

Action Summary Minutes
San Joaquin Valley Unified Air Pollution Control District

GOVERNING BOARD

Central Region Office, Governing Board Room
1990 E. Gettysburg Avenue, Fresno, CA

Thursday, December 16, 2010
9:00 a.m.

*Meeting held via teleconferencing with the Central Region Office (Fresno), the Northern Region Office (Modesto) and the Southern Region Office (Bakersfield).
This meeting was webcast.*

1. CALL MEETING TO ORDER

The Chair, Tony Barba called the meeting to order at 9:07 a.m. He welcomed new Governing Board member, Merced County Supervisor Hub Walsh to his first Governing Board meeting. Mr. Walsh stated he was pleased to be a member of the Governing Board and looks forward to representing the Valley on air quality issues.

2. ROLL CALL was taken and a quorum was present.

Present:

Tony Barba, Supervisor, **Chair**

Judy Case, Supervisor

Ronn Dominici, Supervisor

Henry J. Forman, Ph.D.

Hub Walsh, Supervisor

Ann Johnston, Mayor*

Mike Lane, Councilmember

Randy Miller, Councilmember**

William O'Brien, Supervisor*

Leroy Ornellas, Supervisor*

Chris Vierra, Councilmember*

Raymond Watson, Supervisor**

J. Steven Worthley, Supervisor, **Vice Chair**

Kings County

Fresno County

Madera County

Appointed by Governor

Merced County

City of Stockton

City of Visalia

City of Taft

Stanislaus County

San Joaquin County

City of Ceres

Kern County

Tulare County

* Attended meeting in Northern Region Office

**Attended meeting in Southern Region Office

Absent:

John G. Telles, M.D.

Appointed by Governor

3. USE OF THE NEW REQUEST TO SPEAK SYSTEM FOR THE MEMBERS OF THE GOVERNING BOARD

– Seyed Sadredin, Executive Director/APCO, described the difficulties in being able to recognize Board members' requests to speak in all three regions at previous Governing Board meetings. He reported the District has engineered a new system which was implemented during this meeting. Board members in all regions were given individual keypads and were instructed on the use of the "Request to Speak" system. Board members expressed their

appreciation for recognizing this issue and quickly devising a solution.

4. RECOGNITION OF THE OUTGOING BOARD MEMBERS: SUPERVISOR NELSON AND COUNCILMEMBER AYERS – Chairman Barba presented plaques to recognize outgoing Governing Board Members Supervisor Mike Nelson and Councilmember Ayers and thanked them for their service.
5. ELECTION OF OFFICERS – Mr. Sadredin explained in accordance with the most current Governing Board Officer Selection Policy adopted by the Board on December 17, 2009, staff recommended to elect Chairperson and Vice Chairperson for 2011 as follows: Chairman shall be representative from Tulare County, Supervisor J. Steven Worthley; Vice-Chair shall be Large City #1 Representative from City of Stockton, Mayor Ann Johnston.

Moved: Case
Seconded: Lane
Ayes: Case, Worthley, Watson, Lane, Dominici, Forman, Walsh,
O'Brien, Vierra, Ornellas, Johnston, Miller, Barba
Nays: None

Motion unanimously carried to elect Supervisor J. Steven Worthley as Chairperson and Mayor Ann Johnston as Vice-Chair for the 2011 term.

6. APPROVAL OF CONSENT CALENDAR – Item numbers 23 – 32 *These matters are routine in nature and are usually approved by a single vote. Prior to action by the Board, the public is given the opportunity to comment on any consent item.*
 23. APPROVE ACTION SUMMARY MINUTES FOR THE SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD MEETING OF THURSDAY, OCTOBER 21, 2010
 24. RECEIVE AND FILE LIST OF SCHEDULED MEETINGS FOR 2011
 25. RECEIVE AND FILE OPERATION STATISTICS SUMMARY FOR OCTOBER AND NOVEMBER 2010
 26. RECEIVE AND FILE BUDGET STATUS REPORT AS OF NOVEMBER 30, 2010
 27. AMEND ADOPTED 2010/2011 BUDGET TO INCREASE OPERATING APPROPRIATIONS FOR CARPET REPLACEMENT AND DECREASE LONG-TERM BUILDING MAINTENANCE RESERVE
 28. ADOPT PROPOSED NEGATIVE DECLARATION FOR THE CONTROL TECHNIQUEST GUIDELINES (CTG) FOR CONTROL OF VOLATILE ORGANIC EMISSIONS FROM MANUFACTURE OF PNEUMATIC RUBBER TIRES

29. APPROVE AND AUTHORIZE THE CHAIR TO EXECUTE AMENDMENT NO. 1 TO AGREEMENT NO. 10-06-11 WITH AIRX TESTING TO EXTEND THE TERM OF THE AGREEMENT TO MAY 31, 2011
30. APPROVE AND AUTHORIZE CHAIR TO EXECUTE AMENDMENT NO. 1 TO AGREEMENT WITH PRICE PAIGE & COMPANY FOR FY 2009/10 AND FY 2010/11 ANNUAL AUDITS AS A RESULT OF NEW FEDERAL PROGRAMS INCREASING SCOPE OF SINGLE AUDIT.
31. RECEIVE AND FILE DISTRICT'S ANNUAL OFFSET EQUIVALENCY REPORT TO THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY
32. APPROVE ADMINISTRATIVE ADJUSTMENTS TO LOWER EMISSION SCHOOL BUS PROGRAM BUDGETS FOR MULTIPLE AIR DISTRICTS

Mr. O'Brien requested Consent Item Number 24 - RECEIVE AND FILE LIST OF SCHEDULED MEETINGS FOR 2011 be pulled for a separate vote.

Public Comment: None

Moved: Johnston
Seconded: Case
Ayes: Miller, Walsh, Dominici, Watson, Case, Lane, Forman,
Worthley, O'Brien, Vierra, Johnston, Ornellas, Barba
Nays: None

Motion unanimously carried to approve Consent Calendar Items 18 – 23 and 25-32.

Regarding Consent Item Number 24, RECEIVE AND FILE LIST OF SCHEDULED MEETINGS FOR 2011, Supervisor O'Brien requested a November 2011 Governing Board meeting be tentatively added to next year's schedule. He indicated it would be easier to cancel a meeting, if necessary, rather than try to schedule one later in the year. Mr. Sadredin suggested at the Board's direction, staff would confirm the date of the November 2011 CSAC meeting to ensure there is no scheduling conflict.

Moved: O'Brien
Seconded: Case
Ayes: Miller, Lane, Worthley, Dominici, Walsh, Case, Forman,
Watson, Johnston, Ornellas, Vierra, O'Brien, Barba
Nays: None

Motion unanimously carried to add a tentative November meeting date to the 2011 Governing Board Meeting Schedule.

7. PUBLIC COMMENT – *The following persons provided testimony during the public comments portion of the meeting:*

- Manuel Cunha, Nisei Farmers League

Mr. Cunha thanked District staff for their efforts in getting EPA and ARB to recognize the need to give credit for agricultural incentive emissions reductions in the State Implementation Plan.

8. REPORT ON DISTRICT CITIZENS ADVISORY COMMITTEE (CAC) ACTIVITIES –

Manuel Cunha, Chair of the CAC, gave a report on items discussed at their December 7, 2010 meeting. He thanked District staff for coordinating the CAC/EJAG Collaboration Workshop in November and indicated all CAC and EJAG members would receive a written summary of the workshop. He noted Mr. Tristao and Ms. Neronha had volunteered to serve on the Economic Analysis Advisory Group, as authorized by the Board in September 2010. In addition, Mr. Cunha stated an update on Environmental Justice Advisory Group (EJAG) business had been received and that updated District outreach materials were being reviewed for publication.

9. FIVE-YEAR EVALUATION OF THE INDIRECT SOURCE REVIEW PROGRAM -

Mr. Sadredin recapped the purpose of this rule, which was adopted by the Board five years ago, and introduced Scott Nester, Senior Project Manager, to present the District's five-year evaluation of the Indirect Source Review Program (ISR). Mr. Nester explained that under ISR, project developers must either implement onsite emission reductions or pay fees to the District to fund off-site pollution control projects. He said that after Rule 9510 was adopted, the District was sued by the Building Industry in both state and federal court. The District has prevailed in both of those cases.

He reported the District has put significant efforts toward introducing the industry and land-use agencies to ISR. The local development industry has responded positively by incorporating new design features and operational modifications to generate fewer emissions.

He reported the District has received approximately 700 ISR applications since the beginning of the program. The projected emission reductions expected from the ISR rule totals about 6,700 tons; half of that total is from on-site emission reductions. The developers are building features into the projects using clean construction fleets and clean trucking fleets to achieve those reductions. He noted since the beginning of the rule, there has been almost a seven-fold increase in the ratio of on-site to off-site emission reductions.

Mr. Nester reported despite the economic downturn, the ISR emission reductions to date are real and significant, about 6,700 tons. He noted industry trend is to achieve reductions during construction with on-site features, rather than pay the off-site mitigation fees.

Public Comment: *The following persons provided testimony on this item:*

- Mike Wells, Fresno Metro Ministries

Moved: Worthley

Seconded: Case

Ayes: Forman, Walsh, Case, Lane, Watson, Worthley, Dominici,
Miller, Ornellas, Johnston, Vierra, O'Brien, Barba

Nays: None

Motion unanimously passes to receive the staff report and affirm both rules as they were previously adopted.

10. APPROVAL OF PROJECT SELECTIONS AND ADDITIONAL FUNDING FOR THE DISTRICT'S TECHNOLOGY ADVANCEMENT PROGRAM (TAP) - Samir Sheikh, Director of Strategies and Incentives, presented this item. He stated the Technology Advancement Program (TAP) was adopted by the Governing Board in March 2010 essentially establishing the District's strategic approach to technology advancement.

Mr. Sheikh reported as a result of the Request for Proposal (RFP), the District received 12 proposals, three of which were ineligible. The other nine proposals were ranked through a District scoring committee process, according to five criteria (relevance to plans, co-benefits, technology cost-effectiveness, funding requested and leveraging/national significance) that were clearly outlined in the RFP.

Mr. Sheikh stated after going through the scoring process, the District deemed six proposals worthy of funding and recommended the following be approved by the Board: Engine Fuel & Emissions Engineering, Inc., \$151,499; Tenneco Automotive Operating Co., \$300,000; Terex, \$258,000; City of Fresno, \$140,000; Solar Storage Company, \$250,000; and Flex Energy, \$100,501

Mr. Sheikh advised the District is currently working with the EPA on an inter-agency partnership called the Clean Tech Initiative to secure \$400,000 in additional funding. During the last budgeting process, the District allocated \$1 million towards TAP that is available for this program. As a result, the District is recommending moving forward with another RFP of \$1.4 million in the first quarter of 2011 to seek additional proposals.

Mr. Sadredin encouraged Board members to reach out to their contacts at various learning institutions as an opportunity to advance technology. At Mr. Watson's request, a summary of the future RFPs will be provided to all Governing Board members for distribution to interested parties.

Mr. Sheikh stated staff's recommendation that the Board approve the six projects previously mentioned, to authorize the APCO to make necessary adjustments to move forward with projects throughout the RFP, to accept the additional \$400,000 in

funding offered by the EPA and to move forward with the RFP planned for the first quarter of 2011 as previously outlined.

Public Comment: *The following persons provided testimony on this item:*

- Colby Morrow, Southern California Gas Company
- Manuel Cunha, Nisei Farmers League

Moved: Case

Seconded: Lane

Ayes: Dominici, Case, Walsh, Watson, Lane, Miller, Forman,
Worthley, O'Brien, Ornellas, Johnston, Vierra, Barba

Nays: None

Motion unanimously passes to approve the six projects previously identified, to accept the additional \$400,000 in funding offered by the EPA, authorize the APCO to execute agreements with the Board Chair's signature, and to allocate \$1,400,000 for the next Technical Advancement Program RFP in the first quarter of 2011.

11. UPDATE ON THE STATUS OF DRAFT AMENDMENTS TO RULE 4566 (COMPOSTING AND RELATED OPERATIONS) - Mr. Sadredin advised Board members that items #11 and #12 are intended to give the Board an update on two major rules that the District has been working on. He noted the District's original plan was to have these rules adopted at this hearing; however, he reported staff is working on issues that are close to being resolved with the regulated community and with other stakeholders. Mr. Sadredin advised there is no legal jeopardy by asking for a few more months to complete the process because the EPA has not yet approved the District's State Implementation Plan.

Mr. Sadredin introduced Errol Villegas, Strategies and Incentives Program Manager, who presented an update on Rule 4566 (Composting & Related Operations). He reported this was a commitment in the District's 2007 Ozone Plan, originally scheduled for the first quarter of 2009. He stated the rule would apply to green waste, composting and associated operations, and the goal was to reduce VOC emissions without making composting cost-prohibitive. He reported the District has completed extensive work on the rule process since October 2007 including numerous site visits to industry facilities throughout the Valley; forming a technical working group in addition to public workshops and meetings.

Mr. Villegas indicated this update is to demonstrate that the District has obtained extensive information from a scientific field study. However, more analysis is required, specifically on the cost of those proposed work practices. Since each of these Valley operators are unique; the feasibility of those work practices vary at every installation. Once the final cost and feasibility issues have been addressed, the District will submit this to the Board for approval for consideration in March 2011.

Supervisor O'Brien recommended that staff bring this to the Board no later than six months from now. Mr. Phil Jay, District Counsel, advised this is not an action item.

Public Comment: *The following persons provided testimony on this item:*

- Bryan Clarkson, Recology
- John Jones, Tulare County Composting

12. UPDATE ON THE STATUS OF DRAFT AMENDMENTS TO RULE 4702 (INTERNAL COMBUSTION ENGINES – PHASE 2) - Mr. Villegas provided an update on the Proposed Amendments to Rule 4702 (Internal Combustion Engines). He reported the rule would apply to stationary IC engines used in a variety of applications ranging from oilfields to power generation, pumping watering systems at municipalities and various ag installations. He stated the goal of this rule was to achieve additional reductions, if feasible and cost-effective. He noted millions of dollars have been invested in order to comply with previous versions of this rule, and that the District has held public workshops and meetings, as well as ongoing dialog with a broad range of stakeholders affected by this rule.

He noted the District is looking to establish alternative control requirements and stated a mitigation fee option has been included in the rule, similar to Rule 4320. In addition, the District began exploring the use of incentive funds to help these facilities comply with the stringent requirements. Mr. Villegas advised the District is committed to continuing to meet with stakeholders in order to address the final cost feasibility and timing issues and staff expect to bring the proposed amendments before the Board no later than March, 2011.

Public Comment: *The following persons provided testimony on this item:*

- Colby Morrow, Southern California Gas

13. ADOPT RESOLUTION IN SUPPORT OF THE CALIFORNIA CLEAN CARS CAMPAIGN – Mr. Sadredin indicated that at the last Board meeting, Fresno Metro Ministries presented a draft resolution to the Board for consideration regarding of their initiative which supports strict regulations on vehicles by the Air Resources Board and EPA. He stated the District has prepared a narrative that highlights all the work that has been done in the Valley, including the stationary sources investment and technology in support of this campaign.

Public Comment: *The following persons provided testimony on this item:*

- Mike Wells, Fresno Metro Ministries

Moved: Lane
Seconded: Forman
Ayes: Johnston, Ornellas, O'Brien, Vierra, Watson, Walsh, Case,
Dominici, Lane, Miller, Forman, Worthley, Barba
Nays: None

Motion unanimously passes to adopt resolution in support of the Clean Cars Campaign.

14. APPOINTMENT OF GOVERNING BOARD MEMBERS TO AD-HOC HEARING BOARD MEMBER REVIEW COMMITTEES - Mr. Sadredin recapped the role of the three Regional Hearing Boards and requested the Board to form a Governing Board Ad Hoc Committee to review and approve the re-appointment of Hearing Board Members as their existing terms expire. Mr. Sadredin asked for a volunteer from each region and assured members this assignment would not involve an extensive commitment of time. The following Board members were appointed to serve on this committee: Southern Region: Councilmember Lane; Central Region Supervisors Case and Barba; and Northern Region: Mayor Johnston and Supervisor Ornellas.
15. ACCEPT AND APPROPRIATE UP TO \$100,000 IN UNANTICIPATED REVENUE FROM THE ROSE FOUNDATION FOR COMMUNITIES AND THE ENVIRONMENT TO BE USED IN KERN COUNTY FOR THE DISTRICT'S CLEAN GREEN YARD MACHINE LAWNMOWER REPLACEMENT PROGRAM - Mr. Sadredin explained the Rose Foundation is a foundation that works with the Sierra Club in Kern County. He stated the Rose Foundation has presented the District with a proposal to give \$100,000 to be used in Kern County, for the District's Clean Green Yard Machine Lawnmower Replacement Program. He noted the only stipulation in accepting these funds is that the District doesn't reduce Kern County's share of program funds by that amount. Mr. Sadredin assured the Board the District will keep the existing ratio of program funds targeted for Kern County.

Public Comment: None
Moved: Worthley
Seconded: Watson
Ayes: O'Brien, Johnston, Ornellas, Vierra, Miller, Watson, Dominici,
Case, Worthley, Forman, Lane, Walsh, Barba
Nays: None

Motion passes unanimously to accept \$100,000 in unanticipated revenue from the Rose Foundation to be used in Kern County for the District's Clean Green Yard Machine Lawnmower Replacement Program.

16. APPROPRIATE \$2,913,123 IN UNANTICIPATED REVENUE FROM THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY TO FUND AGRICULTURAL TRACTOR REPLACEMENT - Mr. Sadredin explained that the District has been aggressively pursuing funding opportunities from the state and federal government to help fund the District's incentive programs and defray some of the costs to

businesses that would have to invest in those technologies. He stated the USEPA developed a nationally competitive program called the Targeted Airshed Grant Program that the District participated in and secured a grant for \$2.9 million. Mr. Sadredin stated these funds can be used to replace 48 tractors, reduce 192 tons of nitrogen oxides and 45 tons of PM2.5; the program will target tractors that currently have no existing controls.

Mr. Sadredin stated the District proposes a competitive RFP process for tractor owners throughout the Region to apply for this program, which should allow funding up to 80% of the cost. Mr. Sadredin explained the District will consider each project's cost-effectiveness and the amount of pollution that can be reduced when awarding the RFP. Mr. Sadredin recommended the Board adopt amendments to the budget resolution to accept this new funding.

Public Comment: The following persons provided testimony on this item:

- Roger Isom, California Cotton Ginners & Growers Association/
Western Ag Processors Association
- Manuel Cunha, Nisei Farmers League

Moved: Watson
Seconded: Case
Ayes: Case, Lane, Forman, Watson, Worthley, Miller, Walsh,
Johnston, Ornellas, O'Brien, Vierra, Barba
Nays: None

Motion passes unanimously to appropriate \$2,913,123 in unanticipated revenue from the United States Environmental Protection Agency to fund Agricultural Tractor Replacement.

Supervisor Dominici left at 11:00 a.m., returned briefly and then left at 11:15 a.m.

17. APPROVE REALLOCATION OF UNUSED AMERICAN RECOVERY AND REINVESTMENT ACT ADMINISTRATIVE FUNDS FOR ADDITIONAL DIESEL EMISSION REDUCTION PROJECTS. Mr. Sadredin explained that the District received several grants and stimulus funding and each had a dedicated portion for the administration work that the District does. However, the District was able to perform more efficiently and does not require all of the allocated administrative funds. Mr. Sadredin stated the District is currently in the process of completing three grants and rather than absorbing those administrative funds, staff recommended that the Board reallocate approximately \$200,000 back into the project portion of the budget so that additional emissions reductions may be achieved.

Board members commended District staff for their streamlined program and efficient use of incentive funds, making it possible to achieve the additional reductions.

Public Comment: None

Moved: Case
Seconded: Worthley
Ayes: Johnston, O'Brien, Ornellas, Vierra, Watson, Case, Miller,
Forman, Walsh, Lane, Worthley, Barba
Nays: None

Motion passes unanimously to reallocate unused American Recovery and Reinvestment Act funds for additional Diesel Emission Reduction Projects.

18. REVIEW AND PROVIDE COMMENT ON THE "2010 ANNUAL REPORT TO THE COMMUNITY" INITIAL DRAFT - Mr. Sadredin provided the Board with an overview of the third annual report to the community. He stated the intent of this report is to essentially give a report card to the public that is easy for them to understand. He noted that the report is not simply about the Air District; it's about the good work that the stakeholders, in particular the businesses in the Valley, have done to reduce air pollution.

Mr. Sadredin indicated last year's report was an effective outreach tool; more than 3,000 copies have been distributed, resulting in very positive feedback.

Mr. Sadredin commented on key areas of the report: including:

- Working Together For Clean Air
- Federal Ozone Non-Attainment Fees
- Employer Trip Reduction Rule
- Healthy Air Living Partners
- Ag Burning
- Climate Change Mandates
- Public Opinion Survey
- Economic Assistance Initiative
- Technology Advancement Program (TAP)
- District Rules & Regulations
- District Department/Functions

Board members indicated they were very pleased with the report and suggested several enhancements that will be incorporated in the final report. Board members also directed that the report be widely distributed to all elected officials and other stakeholders throughout the Valley.

Public Comment: None

19. ACCEPT RELEASE OF ALL RIGHTS TO BUDGET PREPARATION SOFTWARE AND ALL ASSOCIATED INTELLECTUAL PROPERTY RIGHTS FROM SEYED SADREDIN, VALUED AT APPROXIMATELY \$175,000 TO \$225,000 - Ms. Cindi Hamm, Administrative Services Director, provided a detailed explanation of the District's current budgeting process and software being utilized, as well as the

software features needed to advance the District's budgeting process. Ms. Hamm stated the District researched other software packages, but they were found to be cost-prohibitive and did not meet all of the District's needs.

Ms. Hamm indicated Mr. Sadredin volunteered to write a customized budget software program for the District on his own time, which has many advanced features. She stated Finance staff has tested the program and is currently inputting revenue projections for the next year and that a majority of the current years' budget has been loaded into the new program as a way to test its functionality.

She reported the District estimates the value of this software program to be in the range of \$175,000 - \$225,000 based on similarly sized budget software programs. Ms. Hamm stated it is out of extreme caution that this item was presented to the Board, because of the nature of intellectual property rights, and recommended the Board accept the transfer of property rights of this software to the District.

Supervisor Worthley expressed gratitude to Mr. Sadredin on behalf of the Board for his efforts in developing this software on his own time. Supervisor Watson stated Mr. Sadredin's efforts demonstrated initiative and commitment and thanked him for his efforts in developing this software. Supervisor Case noted Mr. Sadredin takes his role very seriously and is available during all hours to discuss air quality issues in the Valley. She expressed gratitude for his development of this program.

Public Comment: None

Moved: Watson

Seconded: Worthley

Ayes: Miller, Watson, Walsh, Worthley, Lane, Forman, Case, Vierra,
O'Brien, Johnston, Ornellas, Barba

Nays: None

Motion unanimously passes to accept the release of all rights to budget preparation software and all associated intellectual property rights from Seyed Sadredin.

20. EXECUTIVE DIRECTOR/APCO COMMENTS - Mr. Sadredin played a public outreach video that the District made for various outlets featuring interviews with Governing Board Members concerning air quality in the Valley. Mr. Sadredin indicated enough footage was captured during the original interviews that additional videos can be made in the future.
21. GOVERNING BOARD MEMBER COMMENTS – Mayor Johnston complimented staff on the video as well as the Request to Speak System. Councilmember Lane also thanked District staff for implementing the Request to Speak System and thanked Rick McVaigh, Deputy APCO, for his presentation at a recent Visalia Chamber of Commerce Government Affairs Council meeting. Supervisors Watson and Barba expressed their thanks to the District for implementing the Request to

Speak System.

22. **CLOSED SESSION** - Mr. Phil Jay, District Counsel, indicated the Board would go into Closed Session to discuss items on the Agenda, followed by adjournment. He stated no further announcement would be made.

ADJOURN

Meeting adjourned at 11:53 a.m.

Next scheduled meeting of the Governing Board: Thursday, January 20, 2011. Meeting starts at 9:00 a.m., Central Region Office, Governing Board Room, and 1990 E. Gettysburg Avenue, Fresno. The meeting will be held via video teleconference (VTC) with the Northern Region Office (Modesto) and the Southern Region Office (Bakersfield) participating via VTC.