

HIGHLIGHTS ITEMS FROM THE MAY 2012 GOVERNING BOARD STUDY SESSION FOR EDUCATIONAL AND STRATEGIC PLANNING PURPOSES

Verbal Update on the District's Paperless Agenda Process – District staff provided the Board with a verbal update on the District's paperless Governing Board agenda process, which was implemented in August of 2011 to reduce costs, improve efficiency and save paper. In the update, Staff reported that the electronic process was working well and that cost savings were being achieved. Staff also noted they had been helping other Valley agencies with their implementation of similar electronic agenda processes. Board members indicated that the new devices (Apple iPads) and procedures generally worked well, and expressed appreciation for technical support they had received.

One outstanding concern with the new process was that, as more agencies move to electronic agendas, Board members may be required to use a different electronic device for each of the Boards and committees on which they serve. In light of this concern, Board members suggested developing a cost-sharing approach that would avoid the need for multiple devices.

The Executive Director will return to the Board with a proposal that would allow Board members the option of purchasing their own device to be used for various purposes with an annual allowance being provided by the District toward the device cost. Staff will also propose options for collaborating with other Valley public agencies wishing to share tablet devices, either through the development of a tablet sharing group or consortium, or by providing assistance upon request to outside agencies as the District has been doing over the past few months.

Consider a New Approach for Receiving Federal Credit for Emissions Reductions Achieved through District Incentive Programs towards Meeting District Obligations under the State Implementation Plan – The Board received a detailed presentation on District efforts to obtain State Implementation Plan (SIP) credit for reductions achieved through District incentive programs. Under the federal Clean Air Act, a State Implementation Plan must include a list of strategies needed to attain the applicable federal air quality standard. Historically, the strategies developed for these plans have included regulations for stationary sources of air pollution and tailpipe emissions standards for mobile sources of air pollution.

The adoption and implementation of regulations and standards has substantially reduced emissions and led to significant improvement in air quality here in the Valley. Now that Valley stationary sources are already heavily controlled, however, new regulations and tailpipe standards cannot provide enough additional reductions to attain federal air quality standards within required timeframes. Incentive-based reductions are also needed to further reduce emissions and expedite attainment of health-based standards. Toward that end,

achieving incentive-based reductions has become one of the District's highest priorities.

The District operates one of the largest and most well-respected incentive programs in the State, and with strong advocacy, has seen a ten-fold increase in incentive funding levels over the past six years. Although EPA has not historically given SIP credit for incentive-based reductions, the District has recently been negotiating a new process for securing this credit with EPA Region 9 officials. As a result of these efforts, EPA and the District have recently reached the first agreement in the nation on the framework for obtaining SIP credit for incentive-based emissions reductions. Under this new framework, the District will develop a rule for Board consideration that grants SIP credit with the following elements:

1. Provisions ensuring the emissions reductions are surplus, quantifiable and enforceable;
2. Provisions outlining annual reporting to quantify and document emissions reductions; and
3. Provisions for using publicly-developed and available incentive program guidelines and procedures.

After discussion and comments, the Board adopted a recommendation directing the Executive Director to develop the new rule that establishes the administrative process and criteria for receiving federal credit for incentive-based emissions reductions towards meeting State Implementation Plan obligations. The rule will be developed in a public process for consideration in a public hearing.

Policy Principles for Pursuing Reauthorization of Funding for Incentive-based Clean Air Strategies - District staff provided the Board with a detailed presentation on projected future levels of federal, state and local incentive funding, and recommended a set of policy principles for pursuing reauthorization of the state incentive funding sources that are set to expire. The District's highly successful incentive programs have become a critical component of our efforts to reduce emissions and attain health-based air quality standards. The programs continue to see strong demand, and opportunities to achieve significant reductions will continue well into the future.

Unfortunately, several of the State programs that fund District incentive efforts are set to expire in the next few years. The Proposition 1B goods movement emissions reduction program is a statewide, one billion dollar, four-year effort, with the last allocations due to be disbursed in fiscal year 2013/14. The District receives approximately \$14 million per year from the State Carl Moyer program and related authorizations under AB 923 (Firebaugh 2004), which have a sunset date of January 1, 2015. The District has also received some funding through

the ARBs Air Quality Improvement Program under AB 118 (Nunez 2007), which expires on January 1, 2016. Although local funding under AB 2522 (Arambula 2008) remains a possible source of continued support for some efforts, the loss of funding from the sources set to expire will still have a significant impact on the availability of emissions reduction incentive funds for the District, and reauthorization efforts are a top priority in the District's legislative platform.

District staff has been working with CAPCOA, ARB, and a broad group of stakeholders to build a "grand coalition" to support legislative efforts to reauthorize the Carl Moyer and AB 118 funding, which will require difficult-to-achieve two-thirds bipartisan majorities in the State legislature. In these efforts, District staff has emphasized that reauthorizing funding for reducing health-based criteria pollutants should be the top priority, and that continued funding for efforts to reduce greenhouse gas emissions, which may not have as broad of support, should only be pursued if the programs for health-based pollutants are not jeopardized.

After some discussion and comment, the Board adopted the following principles for incentive funding reauthorization:

1. Continue existing incentive funding levels to ensure successful continuity of programs to meet State Implementation Plan (SIP) commitments while recognizing the unique objectives and needs of each air district in California.
2. The programs should consider both near-term and long-term air quality benefits, as well as climate stabilization goals.
3. Going forward, programs should:
 - Continue to achieve health-based criteria and toxic pollutant reductions;
 - Set minimum project criteria to ensure SIP credibility;
 - Integrate incentives into air quality strategies;
 - Ensure incentive program investments provide long-term benefits;
 - Accelerate advanced technology deployment;
 - Support achieving climate stabilization goals.
4. Build on the successful district and State programs and include flexibility to meet evolving air quality and climate challenges moving forward.
5. Encourage and facilitate inclusive stakeholder participation and coalition building. Incentive continuation will require the cooperation of many interested parties, which will be key to gaining broad support.
6. Changes to the current programs should be carefully weighed, evaluating the pros and cons of how any changes will affect the future success of the program and for reaching stakeholder consensus for reauthorization.

7. Program enhancements should maintain or improve program support, efficiencies, enforceability, accountability, and transparency.

Consider Enhancements to the District's Current Voluntary Incentive Grants for the General Public and Additional Grant Programs for Valley Residents - The Staff presentation described six existing Board-approved emissions reduction grant programs for the general public including the following:

Clean Green Yard Machine Program – A lawnmower trade-in program that has replaced over 6,000 high-emitting gasoline powered mowers over the past nine years.

Burn Cleaner Program – A fireplace change-out initiative run in conjunction with Valley retailers which pays up to \$500 (\$1500 for low income residents) towards the purchase of a lower emissions device.

Polluting Automobile Scrap and Salvage Program – The car replacement component provides up to \$1,500 to scrap an older high-emitting car, or up to \$4,500 to replace the car with a newer cleaner model. The repair component, which has received huge media attention, has provided free emissions testing at 15 events held throughout the Valley, and supplied vouchers for up to \$500 in car repairs to owners of eligible high-emitting vehicles.

Drive Clean! Program - This program, which was designed to accelerate the adoption of zero-emission and other clean vehicle technology in the Valley, provides rebates of up to \$3,000 for the purchase of eligible vehicles.

REMOVE Program – REMOVE was designed to encourage the use of lower emissions alternatives to travel in single occupancy vehicles and includes public transportation subsidies, park-and-ride funding, and the District's vanpool incentive program.

Public Benefit Grants Program - This program provides the framework for creating partnerships with local Valley jurisdictions, public agencies and public educational institutions for funding projects that provide broad benefits to Valley residents. It provides funding for new alternative-fuel vehicle purchases, advanced transportation and transit, and advanced fueling and charging Infrastructure.

Staff described recent enhancements to these programs. The District vanpool program has been changed to a more streamlined voucher program, and eligibility has been expanded to include interregional commutes; the Drive Clean! program has been changed to a rebate program to better serve Valley residents who wish to purchase zero-emissions and low emissions vehicles; and the Clean

Green Yard Machine program is also being shifted from a voucher system to the more user-friendly rebate concept.

Staff also described three possible new concepts for public benefit programs. A residential water heater replacement program would provide rebates for replacing older water heaters with newer lower emissions models. An indoor air pollution control device incentive would fund the installation of high efficiency systems at schools and homes, with a particular emphasis on environmental justice areas, and the Clean Green Yard Machine program would be expanded to include trimmers, sweepers, edgers, etc.

After discussion and public comment, the Board directed the Executive Director to return to the Board with specific proposals and additional quantitative information on any new proposals.

Verbal Report on Potential Opportunities to Enhance Efficiency and Flow of Regularly Scheduled Meetings of the Governing Board – Executive Director

Seyed Sadredin asked Board members for input on Board meeting flow and efficiency. Supervisor Worthley congratulated new Board members on efforts to come up to speed on very complex and difficult topics. He also complemented Chairman O'Brien on his efforts to keep the meetings moving, adding that it is a real art. Supervisor O'Brien said that he likes the District's Request to Speak system, which enhances opportunities for participation from Board members in regional offices. Supervisor Case indicated that she appreciated the recent Board orientation for new members, as it provides for more beneficial use of the time in meetings. Supervisor Case also said that the Board briefings from the Executive Director are very helpful, and that staff is very responsive.

Councilmember Baines complimented staff and other Board members on being very helpful, and specifically mentioned the telephone calls he and the other Board members receive from the Executive Director. He also noted that it is significant challenge to run a meeting with 15 members in three locations.

Councilmember Barwick appreciated the District's budgeting process and the detailed presentation of the District budget at the subcommittee meeting.

Councilmember Bompreszi said she appreciated assistance in coming up to speed on District issues and response to her questions. Supervisor Walsh said he appreciates staff responsiveness, and added that it facilitates participation in tough issues. Supervisor Dominici noted great improvement over the time he has been on the Board and appreciates staff working closely with stakeholders. Dr. Sherriffs thanked the public for attending and participating in the study session.

District Options for Addressing Valley Fever – The Board received a presentation regarding causes of Valley Fever and options for addressing Valley Fever. Although Valley Fever is caused by an airborne fungus and not by air pollution, the District has received several requests for technical assistance and support in addressing Valley Fever. One of these came from Kern County

Supervisor Mike Maggard, regarding the District's willingness to provide grants or incentives to mitigate the impacts of Valley Fever. Valley Fever fungus grows in soils, often on open unirrigated land, and its spores may be entrained in windblown particulate matter. Because the fungus occurs naturally on open land and is spread by winds, it would be extremely difficult to control sources or the spread of the spores. The District may, however, still be able to work with public health officials on efforts to address the impact of this disease.

On June 22, 2012, Health Science Advisor David Lighthall attended the California Valley Fever Summit Meeting, along with public health officers from affected counties and related staff. Data on Valley Fever incidence trends were presented for each county, along with a discussion of strategies for addressing the ongoing public health challenge. In respect to the development of a vaccine, the resources necessary to advance progress towards a vaccine are considerable and there are serious questions among experts whether a vaccine is indeed feasible.

Preliminary conversations with public health officers indicate that there is potential for greater coordination with the District in respect to communicating with the public about Valley Fever risk during high wind events as well as more explicit discussion of Valley Fever prevention in District public communication overall.

Antiquated Provisions of the Federal Clean Air Act – District staff presented the following list of issues and potential remedies:

The Transition between Ambient Air Quality Standards is Chaotic – The federal Clean Air Act requires U.S. EPA to review standards every five years. Each time a standard is revised, a new attainment plan is required and a new 10-20 year process of efforts to attain the new standard is set into motion. The timelines for these sequential attainment plans overlap resulting in redundant efforts, uncertainty in the air quality planning process, and inefficient use of public resources.

District staff recommended three specific solutions for this issue:

1. EPA should provide reasonable guidance for what portions of each old standard remain;
2. Requirements could be streamlined in future EPA implementation guidance; and
3. EPA could align requirements (RFP milestones, midcourse reviews, etc.) between standards for a single pollutant.

Nonattainment Classifications Must be Reasonable – In the past, EPA's process of setting classifications has resulted in unreasonable classifications with unattainable deadlines. Local air districts then found it necessary to go through a

very lengthy, resource-intensive bureaucratic process to “bump-up” to the classification that they should have received initially from EPA.

District staff recommended three specific solutions for this issue:

1. EPA should avoid inappropriate classifications by considering all factors (natural environment, availability of technology, etc.) that contribute to a region’s attainment challenge; and
2. EPA should favor aggressive, but achievable attainment goals and deadlines.

The Clean Air Act Should Not Impose Mandates that are Impossible to Meet – Certain Clean Air Act requirements and deadlines are becoming impossible to meet. This can lead to public backlash and weakening of clean air programs.

Issue #1 – A recent Ninth Circuit court ruling has called EPA’s current approach for demonstrating the offsetting of vehicle mile-related emissions growth into question, and is forcing EPA to re-evaluate its approach. Any change in approach that would require the District to offset vehicle growth regardless of population growth, and without recognition of emission reduction measures such as vehicle turnover and tailpipe control standards, would have a significant impact on the District’s ability to develop an approvable attainment strategy.

To address this issue, District staff recommended that EPA should allow regions to focus on emissions reduced rather than just focusing solely on vehicle miles travelled, and consider cost effectiveness in determining what transportation control measures should be required.

Issue #2 – EPA has set an unreasonable and arbitrary 10% limit on the amount of future reductions (i.e. reductions based on regulations that have not yet been adopted) that can be approved in an attainment plan.

District staff recommended that EPA should not set arbitrary limits on future measures and should instead focus on whether the commitments are reasonable and whether the district is capable of fulfilling the commitments. Conditional approval of plans that rely on future measures may also be appropriate.

Issue #3 – Requiring contingency measures in extreme nonattainment areas is unreasonable and unnecessary since extreme nonattainment areas already include all available measures in their plans.

District staff recommended that EPA should reduce the magnitude of contingencies required, and allow innovative and incentive-based measures to be used meet contingency requirements.

Local and Federal Agencies should Share Accountability and Responsibility – Although the District has a great working relationship with EPA Region 9, further improvements that would facilitate a stronger partnership would enhance efficiency and result in additional progress.

Issue # 1 – The District lacks regulatory authority over mobile sources which account for 80% or the most critical smog-forming emissions.

District staff recommended that EPA should more aggressively reduce emissions under its control, and provide more funding for incentive-based measures in extreme areas.

Issue #2 – Delayed action by EPA on attainment plans can have detrimental effects including relieving federal agencies of conformity requirements and unfairly penalizing local jurisdictions.

District staff recommended that EPA should work more collaboratively with states and local agencies in the planning process to avoid delays in approvals, and not impose sanctions when if failure to meet deadlines is due to EPA delays.

After discussion and public comment, the Board directed the Executive Director to work with EPA on the recommended policy changes, and to return to the Board if opportunities for legislative solutions arise, or if legal action is necessary.

Seek Equivalency from the Federal Environmental Protection Agency for the District's Permitting Program in Relation to Federal Permits Required under Title V of the 1990 Amendments to the federal Clean Air Act – The Board received a detailed presentation on the costs and administrative burden associated with implementing the federally mandated Title V permitting process, which provides no additional air quality benefit for the Valley. Staff estimated that meeting the detailed and often redundant requirements of EPA's Title V permitting regulation adds about 15,000 District staff hours per year to the District's workload, and has corresponding costs for affected industry. A line-by-line comparison of the federal Title V mandates with the District permitting program showed that, although the District permitting program without Title V would be significantly less costly and more streamlined, it would still provide equivalent or more effective results in each of 15 of 16 key areas such as permit applicability, compliance, recordkeeping and monitoring. (In one other key area, the District permitting program did not require the inclusion of requirements outside of District authority in permits and was not equivalent, but staff indicated a willingness to comply with that requirement to achieve full equivalency.)

After discussion and supportive public comment, the Board directed the Air Pollution Control Officer to develop and execute an action plan for seeking equivalency from EPA for the District's permitting program. In response, District staff is preparing a formal equivalency request for submittal to EPA Region 9.

The submittal will include a detailed demonstration showing how the District's much more streamlined permitting program meets the requirements of EPA's 40 CFR part 70 regulation.

Authorize Work to Provide for the Quantification and Reporting of Air Pollution Exposure and Trends at the Neighborhood Level throughout the San Joaquin Valley – District staff provided a presentation on a potential new tool to enhance air quality information available to the public, outlining an approach for quantifying and communicating neighborhood-level air quality exposure information to Valley residents, based on their specific location. This tool would build on the real time air quality information available to Valley residents through RAAN, and enhance the District's overall outreach strategy. In Phase I of the project, scientific methodologies would be established. In Phase II, online resources would be created. In Phase III, real-time air quality data at a neighborhood level would be provided.

After discussion and comment, the Board approved the recommendation to develop the new tool to quantify and report exposure at the neighborhood level.

Consider Strategies for Addressing Indoor Air Quality – The Board received a presentation on indoor air quality issues and recommended partnering with other agencies on indoor air quality outreach.

Over the next few months, District staff will develop an indoor air quality section on the District's web site with links to information from other agencies. Staff will also consider incorporating impact on indoor air quality into evaluations of potential control measures when supported by science

District Scientific Research Priorities for Fiscal 2011-12 and 2012-13 – District staff provided a presentation on the following proposals for District research.

1. *Exposure modeling and risk assessment*--Use of passive samplers to collect size-resolved and chemically-specified fine and ultrafine PM (\$150,000).
2. *Exposure modeling and risk assessment*—Measurement and speciation of PM 2.5 and PM 0.1 concentrations resulting from lawn care equipment emissions (\$30,000).
3. *Population exposure and health risk assessment*—Health research consulting agreement with UCSF (\$30,000).
4. *Emission inventory*--Survey of San Joaquin Valley residents regarding lawn care equipment and residential wood combustion activity levels (\$50,000).
5. *Emissions inventory*—Regional goods movement trend analysis (\$45,000).

6. *Emissions inventory*--Stopgap funding of transboundary ozone research at the Chews Ridge monitoring station (\$40,000).

7. *Emissions inventory*—Installation of aethelometers at multiple sites to measure elemental carbon (\$50,000).

8. *Emissions inventory, atmospheric modeling, and exposure modeling*—Development of a regional model for estimating sources of PM 0.1 and its geographic distribution in the Valley (\$130,000).

9. *Atmospheric and exposure modeling*—Ozone saturation study in the Arvin area (\$95,000).

10. *Atmospheric modeling and emissions inventory*—Modeling Center consultant (\$30,000).

11. *Atmospheric modeling*—Conducting a regional ozone cluster analysis (\$55,000).

After discussion and public comment, the Board approved the recommendation to proceed with the proposed research items.

Update on Development of New Worldwide Web Applications by the District

– District staff is currently in varying stages of planning and execution for a number of new Internet applications that are aimed at improving internal efficiency and providing additional services to regulated facilities and the general public. The purpose of this item is to provide an update to the Board and the public, and to solicit further guidance and input on those projects. Proposed projects include:

Mobile Phone Applications – Check Before You Burn, Daily Air Quality Forecast, and Air Alert

Real-Time Air Advisory Network (RAAN) For Mobile Devices

Online Bill Payment Processing

Web-based Application Submittal for Authority To Construct (ATC) Permits

Web-based Application Submittal for Permits to Operate (PTOs)

Web-based Application Submittal for Title V Permit Modifications and Renewals

Web-based Application Submittal for Emission Reduction Credits

Web-based Indirect Source Review Application Submittal

Web-based Emissions Inventory Submittal

Online Access By Permitted Facilities To Facility Information

Online Air Pollution Complaint Submittal By The Public

Web-based Asbestos Notification Submittal For Building Demolitions

Web-based Breakdown and Deviation Submittal

Web-based Equipment Start-up Notifications

Enhanced Web-based Gasoline Vapor Recovery Performance Testing Portal

Web-based Source Testing Portal

Online Submittal of Dust Control Plans

Online Grant Application Submittal

Online Annual Report Submittal For Incentive Grant Recipients

After discussion and comments, the Board approved the recommendation to proceed, focusing on projects that will ultimately save the most time and money. The Executive Director is scheduling the development of these tools based on those criteria.