

## Action Summary Minutes

San Joaquin Valley Unified Air Pollution Control District

### **GOVERNING BOARD MEETING**

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

**Thursday, December 21, 2017**

**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 Baines, called the meeting to order at 9:14 a.m.
2. ROLL CALL – was taken and a quorum was present.

*Present:*

David Ayers, Mayor	City of Hanford
Oliver L. Baines III, Councilmember, <b>Chair</b>	City of Fresno
John Capitman, Ph.D	Appointed by Governor
David Couch, Supervisor*	Kern County
Bob Elliott, Supervisor**	San Joaquin County
Christina Fugazi, Councilmember**	City of Stockton
Buddy Mendes, Supervisor, <b>Vice Chair</b>	Fresno County
Kristin Olsen, Supervisor**	Stanislaus County
Craig Pedersen, Supervisor	Kings County
Monte Reyes, Councilmember	City of Porterville
Dr. Alexander Sherriffs	Appointed by Governor
J. Steven Worthley, Supervisor***	Tulare County

*\*attended in Southern Region Office*

*\*\*attended in Northern Region Office*

*\*\*\*arrived at 9:59 a.m.*

*Absent:*

Lloyd Pareira, Supervisor	Merced County
Chris Vierra, Mayor	City of Ceres
Tom Wheeler, Supervisor	Madera County

3. PLEDGE OF ALLEGIANCE

4. RECOGNITION OF OUTGOING BOARD MEMBER – COUNCILMEMBER

OLIVER L. BAINES, III – Seyed Sadredin, Executive Director/APCO, said today was a sad day for him as he had the privilege and honor of having Chairman Baines as a boss for the past six years as a Board member, and the last two years as Chairman of the Governing Board. He said Chairman Baines' leadership has been immensely helpful and staff is grateful for it. He said one of the things he really appreciated about Chairman Baines was his ability to take the very complex issues that staff often deal with at the District, and condense them to very understandable and impactful policy points that he then eloquently articulates as the basis for his position on issues. He said this has been helpful to not only bring others along to his point of view but has also helped staff in guiding the District policies.

Mr. Sadredin said he also appreciated Chairman Baines' approach by making decisions based on his core values and the merits of what is before him instead of trying to follow a prescribed profile. He said it was a sad day for the District and voiced hope that our region would benefit from Chairman Baines' continued leadership and good policies that he brings to improve the quality of life for all residents in the San Joaquin Valley.

Supervisor Mendes presented Chairman Baines with plaques for his leadership and Chairmanship and said he was honored to present them to someone he considered a friend. He said Chairman Baines would continue to remain a friend of his, outside of politics, saying he appreciates the man that he is and that he is also the best dressed politician in Fresno. He also voiced appreciation for Chairman Baines' political acumen and ability to communicate across party lines both locally and in Washington, D.C.

Chairman Baines said he was humbled by Mr. Sadredin's and Supervisor Mendes' remarks. He thanked them for the very kind words and said he believes very much in public service, as most people know, and believes the job that they do should be taken very seriously. He said trying to make the right decisions at the right times, in the best interests of people is very important to him and he appreciates that it is recognized by this Board. He said the District is an extraordinary place, noting he did not know much about air quality as he began serving on the Board, but the support he received from staff was invaluable. He said he has never been a part of an organization with such effective staff and leadership. He told Mr. Sadredin that he suggested the new Fresno City Manager should contact him. He said there is magic here at the District, and said his ability to take complex issues and boil them down was something he learned from District staff. He said he was happy to have been a part of the Board and thanked staff for making him a better decision maker and Board member at the dais, where many tough decisions are made. Regarding his colleagues on the Board, he said politics aside, everyone on the Board is trying to do what they believe is right for the residents of the Valley. He said it is rare to

serve on a Board with politically-minded members who disengage that side of them when making decisions. He said the entire Board puts their ideologies aside and want to do the right thing for residents to improve the Valley's air quality. He said he has served on many Boards and Mr. Sadredin is the finest Executive Director that he has ever had the pleasure of working with. He said Mr. Sadredin will truly be missed at the District when he retires in July 2018, and said he felt honored to be a part of the selection of Samir Sheikh, Deputy APCO, as Mr. Sadredin's successor. He said he was confident Mr. Sheikh would do a wonderful job in his new role.

5. ELECTION OF OFFICERS FOR 2018 – Mr. Sadredin said given the enormity of the issues that the Board deals with, last year the Board adopted a new policy to select the Board Chair and Vice Chair in a more decision-oriented process. He said in accordance with the Governing Board Officer Selection Policy adopted by the Board on December 15, 2016, the Ad Hoc Governing Board Officer Nomination Subcommittee unanimously recommended that Supervisor Buddy Mendes serve as Chair, and Supervisor J. Steven Worthley serve as Vice Chair for 2018.

Public Comment: None

*Moved:* Baines  
*Seconded:* Elliott  
*Ayes:* Ayers, Capitman, Couch, Elliott, Fugazi, Mendes,  
Olsen, Pedersen, Reyes, Sherriffs, Baines  
*Nays:* None

***Motion unanimously carried to elect Supervisor Buddy Mendes as Chair and Supervisor J. Steven Worthley as Vice Chair for 2018***

6. APPROVAL OF CONSENT CALENDAR – Item Numbers (20 – 26): *These matters are routine in nature and are usually approved by a single vote. Prior to any action by the board, the public was given the opportunity to comment on any consent item.*

20. APPROVE ACTION SUMMARY MINUTES FOR THE SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT GOVERNING BOARD MEETING OF THURSDAY, DECEMBER 6, 2017

21. RECEIVE AND FILE LIST OF SCHEDULED MEETINGS FOR 2018

22. RECEIVE AND FILE OPERATIONS STATISTICS SUMMARY FOR NOVEMBER 2017

23. RECEIVE AND FILE BUDGET STATUS REPORTS AS OF NOVEMBER 30, 2017

24. AMEND 2017-18 NON-OPERATING BUDGET TO ADJUST ESTIMATED AMOUNTS TO ACTUAL AMOUNTS AS OF JUNE 30, 2017
25. APPOINT MEMBERS TO THE DISTRICT'S ENVIRONMENTAL JUSTICE ADVISORY GROUP
26. RECEIVE AND FILE DISTRICT'S FINAL ANNUAL OFFSET EQUIVALENCY REPORT TO THE FEDERAL ENVIRONMENTAL PROTECTION AGENCY

Public Comment: None

Moved: Mendes  
Seconded: Pedersen  
Ayes: Ayers, Capitman, Couch, Elliott, Fugazi, Mendes,  
Olsen, Pedersen, Reyes, Sherriffs, Baines  
Nays: None

***Motion unanimously carried approve Consent Calendar Item Numbers 20 - 26***

7. PUBLIC COMMENT – *The following persons provided testimony during this item:*
  - Dennis Brazil, Candidate for State Senate

Supervisor Mendes presented Supervisor Elliott with a plaque for his service as Chair of the San Joaquin Valley Air Pollution Study Agency in 2017.

8. REPORT ON DISTRICT'S CITIZENS ADVISORY COMMITTEE ACTIVITIES – Mr. Sadredin said this item would be tabled as Manuel Cunha, Citizens Advisory Committee Chair, was out of state and unavailable to deliver the report at this meeting.
9. APPROVE UP TO \$1 MILLION IN TECHNOLOGY ADVANCEMENT PROGRAM FUNDING TO DEMONSTRATE NEAR-ZERO EMISSION DIESEL ENGINE TECHNOLOGY IN THE SAN JOAQUIN VALLEY – Chay Thao, Program Manager, gave the presentation on this item which asked the Board to allocate up to \$1,000,000 in funding from the Technology Advancement Program to demonstrate the first-of-its kind high efficiency diesel engine technology capable of meeting the near-zero 0.02 g/bhp-hr NOx emissions standard; authorize the Executive Director/APCO, on behalf of the Board, to execute agreements with subcontractors as necessary to implement the project, with the Board Chair's signature; and, authorize the Executive Director/APCO to make administrative changes to the project as necessary.

Dr. Sherriffs said this project is a great example of so many important things that

the District is doing. He said the Board would be looking at a lot of money today, and this was an example of a way he believes the Board needs to formulate their thinking in terms of driving technology by using incentives. He voiced appreciation for the collaboration between the District, the Air Resources Board and South Coast AQMD on this project, as all have similar interests in improving air quality for residents. He said it was important to measure and monitor the impact in disadvantaged communities. Mr. Sadredin responded from a policy perspective, the work here is critical to our advocacy at the state and national level as the District is pushing the federal government to do their part with interstate trucks. He commented that this is the technology they are hoping will be readily available and deployable for diesel trucks, as the Valley cannot reach attainment on the back of businesses alone and need mobile sources to do their part.

Supervisor Pedersen acknowledged that it was very early in the process, but asked for an estimate of cost to the public of deploying such technologies. Mr. Sadredin responded that it needs to be looked at from a couple of perspectives, one being in terms of overall costs to the community when looking at more burdensome and expensive regulations on Valley farms and businesses which at some point will be passed along to Valley residents. He said these trucks will be more expensive than technology that exists now. Mr. Thao said the design itself will be a smaller engine with less components, and said he believes that the costs may be on par or less expensive than traditional diesel engines. Mr. Sadredin added the purpose of this project is to demonstrate this technology to see if it is feasible in the long term.

Councilmember Reyes said it was great to hear that a program like this could be available in disadvantaged communities, especially in Porterville. He said this innovative project could easily be the talk of the town as both of their school districts are encouraging innovation with the city's youth and said this is a great example for them to see. Supervisor Mendes voiced agreement with Dr. Sherriffs' comments and said progress reports back to the Board would be very important in assessing the effectiveness of this program. He acknowledged the need for programs like this to help the Valley reach attainment, but said practicality and feasibility are also very important.

Councilmember Baines voiced agreement with his colleagues' comments, saying this was a good use of funds as the District must start pushing the envelope in technology for near-zero and zero emissions. He asked if there had been any calculations done in terms of how many tons of emissions would be saved annually by using this engine versus current technology. Mr. Sadredin responded that this engine is 90% cleaner than current technology and if it can be broadly deployed, there should be a 90% decrease in emissions. Councilmember Baines added that he was glad the staff report pointed out how far away we are from reliable infrastructure for electric trucks and said this a good investment at this point in time to advance emission reductions in the near-term.

Public Comment: None

*Moved:* Sherriffs  
*Seconded:* Pedersen  
*Ayes:* Ayers, Capitman, Couch, Elliott, Fugazi, Mendes, Olsen,  
Pedersen, Reyes, Sherriffs, Baines  
*Nays:* None

***Motion unanimously carried to approve up to \$1 million in Technology Advancement Program Funding to demonstrate near-zero emission diesel engine technology in the San Joaquin Valley***

10. ADOPT RULES 2260 AND 3156 AND AUTHORIZE DISTRICT IMPLEMENTATION OF CALIFORNIA'S OIL AND GAS REGULATION –  
Morgan Lambert, Deputy APCO, presented this item which asked the Board to:

1. Adopt proposed Rule 2260, Registration Requirements for Equipment Subject to California's Oil and Gas Regulation, and proposed Rule 3156, Fees for Equipment Subject to Rule 2260 Registration Requirements for Equipment Subject to California's Oil and Gas Regulation.
2. Authorize the Executive Director/APCO to sign the attached Memorandum of Agreement (MOA) with the California Air Resources Board to authorize the San Joaquin Valley Air Pollution Control District (District) to implement California's Oil and Gas Regulation, and to make minor changes to the MOA as necessary.
3. Amend the District's Position Control List effective January 1, 2018 by adding two Air Quality Inspector positions at a monthly salary range of \$4,688 - \$6,602.
4. Adopt budget resolution increasing the 2017-18 District revenues by \$1 million to accept funds to reimburse the District for expenses related to initial program implementation and increasing appropriations by \$92,415 in Salaries and Benefits for related staffing costs for the remainder of this fiscal year.

Supervisor Pedersen asked if a fee structure would be implemented if the anticipated state funding to implement the program were to go away. Mr. Sadredin responded that the decision will be made during the public process of the budgeting phase for each new fiscal year. He clarified that the state funding was approved on an ongoing basis. Supervisor Elliott commented that it was important to avoid any situation where the District would get into an unfunded mandate. He voiced agreement that it would be more efficient for the District to administer this plan, rather than having the state come up with their own system

but said if they decide they no longer want to fund the program than the District should get out of that business and let them figure out how to administer the program. He said he supposed there could be enough local support among the industry to provide the funds necessary to allow the District to continue to do this but had some reservations about how it would all work. Mr. Sadredin said he envisions that if the state acts wisely, the District would make an assessment every year and in consultation with the affected businesses, the Board could then decide on the approach moving forward.

Dr. Capitman commented that the fees appear to be relatively small per unit and said he was curious about the scope of it. Mr. Sadredin responded there are small natural gas storage facilities with only a handful of units, but the large part of this rule are the large oil production facilities that have thousands of components.

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

- Nayamin Martinez, Central CA Environmental Justice Network
- Les Clark, Independent Oil Producers Association
- John Haley, AERA Energy
- Jenifer Pitcher, Western States Petroleum Association
- Genevieve Gale, Coalition for Clean Air
- Colby Morrow, So Cal Gas

Moved: Worthley

Seconded: Mendes

Ayes: Ayers, Capitman, Couch, Elliott, Fugazi, Mendes, Olsen,  
Pedersen, Reyes, Sherriffs, Worthley, Baines

Nays: None

***Motion unanimously carried to adopt Rules 2260 and 3156 and authorize District implementation of California's Oil and Gas Regulation***

11. ACCEPT AND APPROPRIATE \$88,400,000 IN CAP AND TRADE FUNDS FROM THE CALIFORNIA AIR RESOURCES BOARD TO IMPLEMENT EMISSION REDUCTION INCENTIVE PROJECTS IN THE SAN JOAQUIN VALLEY AND SUPPORT THE DISTRICT'S IMPLEMENTATION OF AB 617 – Samir Sheikh, Deputy APCO, presented this item which asked the Board to:

1. Accept and appropriate \$80,000,000 in Cap and Trade funding authorized under AB 134 from the California Air Resources Board and utilize these funds for the primary purpose of improving public health in accordance with AB 617 in the Valley's disadvantaged communities while maximizing opportunities to advance efforts necessary to attain the federal health-based standards for PM2.5 and ozone.

2. Approve proposed framework for implementing a mechanism by which Cap and Trade funds are used in the Valley's disadvantaged communities while maximizing every opportunity to also advance the Valley's attainment needs.
3. Accept \$8,400,000 in funding authorized under AB 109 from the California Air Resources Board to support District's implementation of state mandates under AB 617.
4. Authorize the Executive Director/Air Pollution Control Officer (APCO), with Board Chair signature where necessary, to negotiate and enter into agreement(s) for these funds and make administrative changes to the programs as necessary.
5. Approve the attached Budget Resolution to amend the 2017-18 District Budget to appropriate \$88,400,000 in unanticipated revenue.

Councilmember Fugazi commented on the need to conduct outreach in the community to reach as many residents as possible to receive public input. Mr. Sadredin responded that in addition to residents it will also be important to engage businesses and community organizations. He said community organizations may be able to help engage community members and educate residents of all the hard work that the Board has done. Business organizations will also be important to bring businesses to the table to take advantage of grant programs to reduce emissions in the Valley's disadvantaged communities.

Supervisor Pedersen said it appeared to him this program would continue to reload requirements on stationary sources and voiced concerns that there was still a sector out there that will not be addressed properly. Mr. Sadredin responded staff hoped that the way the bill was crafted would allow for an objective identification of what the problem is. He reminded the Board that not everyone got what they wanted in this package, as industry supported the extension of Cap and Trade as they believed it was a less expensive approach than prescriptive command and control regulatory requirements. On the other hand, he said under the deal the environmental advocates were offered for AB 617, many initially wanted to get rid of Cap and Trade and have prescriptive controls. He said hopefully this would add verification and validation in some communities that the impact is from mobile sources. He said he feels the Board and District should play an active role in deciding where these monitors are installed and how they are used and perhaps find ways to provide funding for these monitors because if the District owns the monitors they will have a bigger say in where to put them and how to use them.

Supervisor Worthley commented that he wished every law in California was subjected to a risk analysis and cost benefit analysis, saying if that were done he



wondered if we have this particular bill. He said the District is already doing so much of what they are being asked to do again and it seems duplicative.

Supervisor Elliott asked if the \$8 million was all of the funding the District would receive to provide the additional monitoring required. Mr. Sadredin responded that AB 617 is a large, not fully funded state mandate. He said he did not want to leave the impression that the District would be able to meet all of these mandates without raising some fees for monitoring or implementing other requirements mandated by AB 617.

Dr. Capitman said he was gratified to hear about the extensive outreach and consultation process planned around implementing AB 617. He said considering the tight timelines for the expenditure of the initial funding, he was trying to understand the process of getting consultation on projects already in the queue. Mr. Sadredin responded that the business and community engagement will be at two levels. One being at the programmatic level where input will be considered regarding the criteria that should be used for identifying locations and types of projects that should be funded, with recommendations coming back to the Board for final approval. Also, he said staff plans to get specific project level recommendations from the public, and highlighted that the District is the only air agency that every year asks its Environmental Justice Advisory Group how they recommend spending \$10 million in incentive funds. He said the first round of money is very prescriptive in that it is limited to Moyer projects and trucks that qualify under Proposition 1B, but staff will be guided in project selection by feedback from the public and the Board's direction. In addition to the projects currently in the queue, Mr. Sadredin said the District will open a new solicitation formally asking for more applications in the qualifying project areas.

With regards to community monitoring, Dr. Capitman asked about the equipment planned to be used and whether staff had considered and rejected using lower-cost monitoring equipment. Mr. Sadredin responded that it is ultimately ARB that will lay out the rules concerning equipment to be used for this program. He said everyone is open to some use of the low-cost monitors but said by no means do they provide data with the level of accuracy necessary on which to base expensive public policy decisions. He said based on the large size and scope of communities involved, integrity of the data is critical and staff recommends the low-cost monitors should not be relied upon to provide the data for policy decision making purposes.

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

- Roger Isom, Western Ag Processors Association, California Cotton Ginners and Growers Association
- Mark Terry, IRM Energy
- Anthony Teramini, Byron Energy
- Mark Johnson, Fresno County Fire Protection District
- Genevieve Gale, Coalition for Clean Air

- Kevin Hamilton, Central CA Asthma Coalition
- Nikita Daryanani, Leadership Counsel for Justice and Accountability
- Dolores Barajas Weller, Central Valley Air Quality Coalition
- Chris Bump, Fresno County Fire Protection District
- Nayamin Martinez, CCEJN
- Angela Islas, CCAC
- Thomas Menz, Fresno Resident

In regards to the number of disadvantaged communities in the Valley, Supervisor Olsen asked about the bill's specification that funding be spent in more "acute" disadvantaged communities and asked how the District would narrow that down and the pragmatic effect of how it would spend its resources. Mr. Sadredin said the planned public engagement process would not only be a venue for receiving public comments and suggestions but would also be a venue for educating the public about a lot of critical elements that are at the heart of this issue. He said the chemistry of air pollution must be kept in mind and depending on the type of pollution. For instance, it may help a disadvantaged community to provide incentives for cleaner equipment to a farmer in an area 10 miles away who is impacting that community. He said looking at the magnitude of the problems faced, it will not solve all of the problems but there is a prioritization factor for which the Board could provide guidance. He said at the end of the day, there needs to be projects and willing participants in those communities as the District cannot force anyone to take its money.

Dr. Sherriffs thanked Mr. Isom for his comments on the huge amount of funding received by the District and said it is important to remember that the District received a disproportionate share because the agricultural, business, and environmental justice communities were involved in this. He said ongoing public support is important to get more funding in the future.

*Moved:* Worthley

*Seconded:* Mendes

*Ayes:* Ayers, Capitman, Couch, Elliott, Fugazi, Mendes, Olsen,  
Pedersen, Reyes, Sherriffs, Worthley, Baines

*Nays:* None

***Motion unanimously carried to accept and appropriate \$88,400,000 in Cap and Trade Funds from the California Air Resources Board to implement emission reduction for AB 617***

12. ACCEPT AND APPROPRIATE \$772,555 IN CAP AND TRADE FUNDS FROM THE CALIFORNIA AIR RESOURCES BOARD TO IMPLEMENT A ZERO-EMISSION CARGO HANDLING DEMONSTRATION PROJECT AT THE PORT OF STOCKTON – Mr. Sadredin said he was happy to report that in December, the District applied for a competitive grant with the ARB and were able to secure \$772,555 for this project to demonstrate 2 zero-emission cargo handling systems. He said the total cost of the project is \$1.2 million and with these funds,

no additional District monies are required for this program as in kind and matching funding will come from the Port of Stockton and the manufacturer. He said the District will monitor the program to make sure appropriate reporting is conducted.

Public Comment: None

Moved: Fugazi

Seconded: Pedersen

Ayes: Ayers, Capitman, Couch, Elliott, Fugazi, Mendes, Olsen,  
Pedersen, Reyes, Sherriffs, Worthley, Baines

Nays: None

***Motion unanimously carried to accept and appropriate \$772,555 in Cap and Trade Funds from the California Air Resources Board to implement a zero-emission cargo handling demonstration project at the Port of Stockton***

13. UPDATE ON PM2.5 ATTAINMENT STRATEGY – Sheraz Gill, Director of Strategies and Incentives, provided an update on the status on the development of the District's PM2.5 Attainment Strategy. He said the District is working closely with ARB on one of the most comprehensive public processes that the District has ever conducted. He reported that staff have conducted 7 public workshops, 5 Public Advisory Workgroup meetings, and have provided updates on the plan at numerous public meetings offering many opportunities for residents, businesses and environmental groups to provide comments. In addition to Valleywide measures, he said the plan includes control measures that are specifically targeted at hot spot areas that typically have higher concentrations of pollutants. He said the strategy is very comprehensive. In addition to the District's commitments, ARB existing regulations will reduce over 150 tons per day of NOx emissions by 2024 and new ARB commitments will reduce an additional 32 tons of NOx from a variety of different sources. Mr. Gill said the plan hinges on the ARB's modeling analysis. Even with ARB's optimistic modeling assumptions, recent discussions with ARB indicate that the latest modeling runs do not demonstrate attainment of the daily or annual PM2.5 standards even with the comprehensive list of District and ARB control measures included. This is a change from earlier discussions where ARB indicated the modeling demonstrated attainment of the daily standard and that the Valley would be very close to attaining the annual standard. Mr. Gill said District staff are closely monitoring ARB's modeling and their assumptions to ensure that the modeling is as accurate as possible. That being said, the District may have to accept ARB's optimistic modeling assumptions at the end of the day in order to have a plan that demonstrates attainment.

Mr. Gill reported that Gomez Research recently completed the Woodburning Research survey authorized by the Board earlier this year and submitted the initial report to the District for review. He said staff will have a list of recommended actions based on survey results to present to the Board in

January. He said the District also held the very successful Central Valley Agricultural Summit on Alternatives to Open Burning of Agricultural Waste, with over 100 attendees including broad participation by growers, agricultural representatives, researchers and scientists, environmental organizations and local government agencies, biomass representatives and new technology vendors. He said the one of the biggest takeaways from the Summit is how effective the District's Smoke Management System is at managing emission impacts from the open burning of agricultural waste.

Regarding next steps, Mr. Gill said staff will be working closely with ARB to finalize the modeling and attainment control strategy, address any potential emission reduction shortfalls, and address all other Clean Air Act requirements. He said staff will develop a proposed plan with specific regulatory and incentive-based measures for public review, hold at least 2 more Public Workshops on the draft plan, and provide for another 30-day public comment period before presenting the final draft Plan to the Board for consideration.

Dr. Sherriffs asked about anticipated timeframes and planned agenda topics for the upcoming workshops. Mr. Sadredin said the key issue that is holding up the draft plan is the modeling and a resolution is needed before the plan can move forward. Mr. Sadredin said staff are working hard to resolve these issues so they can develop the final draft plan. Mr. Gill said staff is hoping to hold the additional workshops in mid-February and March once the modeling issues are worked through.

14. APPROVE VOLUNTARY EMISSION REDUCTION AGREEMENT WITH CALMAT CO., DBA VULCAN MATERIALS COMPANY, TO RECEIVE FUNDS IN THE ESTIMATED AMOUNT OF \$485,005 TO MITIGATE AIR QUALITY IMPACTS OF THE PROPOSED SAN EMIDIO QUARRY EXPANSION PROJECT – Dave Warner, Deputy APCO, presented this item which recommended the Board approve a Voluntary Emission Reduction Agreement with CalMat Co., dba Vulcan Materials Company, to receive funds in the estimated amount of \$485,005 to mitigate air quality impacts from the San Emidio Quarry Expansion Project in Kern County, and authorize staff to identify, fund, and manage air quality projects to mitigate emission impacts associated with the project.

Dr. Sherriffs asked for clarification on the project being mitigated. Mr. Warner responded that it was the operational emissions associated with expanding the mine and the work that is associated with mining the aggregate out of the mine each year. He said it is expected that the impacts will be within a 10-year window.

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

- Kevin Hamilton, Central California Asthma Collaborative

Moved: Pedersen  
Seconded: Worthley  
Ayes: Ayers, Capitman, Couch, Elliott, Fugazi, Mendes, Olsen  
Pedersen, Reyes, Sherriffs, Worthley, Baines  
Nays: None

***Motion unanimously carried to approve Voluntary Emission Reduction Agreement with Calmat Co., DBA Vulcan Materials Company, to receive funds in the estimated amount of \$485,005 to mitigate air quality impacts of the proposed San Emidio Quarry expansion project***

15. AMEND 2017-18 NON-OPERATING BUDGET TO INCREASE ESTIMATED REVENUES AND APPROPRIATIONS FOR VOLUNTARY EMISSION REDUCTION AGREEMENT AND INDIRECT SOURCE REVIEW PROGRAMS – Mr. Sadredin said this item is a result of development activity in the Valley advancing at a much faster rate than initially projected. He asked the Board to approve and authorize the Chair to sign a resolution amending the District's 2017-18 Non-Operating Budget to increase estimated revenues and appropriations from \$9 million to \$20 million based on the growth of the Valley's development economy for Voluntary Emission Reduction Agreement (VERA) and Indirect Source Review (ISR) Programs.

Public Comment: None

Moved: Mendes  
Seconded: Worthley  
Ayes: Ayers, Capitman, Couch, Elliott, Fugazi, Mendes, Olsen,  
Pedersen, Reyes, Sherriffs, Worthley, Baines  
Nays: None

***Motion unanimously carried to amend 2017-18 Non-Operating Budget to increase estimated revenues and appropriations for Voluntary Emission Reduction Agreement and Indirect Source Review Programs***

16. ADOPT PROPOSED AMENDMENTS TO RULE 9510 (INDIRECT SOURCE REVIEW) – Mr. Warner presented this item, which recommended the Board adopt proposed amendments to Rule 9510 (Indirect Source Review) to ensure that the rule applies consistently and equitably throughout the San Joaquin Valley. He said the amendments will strengthen the rule to eliminate a potential inequity between jurisdictions by ensuring that all large development projects are subject to the rule even when a lead agency chooses to process the project as non-discretionary under the California Environmental Quality Act (CEQA).

Dr. Sherriffs asked if the amendments will level the playing field in terms of ministerial and discretionary projects. Mr. Sadredin responded that these amendments were designed to capture the original intent of the rule and the new large project definition will ensure that all large projects are subject to the rule

regardless if the project is treated as ministerial or discretionary.

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

- Melissa Poole, Wonderful Company
- Kevin Hamilton, Central California Asthma Collaborative
- John Guinn, Wonderful Real Estate

Supervisor Worthley commented that Tulare County has worked diligently in their unincorporated area to create a situation where there is a more ministerial, by-right approach to streamline the process to approve large projects. He said however that every project is still subject to the latest building and fire requirements and this is no different. He said it only makes sense moving forward that projects that reach a certain magnitude in scale, scope and size are going to be subjected to the District rule, which is the whole point of ISR to begin with. He said the thought at the time the rule was developed was that any large project would automatically require discretionary act and that is clearly not the case at this time. He said he believes that the Board needs to go through with this action today.

Supervisor Couch said in his experience if one owns land and goes through the entitlement phase to get their zoning, there are certain requirements that are locked in place even if the projects does not move forward for several years. He said it appeared to him that the Board is being asked to decide whether to apply this rule as one that could be applied like some of the fees that can be changed or not. He said the question raised by the Wonderful Company is a good one and said he would feel more comfortable moving forward with this action today if there were an estimate of the number of projects that would be affected by this amendment. He asked for staff to clarify the efforts put into determining the number of projects these amendments would apply to. Mr. Sadredin clarified that ISR is not a go or no-go process. He said ISR adds a mitigation obligation but does not require the project to go through the entitlement process again. In terms of the estimated number of projects affected by the amendments to the rule, he said staff is assuming the worst case scenario that every project of this size would be subject to the rule. He said the reason there is not an exact number is that staff cannot predict how cities and counties will treat large projects in the future. Mr. Warner clarified that if a project gets a ministerial approval for a project, then it is a done deal. If the project changes a small amount, then only the change would be analyzed for ISR applicability.

Councilmember Baines said this was a very interesting item that reminded him of a land use question. He said he deals with this a lot at the City of Fresno as to when is a project considered a project and is locked into the fee structure. He said Supervisor Worthley was correct in his comments as the City of Fresno is also going by-right and is trying to make it much easier for projects to come to the table and go vertical sooner rather than later. He said he believes that staff went out of its way to be accommodating and went above and beyond to make

this rule as fair as possible. He said there was a problem with the rule as there was a loophole that was exploited and must be closed. He said having this policy apply with some continuity across the board to keep the integrity of the policy is important. He thanked staff for their great work on this rule and going above and beyond to apply this fairly.

*Moved:* Baines

*Seconded:* Worthley

*Ayes:* Capitman, Couch, Elliott, Fugazi, Mendes,  
Pedersen, Reyes, Sherriffs, Worthley, Baines

*Nays:* Olsen

***Motion carried to 10-1 to adopt proposed amendments to Rule 9510  
(Indirect Source Review)***

17. VERBAL REPORT ON AIR RESOURCES BOARD ACTIVITIES – Dr. Sherriffs reported on highlights from the California Air Resources Board meeting of November 16, 2017, including:
  - The Board adopted amendments to the Airborne Toxic Control Measure (ACTM) for Portable Diesel Engines and the Portable Equipment Registration Program (PERP) regulation, which are intended to reduce the economic impact on industry while maintaining the long-term emission reductions needed to protect areas with the worst pollution.
  - The Board heard an update on the role of ammonia in the formation of ammonium nitrate, a significant component of fine particulate matter (PM2.5) in the San Joaquin Valley. Staff briefed the Board on current programs that reduce ammonia in the Valley and the critical importance of NOx reductions in lowering ammonium nitrate and PM2.5.
18. EXECUTIVE DIRECTOR/APCO COMMENTS – Mr. Sadredin wished everyone a Merry Christmas and Happy New Year and said he wanted to give Mr. Sheikh the opportunity to address the Board in response to his selection as the new Executive Director/APCO of the District effective July 9, 2018. Mr. Sheikh publicly thanked the Board for the honor of serving them in the Executive Director/APCO position upon Mr. Sadredin's retirement. He said he knows that it is a very important job and he is fortunate due to the Board's great leadership and the hard work of District staff. He said he looked forward to the forthcoming guidance from Mr. Sadredin and the Board in the coming months before Mr. Sadredin retires. He thanked Mr. Sadredin for all the work he has done to mentor him and all District staff for so many years. Mr. Sheikh wished Board members a Merry Christmas and Happy New Year.
19. GOVERNING BOARD MEMBER COMMENTS – Councilmember Baines wished his colleagues on the Board and staff a very Merry Christmas and Happy New Year.

## **ADJOURN**

The Chair adjourned the meeting at 1:06 p.m.

*The next scheduled meeting of the Governing Board is: Thursday, January 18, 2018. 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.*