HEARING PORTION OF BOARD
22 MEETING.)

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