

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 18, 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 9:08 a.m.
2. ROLL CALL was taken and a quorum was present.

Present:

Tony Barba, Supervisor	Kings County
Sally Bompreszi, Councilmember	City of Madera
Dennis Brazil, Mayor	City of Gustine
John Capitman, Ph.D.	Appointed by Governor
Judy Case McNairy, Supervisor	Fresno County
David Couch, Supervisor**	Kern County
Bob Elliott, Supervisor	San Joaquin 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
Tom Wheeler, Supervisor, Vice Chair	Madera County
J. Steven Worthley, Supervisor	Tulare County

* Attended meeting in Northern Region Office

**Attended meeting in the Southern Region Office

Absent:

Oliver L. Baines III, Councilmember	City of Fresno
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3. RECOGNITION OF OUTGOING BOARD MEMBER: COUNCILMEMBER SKIP BARWICK - Supervisor Walsh thanked Councilmember Barwick for his service on the Board and his leadership as Chair in 2013. He said it was a pleasure to serve with him on the Governing Board. Supervisor Case McNairy commended Councilmember Barwick for his advocacy of the District's efforts to improve the air quality for Valley residents. Supervisor Worthley commented that Councilmember Barwick represented many of those who might initially be unfamiliar with the District's efforts to improve the Valley's air quality but who quickly become advocates once informed. Supervisor Wheeler thanked Councilmember Barwick for the guidance he provided him as a new member of the Board. He also commented that he was an advocate for small businesses. Supervisor Barba commended Councilmember Barwick for doing a good job. Mayor Brazil thanked Councilmember Barwick for his dedication to the Board and the District and wished him well in future endeavors. Dr. Sherriffs stated it was an honor to serve under Councilmember Barwick's Chairmanship in 2013.

Councilmember Barwick said it was an honor to serve on the Board and that he learned a lot. He commended District staff for their hard work, stating they are without a doubt part of the finest government organization with which he has ever had the privilege of working. He said he would love to "bottle up" the District's work culture and energy and take it to his city. He commented that even during tough times, the staff's energy never seemed to waver. He commended Mr. Sadredin for his outstanding leadership. Barwick said his goal was to spread the District's message across his constituency and especially the working poor. Supervisor Elliott thanked Councilmember Barwick for his service and wished him the best. Supervisor O'Brien voiced appreciation for Councilmember Barwick's service and down to earth comments.

4. RECOGNITION OF OUTGOING BOARD MEMBERS: SUPERVISOR BARBA AND SUPERVISOR CASE MCNAIRY – Supervisor Walsh voiced his appreciation for the longevity and breadth of knowledge that both Supervisor Barba and Supervisor Case McNairy bring to the Governing Board, noting they would be significantly missed as the District moves forward in its endeavors. He introduced Seyed Sadredin, Executive Director/APCO, who gave a presentation highlighting the contributions of both Supervisor Barba and Supervisor Case McNairy during their long tenure on the Board. Mr. Sadredin noted the previous recognition for Councilmember Barwick highlighted his many contributions and he thanked him for his support and guidance during his time on the Board. He said in many ways today is a sad day for District staff and the Board as a lot of institutional knowledge and history will be lost with the retirement of Supervisor Barba and Supervisor Case McNairy. Mr. Sadredin noted that Supervisor Barba joined the District Governing Board in 1997 and Supervisor Case McNairy joined the Board in 1999.

Mayor Brazil stated it was an honor to serve on the Board with Supervisor Barba and Supervisor Case McNairy, noting their dedication, experience and knowledge had a tremendous impact on the Board. He thanked them for fostering an air of cooperation and teamwork amongst Board members, staff and

members of the public. Supervisor O'Brien stated it has been an absolute honor working with Supervisor Barba and Supervisor Case McNairy on the Board. He reminisced about his days as a new Board member and thanked them for the support and guidance they provided over the years. He congratulated them on the next chapter in their lives and stated they would truly be missed. Supervisor Worthley commented it was a pleasure to work with other elected officials from across the Valley, including Supervisor Barba and Supervisor Case McNairy, noting they were not only colleagues but he also considered them personal friends. He wished them both well and thanked them for their comradery, friendship and years of service. Supervisor Elliott thanked Supervisor Barba and Supervisor Case McNairy for the knowledge and experience they brought to the Board and wished them the very best.

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

- Manuel Cunha, Nisei Farmers League
- Roger Isom, Central Ca Cotton Ginners Assoc., CAGI
- Dennis Tristao, CAC and Kings County Farm Bureau
- Colby Morrow, So Cal Gas
- Kevin Abernathy, Milk Producers Council
- Les Clark, Independent Oil Producers Association

Supervisor Walsh presented Supervisor Barba and Supervisor Case McNairy with a "Good" air quality flag and a plaque of appreciation for their service and leadership on the Board. Supervisor Barba thanked everyone for the kind words and especially District staff for their guidance and outstanding efforts to improve the Valley's air quality. He introduced his wife, Elsie Barba to those in attendance. Supervisor Case McNairy stated it has been the greatest honor to serve on this Board from the early days. She said it wasn't easy, noting the controversy over several regulations and air quality plans enacted by the Board, but commented the true reward is looking out the window and seeing the beautiful Sierra Nevada mountain range almost every morning, weather permitting. She introduced her husband, Fred McNairy, and thanked him for his unwavering support and patience. Supervisor Wheeler thanked all of the departing Board members for their leadership, friendship and guidance. Councilmember Bompreszi said she was in awe of the knowledge and experience held by Supervisor Barba and Supervisor Case McNairy and said they would be missed.

5. ELECTION OF OFFICERS FOR 2015 – Mr. Sadredin gave the presentation on this item. He said in accordance with the most current Governing Board Officer Selection Policies adopted by the Board on December 20, 2012, staff recommends electing Supervisor Tom Wheeler as Chairperson and Councilmember Oliver Baines as Vice Chairperson for 2015.

Public Comment – None

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

Motion unanimously carried to elect Supervisor Tom Wheeler as Chairperson and Councilmember Oliver Baines III as Vice Chairperson of the Governing Board for 2015.

6. END OF THE YEAR ADDRESS BY THE OUTGOING CHAIRMAN OF THE BOARD, SUPERVISOR HUB WALSH – Supervisor Walsh said he has really enjoyed the opportunity to serve as Chairman of the Board this past year. He said he appreciated the guidance of the veteran Board members throughout the year. He said despite the enormous air quality challenges faced by the Valley he wanted to express his gratitude to his colleagues on the Board, and the hardworking District staff for once again making strides in reducing air pollution and improving the quality of life for Valley residents. He also expressed his heartfelt gratitude to the Valley residents in the business community for their assistance, sacrifice, and investment in air quality. He said without their support, the enormous progress made would not have been possible and the meeting of the enormous future challenges that still remain would also be impossible.

Supervisor Walsh said he is proud of the fact that public accountability and transparency, excellent customer service, innovation, creativity, and a genuine desire to develop strong air quality measures while balancing the Valley's economic environmental interests, guide the Board and District staff in their efforts to improve the Valley's air quality. He said in 2014, the District fulfilled or exceeded all state and federal mandates in a timely fashion with ongoing ingenuity and creativity so as to minimize the cost to Valley businesses while meeting the emissions reductions targets. He noted in 2014, the Valley completed two consecutive years with no violations of the 1-hour ozone standard marking a historic achievement for the Valley. Subsequently, the District has requested and now expects EPA to lift the federal non-attainment penalty and officially recognize the Valley as the first and only region in the nation to attain the standard after being classified as extreme non-attainment. He noted the Valley enjoyed a record-breaking clean summer for the toughest 8-hour ozone standard despite the drought, wildfires, and a string of triple-digit temperatures.

Supervisor Walsh recalled that in 2014 the District acted timely and proactively to implement emergency drought relief measures to assist agricultural operations, water districts, and Valley residents responding to the dire consequences of the unprecedented drought conditions. He said District staff also worked hard to provide public education and timely air quality data to Valley residents to enable them to take the necessary precautions to protect themselves during the episodes of high pollution caused by the exceptional weather conditions. He said the District also continued its efforts to supplement its strong regulatory

measures with comprehensive, voluntary, incentive-based measures. Once again, through extensive education and advocacy, he reported the District was able to bring millions of dollars in state and federal funds to the Valley to help expedite reductions in emissions from a variety of sources from throughout the District. He also noted that in 2014, the District executed more than \$92 million in grants for over 9,000 projects Valley wide which will reduce Valley emissions by over 9,000 tons.

He noted as a testament to the District's capable and efficient administration of various grant programs, in 2014 the District was asked by the state to administer a number of grant programs for other air districts in California. Of course, he said the largest effort this past year was the development and implementation of amendments to the District's residential wood burning program. After extensive public engagement, he reported the Board adopted the most stringent residential wood burning rule in the nation, with broad support from the community. He said the rule was supplanted with a strong financial incentive program to encourage Valley residents that enjoy wood burning to switch to cleaner burning devices. He noted public response to the program pleasantly surpassed all expectations.

Looking ahead, Supervisor Walsh commented the challenges faced by the Valley in meeting continually changing federal standards are more difficult than any other region in the nation. Under federal law the District is obliged to prepare 5 new attainment plans for PM2.5 and ozone in the next 3 years. He said in order to achieve these standards the Valley would have to achieve zero emissions from all combustible sources throughout the Valley. Given the current state of available technology, crafting transformative measures that achieve the needed reductions will be extremely difficult and will require time to develop and deploy.

Moving forward, Supervisor Walsh said he was confident that the Board, staff and Valley stakeholders would once again meet these challenges with a great deal of creativity and hard work. However, he noted the District will need to remain vigilant and work to bring about some common sense legislative and administrative changes to the federal Clean Air Act. He said the District supports the well-intentioned concepts of the Clean Air Act that call for routine review of health-based air quality standards, clean air objectives that are technologically feasible and the clean air deadlines that ensure expeditious clean up and timely action. However, he noted after more than 20 years since the last amendments to the Clean Air Act, the District's experience shows that many well-intentioned provisions are leading to many unintentionally adverse consequences. He said as a region with a mature air quality management program, the District can offer constructive suggestions to eliminate current confusion, restore congressional leadership in clean air policy, and maintain and strengthen the health protective core of the act. In closing, Supervisor Walsh said he has full confidence in his colleagues on the Board, the District's excellent staff, and the commitment of the Valley's stakeholders to move forward in this endeavor. Despite the enormity of the challenges faced, Supervisor Walsh said he is confident the District will continue to make significant progress and he looks forward to doing his part in improving the quality of life and air for all Valley residents. He thanked his

colleagues, staff, community members and stakeholders for all of their assistance, input and candidly their patience with him during his tenure as Chair of the Governing Board.

Supervisor Case McNairy congratulated Supervisor Walsh for a successful year as Governing Board Chair. Supervisor Worthley thanked Supervisor Walsh for his excellent service as Chair this year. Supervisor O'Brien congratulated Supervisor Walsh for a wonderful year.

7. APPROVAL OF CONSENT CALENDAR – (Item Numbers 18 – 25) 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.

18. APPROVE ACTION SUMMARY MINUTES FOR THE SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD MEETING OF NOVEMBER 13, 2014

19. RECEIVE AND FILE LIST OF SCHEDULED MEETINGS FOR 2015

20. RECEIVE AND FILE OPERATION STATISTICS SUMMARY FOR OCTOBER AND NOVEMBER 2014

21. RECEIVE AND FILE BUDGET STATUS REPORTS AS OF NOVEMBER 30, 2014

22. RECEIVE AND FILE DISTRICT'S ANNUAL OFFSET EQUIVALENCY REPORT TO THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY

23. SIX MONTH NO-COST CONTRACT EXTENSION WITH UC DAVIS TO DEVELOP AN ULTRAFINE PARTICLE MODEL FOR THE SAN JOAQUIN VALLEY

24. CONTRACT FOR EXECUTIVE DIRECTOR/APCO

25. CONTRACT FOR DISTRICT COUNSEL

Public Comment: None

Moved: Wheeler

Seconded: Brazil

Ayes: Barba, Bompreszi, Brazil, Capitman, Case McNairy, Couch, Elliott, Hanson, O'Brien, Sherriffs, Wheeler, Worthley, Walsh

Nays: None

Motion unanimously carried to approve Consent Calendar Items 18 – 25

This item was taken out of order at the Chair's prerogative.

12. CONSIDER OPTIONS FOR CONTINUED IMPLEMENTATION OF THE HIGHLY SUCCESSFUL BURN CLEANER INCENTIVE PROGRAM – Todd DeYoung, Strategies and Incentives Program Manager, gave the presentation on this item which asked the Board to consider options for continued implementation of the highly successful Burn Cleaner program. He said the Burn Cleaner program is a critical part of the District's strategy to address the impacts of residential wood burning. He reported public response to the program has been tremendous with the District receiving thousands of applications from Valley residents wanting to upgrade their older, dirty devices to new devices which are 20 to 50 times cleaner.

Supervisor Couch left at 10:35 a.m.

Mr. DeYoung said the initial \$2,100,000 funding allocation for this program was exhausted shortly after the program re-launched in September 2014. To meet the high demand in this program, at the November 2014 Governing Board meeting, the District Governing Board authorized an additional \$2,000,000 in funding bringing the total investment in this important program to \$4,100,000. He said this additional funding was again quickly exhausted. He reported interest in this program has remained extremely strong with waiting lists established in all counties of the District. Mr. DeYoung recommended the Board consider the following:

1. Increase existing funding allocation for the District's highly successful Burn Cleaner Incentive Program by a total of \$3,607,400 in response to extremely high public demand for clean burning units.
 - a. Reallocate \$2,107,400 to the Burn Cleaner Program from funds already appropriated in the Incentives Spending Plan contained in the District's 2014-15 Budget.
 - b. Transfer \$1,500,000 from the District's General Fund to the Burn Cleaner Program and authorize the Chair to sign the attached Budget Resolution.
2. Except for low-income residents, reduce the Burn Cleaner voucher amount from \$1,500 to \$1,000 for applications funded under this new allocation, including applicants currently on the waiting list.
3. Maintain the voucher amount for low-income residents at \$2,500.
4. For applications from landlords with low-income tenants, restrict eligibility to residential properties with two or fewer rental units.
5. Limit eligibility of retailers to participate in the Burn Cleaner Program to those located within the San Joaquin Valley.

Supervisor Case McNairy asked about the number of retailers in the Valley, stating she hoped that prices would not go up as a result of limiting the program to retailers in the Valley. Mr. Sadredin responded that was a great question, noting the District also wanted to make sure that Valley-based retailers also do not end up adding to the cost now that the District is paying a portion of it. He said the District is keeping a close eye on product costs and this will ensure prices are not artificially inflated while the economic benefits are kept in the Valley. Supervisor Case McNairy said she supports this proposed change as long as residents continue to get comparable prices. She asked if there has been an analysis conducted on the waiting list to find out the types of devices residents are waiting to get. Mr. DeYoung responded the vast majority of those devices are gas devices. Mr. Sadredin commented that gas devices also qualify for additional incentive funding for piping work. Supervisor Case McNairy asked if residents could apply multiple times for the incentive over the years. Mr. Sadredin responded the program requires the residents to change from a dirty device to a clean unit, so a resident could not get funding for a new unit to replace a clean unit previously installed under the program but one household currently may apply for multiple units. She suggested encouraging residents to convert to gas devices as much as possible.

Supervisor O'Brien commented this is a great "problem" to have. He thanked retailers who are partnering with the District, noting that each installed device is helping to reduce pollution in the Valley. He voiced agreement for lowering the incentive amount if it meant increasing the number of clean burning devices installed in the Valley, noting it is a win-win situation for public health. He voiced concern over issues he is aware of between program participants and retailers. He said he fully supports restricting the program to Valley retailers only. He asked what staff's recommendation would be if another shortfall occurs. In responding to Supervisor O'Brien's questions, Mr. Sadredin responded that retailers have said they are expecting some drop in demand after the cold season is over and noted this recommendation will be the last funding request for this fiscal year. He said if these recommendations are approved by the Board and funds are exhausted, staff will notify retailers and ask them to communicate the information to their customers.

Supervisor Walsh asked if retailers were consulted regarding these recommendations. Mr. Sadredin responded affirmatively and noted that some retailers have expressed interest in providing a goodwill gesture to make up for some of the loss in funding by giving customers a discount on installation, etc. Supervisor Worthley asked if anyone has raised issues of product supply, noting this is a seasonal product with limited and seasonal retailers. Mr. Sadredin said retailers have told him this is the busiest they have ever been in terms of customer demand, and many have increased their inventory to prepare for this program. Supervisor Worthley said he supports lowering the incentive amount provided residents are receiving enough incentive dollars to encourage them to participate in this program. He asked about the capability of meeting future demands for this program. Mr. Sadredin said staff will survey residents and vendors to identify ideal funding levels for future program participants. He said

similar funding amounts should be available for the next fiscal year, noting the tremendous air quality and health benefits of this highly successful program.

Supervisor Wheeler thanked Jaime Holt, Chief Communications Officer, for attending several meetings in his district to provide information on the Burn Cleaner program. He voiced support for the proposed new voucher amount. He asked about the cost benefits of this program. Mr. Sadredin responded that wood smoke is a very toxic pollutant, which happens during the worst time of the day when residents are home and right in their neighborhoods. He said this is the most effective program in terms of providing health benefits to Valley residents. He noted in the rule analysis, District staff projected a total of 5 tons per day of PM reductions, including 3 tons from the conversion from dirty to clean burning units. Supervisor Wheeler agreed this program provides a huge health benefit for Valley residents.

Councilmember Hanson commented he has received numerous calls from his constituents with very positive feedback regarding the Burn Cleaner program. He said he supports lowering the voucher amount. He suggested including a limit of one voucher per resident. He also asked about clean burning devices that are being sold that may not be EPA-certified. Mr. Sadredin responded that currently the program is on a first-come first-served basis, but at the Board's direction the number of vouchers per resident can be limited in the future. He noted some residents would like to use devices that they believe are clean but aren't EPA-certified. To avoid this, he reported Burn Cleaner program guidelines clearly state that residents must purchase an EPA-certified device from a vendor on the District's list in order to participate in the program.

Dr. Capitman asked about projections for future low income participation, including landlords with low-income residents. Mr. Sadredin responded low-income participants account for approximately 20% of all applications, and said staff expects that level to continue in the future. He noted there has not been significant participation from landlords with low-income tenants so far and staff does not believe the proposed limit on number of units will lower participation significantly. Dr. Capitman asked about long-term plans for this program. Mr. Sadredin responded this rule had a dual-strategy of motivating conversion to clean burning units by restricting most burning to those units. He said the expectation is that initial participation levels will be really high from those residents who need the heat source. He said staff expects the current level of participation to continue for at least 5 years, which will make a major dent in the number of dirty units that are converted to clean-burning devices. He noted this process would need to be considered on an annual basis.

Supervisor Elliott asked about the level of confidence in the proposed lower voucher amount and how it would affect participation in the program. Mr. Sadredin responded staff believes participation will continue based on feedback from vendors and the initial scientific survey conducted by the District. Supervisor Elliott asked about messaging to residents regarding the voucher amount. Mr. Sadredin responded the District was very clear that funding was

available on a first-come, first-served basis at amounts up to \$1,500 and that the available funding was limited. Dr. Sherriffs congratulated staff for having created this highly successful program. He noted the incentives are a way of increasing public education and participation moving forward. He said the recommendation to limit one voucher per household makes perfect sense. He said he would even support lowering the voucher amount to \$750. He voiced concern at using funds from the Clean Green Yard Machine program, noting there is a significant health impact from the use of gas-powered lawn and garden equipment. Mr. Sadredin responded the Clean Green Yard Machine program is not being overlooked, but noted funds will not be needed for that program until next fiscal year and the program will be fully funded in the spending plan for next year's budget.

Supervisor Wheeler asked if approved today, when the increased funding would be available to program participants. Mr. Sadredin responded the funds would be available immediately. He also thanked District staff Jeannine Tackett, Nhia Vu, and Cat Thao, who were present at the meeting and have been working very hard on administering the program and stand ready to implement the revised program. Supervisor Walsh congratulated staff on the success of this program. In order to increase the number of units converted to gas which is the cleanest burning option, Dr. Capitman suggested lowering the voucher amount to \$1,000 for gas conversions and \$750 for wood stove conversions. Supervisor Walsh reminded the Board there is an additional \$500 available for gas conversion installation. Mr. Sadredin noted the initial messaging to residents was that those with a clean burning device would get to burn more. He said he hesitated to change that messaging at this point in the program. Supervisor Walsh responded affirmatively, noting the number of burning days available for clean burning devices would be a determining factor for those decided whether or not to convert.

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

- Steve Goldstein, Retailer
- Robert Gurdiola, Retailer
- Dolores Weller, CVAQ

Noting that funding is normally distributed based on population by county and there are a couple of counties where the demand is double their allocation, Mr. Sadredin suggested at the Board's direction, surplus funding in a particular county could be redirected to those counties with a higher demand. Supervisor Worthley made a motion to approve staff recommendations including lowering the voucher incentive amount for non-low-income applicants from \$1,500 to \$1,000, limiting the number of vouchers to one per household, and directing funding based upon demand for any surplus remaining in each county. Supervisor Walsh clarified that Supervisor Worthley's motion included all of staff recommendations as outlined in the Board item. Supervisor Worthley responded affirmatively. Supervisor O'Brien commented that he supports redirected unused funds to those areas that will use them.

Moved: Worthley
Seconded: Wheeler
Ayes: Barba, Bomprezzi, Brazil, Capitman, Case McNairy,
Elliott, Hanson, O'Brien, Sherriffs, Wheeler, Worthley,
Walsh
Nays: None

Motion unanimously carried to allocate an additional \$3.6 million of funding to the Burn Cleaner program, along with programmatic changes proposed by staff including lowering the voucher incentive amount for non-low-income applicants from \$1,500 to \$1,000, limiting the number of vouchers to one per household, and directing funding based upon demand for any surplus remaining in each county.

8. PUBLIC COMMENT: None

9. REPORT ON DISTRICT CITIZENS ADVISORY COMMITTEE ACTIVITIES – Lee Smith, CAC Chair, gave the presentation on this item. He thanked the outgoing Board members on behalf of the CAC for their guidance and leadership. He reported CAC members were presented with a proposal by the Central Valley Air Quality Coalition (CVAQ) for establishing a new public process framework for the new 8-hour ozone plan. He said the CVAQ proposal included the formation of a new advisory group operating independently from the District's CAC and Environmental Justice Advisory Group (EJAG) that would consist of 22 total representatives, including 9 environmental/health advocates, 6 businesses, 3 agencies (including Caltrans), 3 academics, and 1 District representative. The new advisory group would meet monthly and report directly to the Governing Board. CVAQ cited South Coast's public process as a model to consider.

He reported CAC members expressed extreme concerns with the creation of the new independent advisory group proposed by CVAQ, emphasizing the important role that the CAC and EJAG have played in reviewing plans and regulatory actions and highlighting the diverse group of Valley stakeholders already represented, including public agency, industry and agriculture, and environmental representatives. With respect to CVAQ's suggestion to use South Coast's process as a model, CAC members commended the District for the robust public processes used to develop its plans and suggested that those processes be used as the model for other regions, citing the non-inclusive nature of the South Coast public process that has marginalized stakeholders and driven out businesses from the South Coast region over the years.

He reported Manuel Cunha, agriculture representative, made a motion to reject the formation of the new independent advisory group proposed by CVAQ, and to table further discussion of the proposal. Mr. Sadredin requested that Mr. Cunha reconsider his motion, emphasizing the goal of looking for ways to enhance the public process, and suggesting that he return to the CAC with a proposal that takes advantage of existing CAC and EJAG infrastructure and perhaps using portions of the CVAQ proposal. Mr. Sadredin requested further CAC discussion

and input into what role the CAC and EJAG could serve during the public review process to assist in formulating the final District proposal for CAC consideration. CAC members further discussed potential options for enhancing the public process, and expressed a strong willingness to serve on a new subcommittee involving CAC and EJAG members to review and provide input during development of the new plan. In response to CAC feedback, Mr. Cunha subsequently withdrew his original motion, and made a new motion expressing support for Mr. Sadredin's proposal for utilizing existing CAC and EJAG members to provide a more focused review of the new plan and for Mr. Sadredin to return to the CAC at a future meeting with a final proposal that incorporates feedback provided by the CAC. All three stakeholder groups (industry/ag, public agency, environmental) voted unanimously in support of the motion.

10. ADOPT PROPOSED AMENDMENTS TO RULE 2020 (EXEMPTIONS) – Dave Warner, Deputy APCO, gave the presentation on this item that proposed amendments to District Rule 2020. The amendments were intended to improve the District's permitting program by:

- Clarifying alignment of District Rule 2020 with the ARB's Portable Equipment Registration Program (PERP),
- Exempting certain oil field tanks with insignificant emissions,
- Clarifying applicability of current exemption levels for internal combustion engines rated at 50 horsepower or less, and
- Updating standardized testing provisions

Dr. Sherriffs asked if small oil tanks are currently being permitted. Mr. Warner responded affirmatively.

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

- Colby Morrow, So Cal Gas
- Dennis Tristao, Kings County
- Jennifer Pitcher, WSPA

Moved: Hanson

Seconded: Wheeler

Ayes: Barba, Bomprezzi, Brazil, Capitman, Case McNairy, Elliott, Hanson, O'Brien, Sherriffs, Wheeler, Worthley, Walsh

Nays: None

Motion unanimously carried to adopt proposed Amendments to Rule 2020 (Exemptions)

11. ADOPT PROPOSED AMENDMENTS TO RULE 4905 (NATURAL GAS-FIRED, FAN-TYPE CENTRAL FURNACES) – Errol Villegas, Strategies and Incentives Program Manager, gave the presentation on this item that proposed amendments to District Rule 4905, which included:

- Lowering the NOx emission limit for residential units to 14 ng/J, effective on April 1, 2015 for condensing units and October 1, 2015 for non-condensing units
- Expanding the applicability to include commercial units with a 14 ng/J NOx emission limit effective on April 1, 2015 for condensing units and October 1, 2015 for non-condensing units
- Expanding the applicability to include units installed in manufactured homes with a 40 ng/J NOx emission limit effective January 1, 2015
- Lowering the NOx emission limit for units installed in manufactured homes to 14 ng/J in 2018
- Revising definitions to remove redundancy and improve clarity
- Expiring the exemptions for units installed in manufactured homes, units using fuel other than natural gas, and nonfan-type units
- Adding labeling requirements to ensure compliance with proposed amendments

In response to late comments received from some manufacturers, Mr. Villegas said staff recommended the Board consider an additional amendment that provides manufacturers with an option to pay emission fees for non-certified units sold during the initial phase of implementation due to potential production shortfalls for new certified units. In addition, if deemed approvable, consistent with state law, he said the Board must withhold final rule adoption until the next regularly scheduled meeting of the Governing Board. He said staff believes delayed adoption will not result in any delayed reductions in emissions and there would be no real legal consequences if the final rule is adopted next month.

Mr. Sadredin clarified the Board could adopt the proposed amendments today without these late changes if so inclined. However, he stated they could continue this item until the next scheduled Board meeting to incorporate proposed amendments. Dr. Sherriffs asked about the emission fee. Mr. Sadredin responded the emission fee is the differential cost to be paid by the manufacturer, which then may be used for incentive programs. He noted South Coast is offering this option as well. Supervisor Case McNairy voiced support for the continuance. Mr. Sadredin added these changes are important as they consider current equipment supply. Dr. Capitman voiced support for the continuance and asked if the fee for delayed compliance shouldn't be based on an estimate of the air quality impact. Mr. Sadredin responded the proposed amendments insure there would be no economic advantage to selling non-certified units but the unit-by-unit emissions differential is not high enough to provide adequate disincentive. Dr. Sherriffs suggested the fee should also be a motivating factor to move forward with the new technology.

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

- Colby Morrow, So Cal Gas

Moved: Worthley
Seconded: Elliott
Ayes: Barba, Bomprezzi, Brazil, Capitman, Case McNairy,
Elliott, Hanson, O'Brien, Sherriffs, Wheeler, Worthley,
Walsh
Nays: None

Motion unanimously carried to continue proposed amendments to Rule 4905 (Natural, Gas-Fired, Fan-Type Central Furnaces) to the January Governing Board meeting date.

13. SET NEW DATE FOR THE JANUARY 2015 GOVERNING BOARD MEETING – Mr. Sadredin said due to the upcoming Holidays and scheduling conflicts, staff polled Board members about moving the date of the next Board meeting from the scheduled date of January 15, 2015. He reported there was a consensus among Board members to move the next Governing Board meeting date to January 22, 2015.

Public Comment – None

Moved: Wheeler
Seconded: Sherriffs
Ayes: Barba, Bomprezzi, Brazil, Capitman, Case McNairy,
Elliott, Hanson, O'Brien, Sherriffs, Wheeler, Worthley,
Walsh
Nays: None

Motion unanimously carried to set January 22, 2015 as the next Governing Board meeting date

14. VERBAL REPORT ON AIR RESOURCES BOARD ACTIVITIES – Dr. Sherriffs gave the report on highlights of the ARB meetings of November 20, 2014 and a list of upcoming matters before ARB including: the Board adopted final regulatory language of the Truck and Bus Regulation, which incorporates modifications requested by the Board in their April 24, 2014 meeting. The changes included extending by one year the time allowed for small fleets to replace their second truck, allowing compliance extensions for certain cattle trucks and work trucks, modifying some requirements of the "Economic Hardship Extension" provisions, and other less significant changes. In addition, he reported the District, the Air Resources Board, and the California Air Pollution Control Officers Association each presented resolutions of appreciation for retiring Deputy Executive Officer Lynn Terry's 29 years of hard work, her wide breadth of air quality knowledge, and her significant contributions to the success of each of the agencies.

Dr. Sherriffs also reported at their December 18, 2014, meeting, the Air Resources Board would consider adding a new Compliance Offset Protocol for Rice Cultivation and updates to an existing protocol for US Forest Projects. These actions would be in the form of amendments to the Cap and Trade

regulation.

15. EXECUTIVE DIRECTOR/APCO COMMENTS – Mr. Sadredin asked Board members to leave their iPads today if possible so that important software updates can be made by the ITS department. He announced that the District's popular 2015 Kid's Calendars are now available for distribution Valley wide. He wished everyone Happy Holidays and invited those in all three regions to return after Closed Session for a retirement celebration for Supervisor Barba and Supervisor Case McNairy.
16. GOVERNING BOARD MEMBER COMMENTS – Supervisor Worthley congratulated Supervisor Walsh on a job well done as Chair of the Governing Board this past year.
17. CLOSED SESSION – Annette Ballatore-Williamson, District Counsel announced the Board would adjourn to Closed Session to discuss the following:
 - Conference with Legal Counsel – Anticipation of litigation pursuant to Government Code Section 54956.9(d) (4) (1 potential case).

Public Comment – None

Jessi Fierro, Assistant District Counsel, reported out of Closed Session that the Board authorized staff to file an Amicus brief with litigation pending before the California Supreme Court followed by adjournment.

ADJOURN

Meeting adjourned at 12:09 p.m.

The next scheduled meeting of the Governing Board is: Thursday, January 22, 2015. 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.