

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, February 21, 2013
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, Councilmember Barwick called the meeting to order at 9:07 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, Chair	City of Tulare
Sally Bomprezzi, Councilmember	City of Madera
Dennis Brazil, Mayor	City of Gustine
Judy Case, Supervisor	Fresno County
David Couch, Supervisor	Kern County
Harold Hanson, Councilmember**	City of Bakersfield*
William O'Brien, *	Stanislaus County
Dr. Alexander Sherriffs	Appointed by Governor
Hub Walsh, Supervisor, Vice Chair*	Merced County
Tom Wheeler, Supervisor	Madera County

* Attended meeting in Northern Region Office

**Attended meeting in the Southern Region Office

Absent:

Dr. Henry Jay Forman, Ph.D.	Appointed by Governor
Bob Elliott, Supervisor	San Joaquin County
J. Steven Worthley, Supervisor	Tulare County

3. INTRODUCTION OF NEW GOVERNING BOARD MEMBER MAYOR DENNIS BRAZIL FROM CITY OF GUSTINE – Chair Barwick introduced the District's newest Governing Board member, Mayor Dennis Brazil from City of Gustine. Mayor Brazil, who gave a brief summary of his background and community

service. Mayor Brazil stated it was an honor to serve on the Governing Board and promised to give 100 percent of his efforts to the Board.

4. APPROVAL OF CONSENT CALENDAR – (Item Numbers 17 - 23) 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 GOVERNING BOARD MEETING OF THURSDAY, JANUARY 17, 2013
18. RECEIVE AND FILE LIST OF SCHEDULED MEETINGS FOR 2013
19. RECEIVE AND FILE OPERATION STATISTICS SUMMARY FOR JANUARY 2013
20. RECEIVE AND FILE BUDGET STATUS REPORT AS OF JANUARY 31, 2013
21. RECEIVE AND FILE COMPREHENSIVE ANNUAL FINANCIAL REPORT AND SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2012
22. CITIZENS ADVISORY COMMITTEE (CAC) RECOMMENDATION TO APPOINT NEW HEARING BOARD MEMBERS
23. AMEND CONTRACT WITH UCSF-FRESNO FOR STUDY OF HEALTH IMPACTS OF PM 2.5 SPECIES

For Item #22, Supervisor Wheeler asked how many members served on the three Regional Hearing Boards. Mr. Sadredin explained the makeup of the Hearing Boards and the process for selection of new members.

For Item #21, Supervisor Case articulated the importance of having the District's Comprehensive Financial Report (CAFR) include pension unfunded liability in accordance with the new Governmental Accounting Standards Board (GASB) statements 67. Mehri Barati, Finance Manager, responded that the new requirement will be reflected in the District's future CAFR. Supervisor Case also noted the Kern County Retirement Fund is currently at 60% funding, and stated in the normal business world, anything below 70% is considered becoming insolvent.

Chairman Barwick commented the District is very fortunate to have the expertise on the Board. He thanked Supervisor Case for her diligence in reviewing these items.

Supervisor Wheeler made a motion to approve the entire Consent Calendar as presented.

Public Comment: None

Moved: Wheeler

Seconded: Barba

Ayes: Baines, Barba, Bomprezzi, Brazil, Case, Couch, Hanson, O'Brien, Sherriffs, Walsh, Wheeler, Barwick

Nays: None

Motion unanimously carried to approve Consent Calendar Items 17-23.

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

- Bill Paloutzian

6. REPORT ON DISTRICT CITIZENS ADVISORY COMMITTEE ACTIVITIES – Mayor Amarpreet Dhaliwal, Chair of the Citizens Advisory Committee (CAC), gave the report on the highlights from the CAC's February 5, 2013 meeting. He reported CAC voted to support a subcommittee recommendation that four new members be appointed to the District's Regional Hearing Boards, which was an item on today's Governing Board Consent Agenda. He also reported CAC received an update on District-funded transboundary ozone research being conducted by UC Davis scientists. Also, Mayor Dhaliwal reported CAC received an update on current Environmental Justice Advisory Group activities. Lastly, Mayor Dhaliwal asked the Madera representatives on the Governing Board to work with the County Clerk to increase participation from the Madera City Representatives on the CAC. Both Supervisor Wheeler and Councilmember Bomprezzi responded affirmatively.

Public Comment: None

7. REPORT ON RECENT DISTRICT INCENTIVE PROGRAM AUDITS CONDUCTED BY THE CALIFORNIA AIR RESOURCES BOARD AND THE CALIFORNIA DEPARTMENT OF FINANCE – Mr. Sadredin noted the District's success in bringing significant funds to the Valley for investment in emission reductions projects in the Valley. He attributed the success to strong advocacy efforts by the Board, businesses representatives, and other Valley stakeholders. He also stated that the District's track record in effective and efficient administration of the grant funds has contributed to Valley's legislative success in bringing resources to the Valley. He reported every audit received of the District has resulted in reports that District has met their fiduciary responsibilities in an admirable fashion, and that the District runs one of the most cost-effective, active grant programs in the state. Mr. Sadredin introduced Mr. Scott Rowland, Chief of Air Resources Board's (ARB) On Road Control Branch, who gave a report on

ARB's recent audit of the District's incentive programs.

Mr. Rowland reported under state law, ARB has oversight of the various incentive programs throughout the state. He noted they review large districts, such as SJVAPCD, approximately once every four years. He noted the review process is intense and time-consuming, both for ARB and the District. Mr. Rowland thanked the District staff and management teams for all of their helpfulness, cooperation and patience during the intensive audit process. He stated ARB reviewed the Carl Moyer Program, the Prop 1B Program, the Lower Emissions School Bus Program and the Air Quality Improvement Program. Mr. Rowland noted there were no formal recommendations by ARB regarding how these District programs could be improved. He did offer one personal recommendation, asking to please keep up the good work, as the District and staff are doing a wonderful job utilizing these programs to provide cleaner air for Californians.

Supervisor Wheeler asked how school districts are chosen to receive funds for new school buses. Mr. Sadredin responded it is based on the age of the buses with the oldest, dirtiest buses getting funded first. Supervisor Case thanked Mr. Rowland for testifying at the meeting. She noted that there now several audits she can recall which show this agency has managed the incentive programs most effectively referring to another audit conducted by Valley's public health advocates. She congratulated staff for doing a tremendous job with these incentive programs. Dr. Sherriffs added his thanks to Mr. Rowland and echoed Supervisor Case's comments, thanking staff for their hard work. He noted the incentive programs are critical to cleaning the Valley's air and expressed concern that they will be sunseting very soon.

Mr. Rowland gave a brief summary of the Department of Finance report. He explained the report identified two conditions regarding expenditure of funds. He explained the first condition was the expenditure deadline for some Moyer projects was not attained, although Mr. Rowland noted the District conducted its business entirely consistent within the guidelines. He reported the second condition was regarding the Goods Movement program and the expenditure deadline had been set forth in the grant agreement which was later extended. Mr. Rowland commented the Department of Finance did not have the information that the deadline was extended. Mr. Sadredin commented the issue is a matter of semantics of how the Department of Finance defines when the monies are spent versus other oversight agencies. He gave the example of a farmer agreeing to a contract to replace an engine but the farmer may cancel the contract at a later time so the monies are still available for another candidate. He commented the Department of Finance would note the monies were not spent accordingly. Mr. Sadredin stated the comments are minor.

Mr. Walsh thanked Mr. Rowland for his report.

Dr. Sherriffs asked if the District responds to the Department of Finance's report.

Mr. Sadredin explained the District does prepare a formal response to every audit addressing every single finding.

Supervisor Barba expressed appreciation for the persons who are taking advantage of the grant and incentive programs.

Mr. Sadredin thanked Mr. Rowland and ARB for their efforts. He thanked the Board for ongoing guidance and support which has enabled the District staff to administer important grant programs in an exemplary fashion.

Public Comment: None

8. RECEIVE A VERBAL REPORT ON TRANSBOUNDARY OZONE AND RELATED POLLUTANTS AND APPROVE CONTRACT AMENDMENT WITH UC DAVIS TO EXTEND RESEARCH – Mr. Sadredin introduced Dr. David Lighthall, Ph.D., the District's Health Science Advisor, who gave the presentation on this item which proposed the Board approve and authorize the Chair to sign a six month research extension to UC Davis, for \$40,000 that will measure long distance (transboundary) flows of ozone, PM2.5, and carbon monoxide into the San Joaquin Valley.

Dr. Lighthall provided an update on the status of research by UC Davis, which began when the Board approved a grant to conduct the research project on June 16, 2011. He noted at the time of the original contract, ARB had indicated to UC Davis that the agency would be providing additional funds necessary for sustaining the collection of ozone, carbon monoxide, and PM2.5 at the Chews Ridge field site in Monterey beyond December 31, 2012. He reported unfortunately, ARB subsequently withdrew that commitment. He also reported on the large volume of data regarding ozone concentrations found at the site.

Mr. Sadredin summarized the report stating the air pollution has been substantially reduced with investments made by Valley businesses to a point where the frequency and the magnitude of exceedance have reduced substantially. He noted the Clean Air Act does provide some relief for exceedences due to outside pollution if it can be scientifically proven.

Supervisor O'Brien asked if the District will be receiving the recent NASA air quality research. Dr. Lighthall stated the campaign is named Discover Q and the District will be able to review the information.

Supervisor Case stated that it is important to properly characterize this information to the public. She noted the information provided to the public should emphasize the different sources of pollution, some can be controlled and others cannot and the goal here is to have good science for proper accountability. Mr. Sadredin noted Section 179b eliminates sanctions including the additional fees paid currently by citizens if the exceedences can be scientifically proven to be caused by sources outside of the District's control. It will not lead to any roll back

of clean air measures adopted by the Board.

Dr. Sherriffs noted the District's responsibility is health for the public and the findings of the research do not change the responsibility but the strategies.

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

- Bill Paloutzian

Moved: Baines

Seconded: Barba

Ayes: Baines, Barba, Bompreszi, Brazil, Case, Couch,
Hanson, O'Brien, Sherriffs, Walsh, Wheeler, Barwick

Nays: None

Motion unanimously carried to approve contract amendment with UC Davis to extend research on transboundary ozone and related pollutants.

This item was revisited as the Chair's prerogative:

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

- Mark Romanini, Bakersfield resident

9. ADOPT PROPOSED AMENDMENTS TO RULE 1020 (DEFINITIONS) – Jessie Fierro, Supervising Air Quality Specialist, provided the presentation on this item. She explained Rule 1020 (Definitions) includes a list of compounds exempt from ozone regulations due to low ozone forming potential. She stated the amendment is proposing to add two compounds to the volatile organic compounds (VOC) exemption list and clarify existing requirements for two already exempt compounds. Ms. Fierro noted the District conducted further evaluation beyond EPA's exemption to ensure no health impacts would occur. She explained the District's permitting process will evaluate health risk from all new and modified operations to ensure no significant, cumulative health impacts. Ms. Fierro stated the recommendations are to adopt proposed amendments to Rule 1020 (Definitions) and authorize the Chair to sign the resolution.

Supervisor Wheeler asked if new businesses were the only facilities subject to the proposed amendments. Mr. Sadredin responded the amendments apply to all businesses, new and existing, and that the use of these compounds will not be exempt from VOC regulations as these compounds now have been found not to lead to formation of ozone.

Dr. Sherriffs stated that the changes are beneficial to public health as they encourage the use of less toxic and ozone causing materials.

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

- Mark Smith, Co-American Corporation
- Phil Newell, Guardian Industries

Moved: Brazil

Seconded: Wheeler

Ayes: Baines, Barba, Bompreszi, Brazil, Case, Couch,
Hanson, O'Brien, Sherriffs, Walsh, Wheeler, Barwick

Nays: None

Motion unanimously carried to adopt Proposed Amendments to Rule 1020 (Definitions).

10. APPROVAL OF PROJECT SELECTIONS FOR THE DISTRICT'S TECHNOLOGY ADVANCEMENT PROGRAM – Supervisor O'Brien announced he does business with Aramark Uniform & Career Apparel and therefore would abstain and leave the meeting. Errol Villegas, Strategies and Incentives Program Manager, gave the presentation on this item which proposed approval of project selections totaling \$3,820,179 from the District's Technology Advancement Program's September 11, 2012 Request for Proposals evaluated under the Board-approved scoring criteria:
- a. \$500,000 for Colony Energy Partners, LLC's proposal to demonstrate a biogas cleaning and pipeline injection system; and
 - b. \$500,000 for Oberon Fuels, Inc.'s proposal to demonstrate dimethyl ether as a clean alternative fuel for heavy-duty trucking; and
 - c. \$254,500 for Aramark Uniform & Career Apparel's proposal to demonstrate a series hydraulic hybrid delivery truck; and
 - d. \$500,000 for Transportation Power, Inc.'s proposal to demonstrate a zero-emission electric yard tractor at the IKEA Distribution Center; and
 - e. \$486,229 for Capstone Turbine Corporation's proposal to demonstrate CNG-powered turbine extended range electric class 7 truck; and
 - f. \$470,000 for Ruby Mountain Inc.'s proposal to demonstrate a small scale biogas liquefaction system to produce LNG for vehicle fuel; and
 - g. \$417,050 for Biogas & Electric, LLC's proposal to demonstrate engine after-treatment system for use at Bakersfield Wastewater Treatment Plant #3; and

- h. \$500,000 for Industrial Waste & Salvage's proposal to demonstrate a landfill gas to CNG for vehicle fuel project; and
- i. \$192,400 for The Green Station LLC's proposal to demonstrate zero-emission commercial leaf blower; and

Dr. Sherriffs stated it was exciting for the District to be involved in these forward thinking projects. He asked about university involvement in these projects. Mr. Villegas responded several of these projects involve working with local colleges and universities. Councilmember Baines stated all of the projects sound good and appear to advance technology as they should. Supervisor Case asked if there was an award cap. Mr. Sadredin responded there was a soft cap of \$500,000 per project. However, he noted the District would have been open to funding more if there were an economic and business case made. Supervisor Wheeler commented some of these projects may qualify for future funding under other District programs. Mr. Sadredin responded affirmatively, stating this grant program was focused only on projects that would advance technology. Mayor Brazil asked if there was a measure in place to ensure the funding is used appropriately. Mr. Sadredin responded affirmatively, noted there are many incremental progress reports that are required for the duration of the project.

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

- Richard Caglia, Industrial Waste & Salvage

Moved: Walsh

Seconded: Couch

Ayes: Baines, Barba, Bomprezzi, Brazil, Case, Couch, Hanson, Sherriffs, Walsh, Wheeler, Barwick

Nays: None

Abstain: O'Brien

Motion unanimously carried to approve project selections for the District's Technology Advancement Program

11. REVIEW AND PROVIDE COMMENT ON THE DRAFT 2012 ANNUAL REPORT TO THE COMMUNITY – Mr. Sadredin led a discussion on the draft 2012 Annual Report to the Community, after providing a brief background on the history of the report. He noted at the Board's direction, staff prepares an Annual Report to the Community, providing a report card of the District's activities for the prior year. He introduced Jaime Holt, Chief Communications Officer, who noted this is the first year the Annual Report to the Community was produced completely in-house.

Supervisor Case commented it was a very well put together document and suggested it would be beneficial to add information on the District's various research projects in future editions. Mr. Sadredin responded affirmatively. Dr.

Sherriffs agreed with Supervisor Case that this was a very informative project for Valley residents to refer to. Councilmember Barwick stated the report was very well put together. Mr. Sadredin commented the Board members' photos will be withheld from the mass-mailed versions, to comply with legal requirements. However, he noted that our experience has been that the public reacts more positively to the District's public messages when Board members as familiar faces in the community help deliver the message. He noted additional copies, including the version with Board member photos will be strictly used as hand outs.

Public Comment: None

Moved: Case
Seconded: Wheeler
Ayes: Baines, Barba, Bomprezzi, Brazil, Case, Couch,
Hanson, O'Brien, Sherriffs, Walsh, Wheeler, Barwick
Nays: None

Motion unanimously carried to approve the Draft 2012 Annual Report with suggested changes.

12. APPOINT AD HOC BUDGET SUBCOMMITTEE – Mr. Sadredin stated it is tradition to have 5 or 6 Board members appointed to the Ad Hoc Budget Subcommittee, along with the Board Chair and Vice Chair. Mayor Brazil, Councilmember Hanson, Supervisor Couch, Supervisor Wheeler, Supervisor Walsh and Councilmember Barwick all agreed to serve on the subcommittee.
13. VERBAL REPORT BY ALEXANDER SHERRIFFS, M.D. ON AIR RESOURCES BOARD ACTIVITIES – Dr. Sherriffs reported on activities from the Air Resources Board(ARB) meetings which took place on January 24 and 25, 2013. He offered congratulations to staff and the Board on behalf of ARB for a successful adoption of the 2012 PM2.5 Plan, noting the Plan will now be forwarded to U.S. EPA for their approval. Dr. Sherriffs commented there are many negative health effects due to global climate change. He noted there was a workshop in Fresno to discuss revenues from the Cap and Trade auctions, noting the Department of Finance is charged in developing a three-year investment plan.
14. EXECUTIVE DIRECTOR/APCO COMMENTS – Mr. Sadredin reported that Dr. Forman has resigned from the District's Governing Board due to time constraints. He reminded members that the Governing Board retreat is scheduled for Thursday, May 2 and Friday, May 3, 2013, in Bass Lake, CA. He stated he will bring a proposed Agenda for the retreat to the Board at their next meeting. He also reported the Cap and Trade workshop mentioned by Dr. Sherriffs was very informative, noting District staff testified, and their comments were well-received.
15. GOVERNING BOARD MEMBER COMMENTS – Supervisor Wheeler noted AB 8 and SB 11, which propose to keep funds available for various incentive

programs, were discussed in an item in Valley Voices. He suggested Board members send letters of support through their own agencies. Supervisor Case commented that she and Rick McVaigh, Deputy APCO, have been invited to speak at the San Joaquin Political Academy, which is an effort to provide information to those who are interested in future political service in the Valley. Supervisor Walsh welcomed Mayor Brazil to the Board. Supervisor O'Brien suggested that the Chair may want to consider forming an Executive Committee. Mayor Brazil commented on the importance of the District's Annual Report to the Community. He noted that is one of the many reasons this is one of the well-respected districts in the nation. He offered kudos to District staff and the Board for their efforts. Councilmember Barwick commented his belief that the District's mission is to improve public health and create a cleaner environment.

16. **CLOSED SESSION** – District Counsel, Catherine Redmond, announced the Board would move to Closed Session to discuss the following item, followed by adjournment:

- **CONFERENCE WITH LABOR NEGOTIATOR** – Adriana Myovich pursuant to Government Code section 54956.6. Employee Organization: San Joaquin Valley Air Pollution Control District Employees Association.

ADJOURN

Meeting adjourned at 12:18 p.m.

The next scheduled meeting of the Governing Board is: Thursday, March 21, 2013. 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.