

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, June 19, 2014
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, Supervisor Walsh called the meeting to order at 9:14 a.m.
2. ROLL CALL was taken and a quorum was present.

Present:

Oliver L. Baines III, Councilmember***	City of Fresno
Tony Barba, Supervisor	Kings County
Skip Barwick, Councilmember	City of Tulare
Dennis Brazil, Mayor*	City of Gustine
John Capitman, Ph.D.	Appointed by Governor
Judy Case McNairy, Supervisor	Fresno County
David Couch, Supervisor**	Kern County
Harold Hanson, Councilmember**	City of Bakersfield
William O'Brien, Supervisor	Stanislaus County
Dr. Alexander Sherriffs	Appointed by Governor
Hub Walsh, Supervisor, Chair	Merced County
J. Steven Worthley, Supervisor	Tulare County

* Attended meeting in Northern Region Office

**Attended meeting in the Southern Region Office

***Arrived at 9:45 a.m.

Absent:

Sally Bompreszi, Councilmember	City of Madera
Bob Elliott, Supervisor	San Joaquin County
Tom Wheeler, Supervisor, Vice Chair	Madera County

3. APPROVAL OF CONSENT CALENDAR – (Item Numbers 17 – 24) *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.*
17. APPROVE ACTION SUMMARY MINUTES FOR THE SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT SPECIAL PUBLIC HEARING: REVIEW OF 2014-15 RECOMMENDED BUDGET ON THURSDAY, MAY 15, 2014
18. APPROVE ACTION SUMMARY MINUTES FOR THE SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD MEETING OF THURSDAY, APRIL 17, 2014
19. RECEIVE AND FILE LIST OF SCHEDULED MEETINGS FOR 2014
20. RECEIVE AND FILE OPERATION STATISTICS SUMMARY FOR APRIL AND MAY 2014
21. RECEIVE AND FILE BUDGET STATUS REPORT AS OF MAY 31, 2014
22. APPOINT NEW HEARING BOARD MEMBERS AS RECOMMENDED BY THE CITIZENS ADVISORY COMMITTEE
23. APPOINT AND REAPPOINT MEMBERS TO THE DISTRICT'S ENVIRONMENTAL JUSTICE ADVISORY GROUP (EJAG)
24. APPROVE AND AUTHORIZE CHAIR TO EXECUTE AGREEMENT WITH BROWN ARMSTRONG ACCOUNTANCY CORPORATION TO PROVIDE ANNUAL AUDIT SERVICES FOR THE 2013-14, 2014-15, AND 2015-16 FISCAL YEARS

Public Comment: None

Moved: Case McNairy
Seconded: Worthley
Ayes: Barba, Barwick, Brazil, Capitman, Case McNairy, Couch, Hanson, O'Brien, Sherriffs, Worthley, Walsh
Nays: None

Motion unanimously carried to approve Consent Calendar Items 17 – 24

4. PUBLIC COMMENT: *The following persons provided public comment during this item:*
- Tom Frantz, Association of Irrigated Residents
 - Tim Barker, Fresno Resident

5. ADOPT THE DISTRICT'S 2014-15 RECOMMENDED BUDGET – Seyed Sadredin, Executive Director/APCO, gave the presentation on this item, which proposed the Board approve and authorize the Chair to sign resolution establishing the District's 2014-15 Budget. He stated on May 15, 2014 the Board held a public hearing for the exclusive purpose of reviewing and providing the public with the opportunity to comment on the Recommended Budget. He reported prior to that hearing, the District mailed individual notices to all businesses subject to District permit fees, informing them of the May 15th hearing and inviting them to attend and comment on the budget. He reported the same notice was published in major newspapers throughout the Valley.

Public Comment – None

Moved: Worthley
Seconded: Barba
Ayes: Barba, Barwick, Brazil, Capitman, Case McNairy, Couch, Hanson, O'Brien, Sherriffs, Worthley, Walsh
Nays: None

Motion unanimously carried to adopt the District's 2014-15 Recommended Budget.

6. REPORT ON DISTRICT CITIZENS ADVISORY COMMITTEE ACTIVITIES – Lee Smith, CAC Chair, gave the presentation on this item which provided highlights from the Citizens Advisory Committee (CAC) meetings held on May 6th and June 3rd. He reported that, at the meeting on May 6, 2014, CAC received a presentation on emergency measures adopted by the Governing Board at their April meeting to assist with drought relief actions by water districts and farmers. In addition, he reported they received an update on development of the attainment plan for the federal 8-hour ozone standard, and an update on Rule 4901 (Wood Burning Fireplaces and Wood Burning Heaters).

At their meeting on June 3, 2014, he reported, CAC members received information on Reasonably Available Control Technology State Implementation Plan (RACT SIP) Demonstration, and a progress report on Neighborhood-by-Neighborhood Air Quality Information System. Lastly, Mr. Smith reported CAC members expressed support for the District's application for competitive federal DERA grant funding, which would provide \$675,521 in total funding for the replacement of older class 5 and 6 heavy duty trucks with new 2010 compliant trucks in the San Joaquin Valley.

7. APPROVE \$4,000,000 FOR CONTINUED IMPLEMENTATION OF THE TUNE IN TUNE UP VEHICLE REPAIR PROGRAM AND APPROVE UP TO \$500,000 FOR THE IMPLEMENTATION OF AN EXPANDED VEHICLE REPLACEMENT PROGRAM – Todd DeYoung, Strategies and Incentives Manager, gave the presentation on this item, which recommended the Governing Board approve appropriations for \$4,000,000 for the continued implementation of the Tune In Tune Up Vehicle Repair Program, along with appropriations for up to \$500,000

for the implementation of an expanded vehicle replacement program, in addition to authorizing the Executive Director/APCO to amend existing agreements with Valley Clean Air Now (Valley CAN) for the continued operation of the program and make administrative changes to the program as necessary on behalf of the Board. Tom Knox, Executive Director of Valley CAN, also addressed the Board and thanked District staff for their partnership and for being incredibly flexible and team oriented, stating this successful program would not be possible without their efforts.

Dr. Sherriffs commented these are great programs and that it is a wonderful idea to build on the momentum of the repair program by incorporating the replacement aspect to achieve further reductions. He asked about dollars per ton of reductions achieved. Mr. Sadredin commented transit-based programs typically have a higher dollar per ton cost than diesel programs but provide a longer-term benefit at reducing vehicle emissions. Dr. Sherriffs commented the community involvement, education and buy-in are all important aspects of this program. Dr. Capitman commented this is a great program and he is excited to see it move forward. He asked about the possibility of expanding the program even further by adding more weekend events. Mr. DeYoung responded he believed Valley CAN may be near capacity for these events.

Councilmember Barwick asked about overhead costs. Mr. DeYoung explained the costs are approximately \$25,000 to \$27,000 for each event, noting the costs are reasonable for such a well-run and efficient event. Councilmember Barwick commented this is an outstanding program and stated he would support additional funding for this program. Supervisor O'Brien commented this is a great and very effective program, and requested annual reports on where funds are spent. Mr. Knox commented Valley CAN would look at how to increase the number of events and would be happy to report back to the Board on how this can be done.

Public Comment – None

Moved: Case McNairy
Seconded: Barba
Ayes: Baines, Barba, Barwick, Brazil, Capitman, Case McNairy, Couch, Hanson, O'Brien, Sherriffs, Worthley, Walsh
Nays: None

Motion unanimously carried to approve \$4,000,000 for continued implementation of the Tune In Tune Up vehicle repair program and approve up to \$500,000 for the implementation of an expanded vehicle replacement program.

8. APPROVE MEMORANDUM OF UNDERSTANDING AND VOLUNTARY EMISSION REDUCTION AGREEMENT WITH THE CALIFORNIA HIGH-SPEED RAIL AUTHORITY FOR THE PURPOSE OF MITIGATING AIR QUALITY IMPACTS – Mr. Sadredin explained the District has no legal authority to approve or disapprove the California High-Speed Rail project. He stated actions by the District to compel the California High-Speed Rail (HSR) Authority to mitigate the project's air quality impact should not be construed as an expression of support for the project or its viability. He introduced Dave Warner, Deputy APCO, who gave the presentation on this item, which proposed the Board approve a Memorandum of Understanding (MOU) with HSR that requires full mitigation of all emissions from HSR construction throughout the San Joaquin Valley, at a cost to HSR of about \$35 million, or more if necessary for full mitigation. Mr. Warner explained staff recommendation to approve the first Voluntary Emissions Reduction Agreement (VERA) under the MOU for up to \$1.7 million (or more if necessary for full mitigation of this segment) for construction of section of the HSR system between Madera and Fresno, the first segment scheduled to be constructed.

Supervisor Case McNairy asked about the responsible party under the MOU and subsequent VERAs. Mr. Sadredin responded it would be the High Speed Rail Authority. Supervisor O'Brien asked if the District is treating this MOU and VERAs using the same formulas and funding mechanisms as with other contractors. Mr. Sadredin responded affirmatively, noting there was an additional 25% cushion added in case of additional emissions. Supervisor O'Brien voiced support for staff recommendations. He also suggested delegating future VERAs under the MOU for APCO approval. Dr. Capitman agreed with Supervisor O'Brien's recommendation. He asked about the process to allocate these funds to have a long term mitigating effect on those communities most affected, noting the long term success of the program is not only about building the railroad, but creating transit-oriented development near the railroads, and creating opportunities for improved transportation systems connected to the railroad stations. Mr. Sadredin responded the Board would address allocation of these funds, along with all other funding at approximately \$150 million per year, during the budgeting process with the spending plan for the District's incentive programs.

Councilmember Barwick commended staff for capitalizing on the opportunity to offset emissions from the High Speed Rail project, stating this agreement is well put together.

Public Comment – *The following persons provided comment on this item:*

- Manuel Cunha, Nisei Farmers League
- Cesar Campos, Central CA Environmental Justice Network (CCEJN)

Supervisor O'Brien made a motion to approve staff recommendations as well as delegate future segment approvals to the APCO as long as the methodology is that same as in the ones approved today.

Moved: O'Brien
Seconded: Barwick
Ayes: Sherriffs, Capitman, Baines, Barwick, Brazil, Worthley,
Hanson, O'Brien, Case McNairy, Barba, Couch, Walsh
Nays: None

Motion unanimously carried to approve Memorandum of Understanding and Voluntary Emission Reduction Agreement with the California High-Speed Rail Authority for the purpose of mitigating air quality impacts, in addition to delegating future segment approvals to the APCO, as long as the methodology is the same as in the ones approved today.

9. ADOPT THE PROPOSED 2014 REASONABLY AVAILABLE CONTROL TECHNOLOGY DEMONSTRATION FOR THE 8-HOUR OZONE STATE IMPLEMENTATION PLAN (2014 RACT SIP) – Jessi Fierro, Program Manager/Legal Specialist and Anna Myers, Senior Air Quality Specialist, gave the presentation on this item which proposed the Board adopt the recommended 2014 Reasonably Available Control Technology Demonstration for the 8-Hour Ozone State Implementation Plan (2014 RACT SIP) and direct staff to forward the adopted 2014 RACT SIP and resolution to the California Air Resources Board (ARB) for approval and submittal to the U.S. Environmental Protection Agency (EPA).

Supervisor Walsh asked about District rules that exceed the RACT requirements. Mr. Sadredin responded the District's rules exceed the federally mandated RACT requirements. He clarified RACT requirements only apply if there is a major source in that category. Supervisor Walsh asked about the risk to the District of waiting to submit the Plan until the EPA implementation rules are final. Mr. Sadredin responded federal law requires this plan to be submitted within two years of a non-attainment designation by EPA. He also explained staff did not want to leave the District open to legal challenges for missing a deadline, even though EPA is behind schedule. He noted the risk is more of a workload issue if the Plan requires amendment after the EPA finalizes the implementation rule in November.

Public Comment – *The following persons commented on this item:*

- Tom Frantz, Association of Irrigated Residents

Supervisor Worthley made a motion to approve and commented it was good to submit the plan now, applying implementation rules as they are proposed and maybe adding a little support to those rules as they are adopted.

Moved: Worthley
Seconded: Sherriffs
Ayes: Baines, Barba, Barwick, Brazil, Capitman, Case McNairy,
Couch, Hanson, O'Brien, Sherriffs, Worthley, Walsh
Nays: None

Motion unanimously carried to adopt the proposed 2014 Reasonably Available Control Technology Demonstration for the 8-Hour Ozone State Implementation Plan (2014 RACT SIP).

*The Governing Board adjourned for a brief recess at 11:00 a.m.
The Governing Board reconvened at 11:08 a.m.*

10. EXPLORE POTENTIAL MEANS TO OFFER COMPLIANCE ASSISTANCE TO NEW BUSINESSES LOCATING IN VALLEY – Samir Sheikh, Deputy APCO, gave the presentation on this item, which proposed the Board review and consider the feasibility of providing financial incentives for businesses wishing to locate or expand in the Valley to help mitigate the high cost of complying with the most stringent air regulations in the nations. He explained the District always works closely with Valley stakeholders to ensure cost-effective regulations that meet the District's difficult air quality challenges. However, he noted the cost of complying with these regulations could be a critical factor in the decision-making process for new entities that wish to do business in the Valley and for existing businesses that need to expand.

Councilmember Baines thanked staff for bringing this item to the Board at his request. He commented the District's innovation and the Board's broad understanding of economic growth in their communities are valuable tools to enable the District to develop such a program. Councilmember Hanson asked staff to research and carefully define what a small business would be. He also said he did not support charging other businesses to fund this program. Supervisor Worthley commented the District already does a great job of working with stakeholders and that he likes the idea of using a program like this to encourage small businesses to locate and expand in the Valley. He suggested favoring small businesses as they have such a tough time getting started. He stated it was a priority as the Valley's counties are some of the poorest in the state and programs like these will also benefit air quality in the Valley.

Dr. Sherriffs suggested focusing on the District's strengths in customer service by helping them smooth the process to meet stringent regulations. Councilmember Barwick noted there are a tremendous amount of businesses, especially ag-related, that want to move to California. He noted there are other difficulties for them to get established, including taxes and workers compensation. Dr. Capitman said he appreciated this discussion and agreed the goal of economic development is very important in the Valley. He noted more information is needed to assess whether this is an important activity for the Board. He also commented he liked the idea of incentivizing businesses to adopt the latest technologies. Supervisor O'Brien commented he is conflicted in that economic

development is very important, but giving incentives to new businesses while existing businesses have had to pay out of pocket is difficult. He stated there is merit in incentivizing existing and new businesses to go beyond what is required by the District's regulations. He suggested new businesses should show a no net air pollution factor to qualify for these incentives.

Supervisor Case McNairy noted the District's mission is to improve air quality and wondering how the District is in a position to incentivize businesses. She stated she is open to a pilot program and suggested staff meet with the local Economic Development Corporations (EDC). She noted the benefit of increasing employment opportunities for lower income residents. Supervisor Walsh noted he was conflicted in this process, stating it was hard to understand why businesses come to and leave the Valley due to the many factors that are involved. He agreed the District should focus on what it does best, including efforts and focusing to make the rules and regulations reasonable, accessible and engaging stakeholders in that process. He said part of the challenge is the local EDCs are not aware of the existing pathways and incentives for businesses interested in locating in the Valley, including local revolving funds.

Councilmember Baines said he appreciated the dialogue and feedback on this item, noting it was important to engage the EDCs first. He said he agrees with not incentivizing businesses that are going to contribute to the pollution in the Valley. He voiced his hope that the District would encourage continuity in economic development, especially amongst regulatory agencies. Supervisor O'Brien suggested providing an ombudsman to assist directing these businesses through the regulatory process. Supervisor Walsh asked staff to research the implications of a program like this on staffing and resources.

Mr. Sadredin noted today's item was not to approve any specific program, but rather a threshold question to assess the Board's interest and areas to pursue. He commented if the District pursued this item they cannot be seen as the economic development agency, but rather engage the EDCs, cities and counties and other entities with resources. He asked for feedback from the Board in areas to pursue including those that do not require expenditure of additional funding but make it easier for businesses to locate in the Valley, for example syncing grant programs with opportunities that would improve air quality. In addition, he noted emission reduction credits could be confiscated from businesses that are leaving the Valley, in addition to financial incentives.

Public Comment – *The following persons provided comment on this item:*

- Shams Hasan, E & B Mobile Resources
- Cesar Campos, CCEJN
- Dolores Weller, Central Valley Air Quality Coalition (CVAQ)

Dr. Sherriffs commented it would be good to support cleaner technology along with new and existing businesses. Mr. Sadredin suggested at the Board's

direction, staff could meet with the Valley's EDCs, cities and counties. He also stated public input is important, and recommended holding public workshops to get feedback from residents on programs they feel would be beneficial to encourage new businesses to locate in the Valley. He said ultimately any proposals would be brought back to the Board for final approval. Councilmember Barwick reiterated the need to assess the possible impact of such a program on District staffing and resources. Mr. Sadredin responded affirmatively.

Moved: Baines
Seconded: Barwick
Ayes: Baines, Barba, Barwick, Brazil, Case McNairy,
Couch, O'Brien, Sherriffs, Worthley, Walsh
Nays: Capitman, Hanson

Motion carried 10-2 to explore potential means to help new businesses wanting to locate in the Valley and existing businesses wishing to expand through work with local municipalities and EDCs with input from the public through workshops.

11. PRESENTATION OF RESULTS FROM DISTRICT PARTICULATE MATTER SPECIATION RESEARCH PROJECTS – Dr. David Lighthall, the District's Health Science Advisor, along with Tim Tyner, UCSF and Scott Nester, Providence Engineering, gave the presentation on this item which gave an overview of results from District particulate matter speciation research projects. He explained in 2010, the Board funded the San Joaquin Valley Epidemiological Study. The study spanned 2002-2007 and found significant correlations between daily rates of the following health outcomes and high levels of daily PM2.5 in Modesto, Fresno, and Bakersfield:

1. Asthma ER admissions for adults (+20 years)
2. Asthma hospitalizations for children (1-19 years) and adults
3. Pneumonia ER admissions for children
4. Acute bronchitis ER admissions for adults
5. Adult acute myocardial infarction (heart attack) hospitalization

In addition, Dr. Lighthall explained the Board authorized two additional studies to measure the spatial variation of PM2.5 species and their health impact in the Valley. In 2011, the Speciated PM2.5 Valley Epidemiology Study was authorized at a cost of 54,578 and in October 2012, the Board authorized the Spatial and Seasonal Variability of Fine Particles in Urban Neighborhoods of the San Joaquin Valley. Mr. Tyner and Mr. Nester proceeded to summarize the unique aspects of each study and their findings:

- Increases in upper respiratory virus infections in 2009-2010 were associated with increased asthma ER visits, despite decreases in PM2.5 levels
- Correlations between organic carbon and potassium (wood combustion indicators) and asthma ER visits suggests residential wood smoke may be

- a significant source of PM2.5-related health effects
- Ammonium nitrate does not appear to be correlated with asthma ER visits
- PM2.5 mass may not be the best indicator of unhealthy air
- Combustion particles (engine oil, wood), mineral dust, and brake and tire wear are significant non-volatile particulate contributors to winter PM2.5

Councilmember Baines asked about the effects of air quality on genes. Mr. Tyner responded there is a small amount of data that suggests that genes could be modified by allowing certain chemicals to attach to them which would limit their ability to function normally. He stated it was unknown if that damage is reversible. Councilmember Baines asked about why re-suspended road dust readings are higher in the summer than in the winter. Mr. Nester responded there is more moisture on the road during winter, which keeps the dust on the road. Mr. Sadredin responded that wood combustion readings are also higher in the winter. Dr. Capitman said it was important to note how important time and place are to pollution and health response. He voiced appreciation for the work involved in and the complexity of these studies. He asked to explore a process whereby these studies are fully vetted. Dr. Sherriffs commented these studies are a reminder of how complicated science is and how it is a moving target.

Councilmember Baines left at 1:11 p.m.

Public Comment – *The following persons provided comment on this item:*

- Dolores Weller, CVAQ

12. ADOPT POSITIONS ON AB 2363 (DAHLE) AND SB 1139 (HUESO) – Mr. Sadredin presented this item, explaining at the May Study Session, the Governing Board adopted a set of guiding principles and an action plan to assist in keeping the biomass power industry viable and to explore potential alternatives for disposal of agricultural waste. He explained at this session, representatives of the Biomass Energy Alliance requested the District take positions on two pieces of legislation that affect the biomass energy industry. Consistent with their request, and the District's subsequent analysis, he proposed the Board adopt a position in support of AB2363 (Dahle), which is sponsored by the biomass industry and would make biomass more competitive by fully accounting for the costs associated with intermittent sources of renewable power (solar and wind) when comparing them to other sources of power, and a position in opposition to SB 1139 (Hueso) that gives preferential treatment to geothermal power by requiring that utilities purchase specified amounts of geothermal power.

Public Comment – None

Moved: Worthley
Seconded: Capitman
Ayes: Barba, Barwick, Brazil, Capitman, Case McNairy, Couch,
Hanson, O'Brien, Sherriffs, Worthley, Walsh
Nays: None

Motion unanimously carried to adopt positions on AB 2363 (Dahle) and SB 1139 (Hueso)

13. VERBAL REPORT ON AIR RESOURCES BOARD ACTIVITIES – Dr. Sherriffs gave the presentation on this item. He reported at their meetings on April 24 and 25, 2014, the ARB Board adopted amendments to the state's Truck and Bus Regulation, providing new flexible compliance options to fleet owners and recognizing fleet owners that have made investments to comply, while also ensuring that the needed emissions reductions from the rule are achieved. He thanked Supervisor Case McNairy, Mayor Brazil and Mr. Sadredin for providing testimony consistent with the direction provided by the Board.

Dr. Sherriffs reported at their meeting on May 22, 2014, ARB staff presented a verbal update on the San Joaquin Valley Metropolitan Planning Organizations (MPOs) Sustainable Communities Strategies and adopted the 2014 Update to the Climate Change Scoping Plan. Lastly, he reported on upcoming matters before ARB including a funding plan for the Air Quality Improvement Program, low carbon transportation greenhouse gas reduction fund investments, and proposed amendments to the Enhanced Fleet Modernization Program.

14. EXECUTIVE DIRECTOR/APCO COMMENTS – Mr. Sadredin reported on a major item that will be presented to the Board at their August 21, 2014 meeting related to the PM 2.5 Standard and current drought issues. He said staff has been working with congress to send a letter to EPA, emphasizing that they should make an exception for the extraordinary drought conditions faced by the Valley. He stated the letter was sent to EPA from the House side noting Senator Feinstein is still working on that. He said he does not believe the District will get a timely response from EPA, therefore he plans to bring a proposal to the Board in August to declare the Valley will not be able to meet the PM 2.5 Standard this year, even if the rest of the year is pristine. He stated the result could be EPA moving the Valley from a moderate designation to a serious designation, giving the District more time to deal with that issue.
15. GOVERNING BOARD MEMBER COMMENTS – Supervisor O'Brien said at the Study Session, the Board had a discussion about the useful life of the Flag Program coming to an end due to the Real Time Air Quality Advisory Network. He demonstrated a prototype of a lighted orb designed by his son, which could possibly sit on top of a flag pole and flash the color that represents current real time air quality for each location.
16. CLOSED SESSION – Annette Ballatore-Williamson, District Counsel, announced the Board met in Closed Session and took action to authorize the APCO to

continue to engage in efforts to resolve its contractual dispute with Carousel Industries to the District's satisfaction. She said if a resolution cannot be reached, the Board authorized the District to pursue legal action if necessary, followed by adjournment.

ADJOURN

Meeting adjourned at 1:15 p.m.

The next scheduled meeting of the Governing Board is: Thursday, August 21, 2014. The meeting starts at 9:00 a.m., in the Central Region Office, Governing Board Room, 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.