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DATE: June 18, 2015

TO: SJVUAPCD Governing Board 

FROM: Seyed Sadredin, Executive Director/APCO
Project Coordinator: Jaime Holt

RE: **ITEM NUMBER 10: RECEIVE AND FILE
HIGHLIGHTS AND ACTION ITEMS FROM THE
2015 GOVERNING BOARD STUDY SESSION**

RECOMMENDATION:

Receive and file highlights and action items from the agenda topics discussed at the May 2015 Study Session and consider any changes or additions.

DISCUSSION:

In addition to regularly scheduled monthly Governing Board meetings, the District also periodically holds longer study sessions to allow Board members and the public to engage in more detailed discussions for educational and strategic planning purposes. This year, your Board held a study session in May at Bass Lake and the following items were on the agenda.

1. Review and Approve Action Plan for Promoting the Use of Natural Gas Technology for Goods Movement in the San Joaquin Valley

Despite major reductions in emissions and corresponding improvements in air quality, the San Joaquin Valley continues to face difficult challenges in meeting federal ambient air quality standards. The latest federal air quality standards are now approaching the Valley's background levels, which will make it more difficult than ever for the District to demonstrate attainment of these standards in the future. Consequently, it is virtually impossible for the San Joaquin Valley to attain the new standards for ozone and particulates without the implementation of transformative measures, including significant advancements in zero/near-zero emissions

technologies for mobile and stationary sources. Recent statewide efforts to develop new freight technologies and a “Sustainable Freight Strategy” are intended to address ambient air quality mandates as well as state climate change mandates. However, these efforts have fallen short in identifying and prioritizing strategies in the intermediate period needed to attain federal air quality standards and protect public health, and have primarily focused on greenhouse gas reduction strategies.

Recent statewide efforts to develop new freight technologies and a “Sustainable Freight Strategy” are intended to address ambient air quality mandates as well as state climate change mandates. However, these efforts have fallen short in identifying and prioritizing strategies in the intermediate period needed to attain federal air quality standards and protect public health, and have primarily focused on greenhouse gas reduction strategies.

Much of the state’s investment in recent technology development and demonstration efforts has focused on electrification. With two major trade corridors running the length of the Valley, and much of the emissions challenge due to heavy duty freight trucks, zero and near-zero emissions truck technologies must be capable of meeting the challenges posed by the long distances and mountain ranges characteristic of the Valley. The development of zero emissions options for heavy duty trucking has been focused on short range applications. Development and demonstration of longer range zero emissions options, such as fuel cells, are just beginning and there is still uncertainty as to their technological achievability, economic feasibility upon commercialization, and ultimate pace of adoption. After discussion, the Board adopted the following policy positions to elevate the priority for natural gas at the state level and to advance the deployment of advanced zero/near-zero emission vehicles and infrastructure:

- Support policy changes and legislation that help create a market for development, promotion, and deployment of near-zero emissions natural gas technology.
- Increase outreach efforts to communicate benefits and encourage transition to natural gas technology by Valley fleet operators.
- Provide additional incentives for natural gas vehicles and infrastructure.
- Promote technology advancement for near-zero emissions natural gas technologies through the District’s Technology Advancement Program.
- Continue to evaluate and support as appropriate the development and deployment of hydrogen fuel cell technology in the heavy duty truck sector.

2. Approve New Strategy for Recruiting Healthy Air Living Partners and Consider New Incentives for Participation

The Healthy Air Living (HAL) Partners program was adopted by the Board in 2009 and provides participating businesses and entities with tools and educational materials to promote voluntary actions by employers and their employees to reduce emissions or

shift emission-producing activities to non-peak periods. Despite significant effort by the District, to date only 203 partners have enrolled in the program. The purpose of this item was to explore other avenues for increasing participation in the program including increasing the value of the program to businesses and enlisting private-sector agencies, such as local chambers of commerce, to recruit partners.

Upon discussion by the Board there was a consensus that the commitments required for participation were perhaps too burdensome for many businesses. The Board directed staff to review the commitments and find ways to streamline them to encourage more active participation. In addition, the Board felt that the while staff could speculate on potential program incentives that might be valuable to HAL partners. The Board directed staff to convene separate focus groups representing industrial and municipal entities to garner feedback and suggestions regarding current barriers and potential incentives for increasing participation in the HAL Partner program.

3. Explore the Feasibility and Provide Direction on Pursuing a “Hot-Spot-Based” Strategy for Attaining the Federal Ambient Air Quality Standards for Ozone and Particulate Matter

Despite significant reductions in population exposure to unhealthy pollution concentrations, under the federal Clean Air Act the entire Valley is designated as not meeting federal ambient air quality standards. Under the law, a handful of high concentrations at the monitor at the worst location, at the worst time, will render the entire Valley in nonattainment. This then leads to imposition of expensive regulatory measures on all sectors throughout the Valley. As the federal standards become more stringent and encroach on background concentrations at various hot spot locations throughout the Valley, the costs to the Valley as a whole become prohibitive.

The Board discussed the potential feasibility of targeting a portion or the bulk of the District’s regulatory and incentive-based strategies at hot spots areas in order to attain the federal standards in a more cost-effective fashion. While some Board members expressed support for a hot-spot-based strategy, others questioned the feasibility of such an approach given the strong likelihood that the Valley may not be able to meet the new federal standards that encroach on background concentrations under any scenario. After extensive discussion, the Board directed staff to do the following:

- Assess and evaluate the legality of a hot-spot-based approach under the federal Clean Air Act.
- Develop potential options for the Governing Board’s consideration, if the hot-spot-based strategy is deemed to be permissible under the federal Clean Air Act.

4. Public Engagement Initiative for the Development of the 2016 Ozone Plan

The Governing Board approved the Public Engagement Initiative for Development of the 2016 Ozone Plan. In addition to the legally required and extensive public meetings and

workshops, this new public engagement process will help ensure that the 2016 Ozone Plan benefits fully from the input and suggestions of all stakeholders and subject matter experts. To ensure broad participation, the Executive Director/APCO will form and appoint to serve on a new workgroup three members from each CAC interest group and three EJAG members. Outside subject matter experts will be invited to meetings of the workgroup as needed.

One or more meetings of the workgroup will be held before completing each of the following plan preparation milestones:

- Emissions inventory
- Establishing the magnitude of reductions needed for attainment
- Regulatory strategies/control measures
 - Identifying current and future control measures
 - Assessing technological achievability, economic feasibility, and health benefits
 - Advancing technologies not yet available (black box)
- Possible incentive-based strategies
 - Existing funding
 - Additional funds needed
 - Potential spending opportunities

To engage the public at large, the District will hold public workshops and will utilize free and paid media to inform the public, enlist participation and build understanding. Furthermore, CAC and EJAG members will be provided tools and encouraged to reach out to constituencies that they represent.

District staff will provide regular progress reports to the Governing Board, CAC and EJAG at their regularly scheduled public meetings.

5. Review, Reaffirm, and/or Fine-Tune the District's Mission Statement, Vision Statement, Core Values, and Associated Material for Sharing the District's STAR Work Culture

The Governing Board reviewed the District mission statement, vision statement and core values. The mission statement defines our purpose at the Valley Air District and the vision statement tells us what success in those efforts might look like. The core values are the traits or qualities that represent the District's highest priorities, most deeply held beliefs, and core, fundamental driving forces. Together, these provide a consistent basis for strategic decision-making under the Board's direction. After review, discussion and public comment, the Board voted to reaffirm the vision statement and core values, and to amend the mission statement. The mission statement was

amended to emphasize the District's use of commonsense strategies to accomplish its mission, as follows:

The San Joaquin Valley Air District is a public health agency whose mission is to improve the health and quality of life for all Valley residents through efficient, effective and entrepreneurial air quality management strategies. Our Core Values have been designed to ensure that our mission is accomplished through common sense.

The Governing Board also reviewed outreach materials designed as an introduction to the District's STAR work culture and the benefits of implementing a similar work culture in other public agencies. In recognizing the value of sharing the STAR work culture with other public agencies, at the May 2014 Study Session the Board directed District staff to explore the feasibility of sharing the STAR culture with other organizations. The material presented was prepared following that directive to help elected officials and others understand the potential benefits from instituting a STAR work culture within their agency. Supervisor Worthley suggested a minor change to the document to highlight the success of a STAR-like program in a government setting as a positive approach to garner interest. After review, discussion and public comment, the Board voted to approve the presented outreach material with the change recommended by Supervisor Worthley.

6. Accept \$170,130 in Unanticipated Revenue for the Carl Moyer Memorial Air Quality Standards Attainment Program from the Eastern Kern Air Pollution Control District

The Governing Board approved receipt of Carl Moyer Memorial Air Quality Standards Attainment Program (Carl Moyer Program) funds in the amount of \$170,130 from the Eastern Kern Air Pollution Control District (EKAPCD). Because of the District's statewide recognition by the California Air Resources Board (ARB) for administering highly efficient and effective incentive programs, the District has been approached by several neighboring air districts to either assist with the administration of their Carl Moyer Program funds or to allocate a portion of their unused funding allotment to the District as an alternative to sending those funds back to ARB. Due to limited available incentive program staffing resources and program demand, the EKAPCD is unable to fully utilize their Carl Moyer Program funds prior to the statutory deadlines associated with the program. The Governing Board authorized receipt of unused EKAPCD's Carl Moyer Program funds to be used for emission-reduction projects within the Valley.

7. Review and Approve Action Plan for Securing San Joaquin Valley's Fair Share of the State's Cap and Trade Funds

The Governing Board discussed and adopted a multi-faceted action plan to secure the San Joaquin Valley's fair share of the State's Cap and Trade funds. The action plan adopted by the Board is designed to ensure that the Valley strongly advocates for Cap and Trade funds, the state's legislative and the executive branch are aware of the Valley's needs, and the Valley entities and agencies are aware and provided with

resources to compete for the available funding. The Board adopted action plan includes the following elements:

- Educate the state legislative and administrative branches of the Valley's tremendous needs, especially in relation to the Valley's many disadvantaged communities.
- Build a new San Joaquin Valley Cap and Trade Coalition comprised of Valley businesses, farmers, community groups, cities, counties, and other local agencies to advocate for the Valley. Towards that end, the District will convene a meeting of all interested parties.
- Utilize the District's current incentive program expertise and infrastructure to administer Cap and Trade funded grant programs in the Valley.
- Educate and assist local entities to enhance the Valley's ability to compete for Cap and Trade funding.
- Pursue a block grant approach to establish dedicated Cap and Trade funding for the San Joaquin Valley to be administered by the District.

8. Environmental Justice Advisory Group (EJAG) Reporting Structure

Since its approval by the Governing Board in 2007, the Environmental Justice Advisory Group (EJAG) has reported to the Governing Board through the Citizens Advisory Committee (CAC). Over the past eight years, the EJAG has matured and demonstrated the ability to work effectively and cooperatively with the CAC and the District. District staff believes that EJAG is now uniquely able to assist the District and other stakeholders to advocate for the Valley's fair share of Cap and Trade funding. After discussion and extensive testimony from members of the CAC and EJAG, the Board voted unanimously to approve the following:

- EJAG recommendations are presented directly to the District Governing Board for consideration and approval, as needed.
- Continue to require EJAG to present reports to CAC detailing their activities and actions.
- The above changes are approved for a trial period not to exceed one year. The Executive Director/APCO shall present an evaluation report to both the CAC and the Governing Board assessing the effectiveness of EJAG under the new reporting structure and propriety of continuing with the new structure.

The above recommendations approved by the Board will not change the role or responsibilities of the EJAG. The actions by EJAG will still strictly adhere to the action plan approved by the Executive Director/APCO, and the Executive Director/APCO will continue to consult the CAC in approving EJAG's goals and objectives.

9. Review the District's Comprehensive Public Education and Outreach Program Elements and Provide Direction on any Changes or Additions as Necessary

The District's comprehensive public education and outreach program is composed of numerous elements that are designed to allow the District to leverage opportunities to advance the District multiple strategic objectives, which are summarized below:

- Encourage and enlist the general public to do their part to reduce air pollution
- Empower and inform the public to protect themselves during episodes of poor air quality by providing them timely air quality information as well as scientific and comprehensible information on health effects of air pollution
- Provide accurate and objective information about Valley efforts to reduce air pollution, measurable results and achievements, and challenges that remain

The purpose of this item was to review the District's comprehensive public education and outreach program elements and provide direction on any changes or additions as necessary.

After discussion, the Board reaffirmed and commended the District's current outreach activities and strategic objectives. The Board also directed staff to pursue the following:

- Draft Op-ed to be placed in the Valley's largest newspapers under the signature of Board members to marshal public support for legislative advocacy to amend and modernize the federal Clean Air Act to streamline implementation while maintaining public health safeguards.
- Investigate potential changes to the northern region paid media campaign to better leverage TV dollars to reach more public members.
- Investigate expanding the District's TV presence in medical offices where health-related TV programming is used to reach the public.
- Research and return to the Board with a review of the potential costs involved in the District becoming members of various Valley Chambers of Commerce.

10. Assess the Feasibility and the Means by which the District May Pursue a Broader and more Uniform Utilization of Voluntary Emission Reduction Agreements throughout the Valley

In 2005, at the urging of private developers, the District in collaboration with Kern County developed an innovative California Environmental Quality Act (CEQA) mitigation measure, known as a Voluntary Emission Reduction Agreements, or VERAs. These agreements were designed to provide developers with enforceable and legally defensible means to quantify and mitigate emission increases beyond emission reductions required by applicable laws and regulations.

A VERA is a mitigation measure by which the project proponent provides pound-for-pound mitigation of air emission increases through a process that funds and implements emission reduction projects administered through the District's emission reduction incentive grant program. A VERA can be implemented to address air quality impacts from both construction and operational phases of a project. The emissions reductions secured through VERAs are "surplus" of existing regulations, achieving reductions earlier than or beyond those required by regulations.

Over the last decade, the District has experienced significant success in developing and implementing VERAs across a broad range of projects. Lead agencies have benefited from the District's involvement in implementing VERAs – not only do the VERAs provide an avenue for feasible mitigation of impacts to air quality, but the District's expertise and certification of emissions reductions achieved provides a considerably improved legal position.

However, VERAs have not been utilized uniformly in all regions of the District. Of the 51 Environmental Impact Reports (EIRs) reviewed during the last three-years, only 11 project developers entered into VERAs with the District. The remaining 40 significant-impact projects on which the District commented will generate a total of about 17,000 tons of emissions over a ten-year period after construction begins. The respective project proponents did not enter into VERAs with the District and so the associated emissions increases will not be mitigated.

The factors that contribute to the utilization of VERAs, or lack thereof, are both attitudinal and educational. Once the lead agency and the developer are made aware of the benefits of a VERA through education and CEQA commenting processes, the key drivers for developers and lead agencies to utilize VERAs, or not, lie in the developer's attitude leading to a desire to mitigate their project impact on air quality, and/or the developer's exposure to legal liabilities that might arise from local resident or local land-use agency concern.

During discussion of this item, Executive Director Sadredin commented that significant mitigation of development projects occurs through application of the Indirect Source Review Rule (Rule 9610).

After discussion, the Board directed staff to undertake an educational process that results in better informed agencies and developers that understand the value of VERAs to mitigate significant project impacts and to improve the defensibility of CEQA decisions. Specific educational efforts to be implemented include:

- Meeting with land-use agencies to educate them on the District's VERA program benefits and to encourage them to use VERAs
- Using the District's CEQA streamlining web-based tool to inform lead Agencies that VERA is a feasible mitigation measure that should be imposed

- Create brochures on the feasibility of VERAs, including details of the benefits in mitigation and improvement of the defensibility of CEQA documents; make them readily available and send them to interested parties

Furthermore, the Board directed staff to prepare necessary amendments to the District's ISR rule as previously directed by the Board to adjust triggering mechanisms to make the rule apply more uniformly throughout the District.

11. Review the Current State of the Drought, Potential Air Quality Impacts, and Additional Emergency Relief Actions that the District May Need to Pursue

The Governing Board reviewed the District's drought relief actions to date, the air quality impacts of the drought, and evaluated if additional actions by the District were necessary and feasible in light of the ongoing drought emergency. Recognizing that reasonable actions by the District to accommodate drought relief efforts in the Valley were imperative in averting the public health crisis faced by Valley residents experiencing shortages of drinkable water, in minimizing the negative impacts on the Valley's agriculturally driven economy, and in minimizing negative impacts on air quality, the Board previously took actions in April and August of 2014 to implement a series of drought relief measures. However, as state and federal water agencies continue to take historic actions to mandate water usage reductions, the Board determined that additional evaluation of options to alleviate the need to use water for dust suppression activities required by District rules and regulations is necessary.

After review, discussion and public comment, the Board voted to direct the Executive Director/APCO to exercise enforcement discretion regarding the water-dependent dust control requirements during the drought emergency where such action will not create an immediate nuisance or health risk to nearby sensitive individuals, and where atmospheric conditions are taken into account to ensure that the resulting increased particulate matter emissions would not significantly contribute to an exceedance of an ambient air quality standard. Furthermore, the Board directed staff to explore the feasibility of developing an "Emergencies" rule, the purpose of which would be to give the Executive Director/APCO the authority to suspend certain District rules, regulations or orders during a state or federally declared State of Emergency.