

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

SPECIAL PUBLIC HEARING FOR REVIEW OF 2017-18 RECOMMENDED BUDGET

Thursday, May 25, 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 Vice Chair, Supervisor Mendes, called the meeting to order at 9:00 a.m.
2. ROLL CALL – was taken and a quorum was present.

Present:

David Ayers, Mayor	City of Hanford
David Couch, Supervisor***	Kern County
Bob Elliott, Supervisor*	San Joaquin County
Christina Fugazi, Councilmember*	City of Stockton
Buddy Mendes, Supervisor, Vice Chair	Fresno County
Kristin Olsen, Supervisor*	Stanislaus County
Lloyd Pareira, Supervisor*	Merced County
Monte Reyes, Councilmember	City of Porterville
Chris Vierra, Mayor*	City of Ceres
Tom Wheeler, Supervisor	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, Chair	City of Fresno
John Capitman, Ph.D.	Appointed by Governor
Craig Pedersen, Supervisor	Kings County
Dr. Alexander Sherriffs	Appointed by Governor

3. INTRODUCTION OF NEW GOVERNING BOARD MEMBER: MAYOR CHRIS VIERRA – Supervisor Mendes welcomed Mayor Vierra back to the District’s Governing Board. Mayor Vierra said he previously served on the Board from 2006-2012 and is looking forward to serving again and seeing what has been accomplished over the past 5 years.

Supervisor Olsen arrived at 9:09 a.m.

4. PUBLIC HEARING FOR REVIEW AND COMMENT ON DISTRICT’S 2017-18 RECOMMENDED BUDGET – Seyed Sadredin, Executive Director/APCO, stated this was the first of two Public Hearings required by law to adopt the District’s 2017-18 Budget. He explained the purpose of today’s hearing was to allow the public the opportunity to comment on the Recommended Budget. He thanked Vice Chair Supervisor Mendes, Mayor Ayers, Dr. Capitman, and Supervisor Olsen for their guidance and oversight as they acted on the Board’s Ad Hoc Subcommittee for Budget and Finance. He also introduced District staff who would assist with the Budget presentation, including: Morgan Lambert, Deputy APCO, who presented details on the District’s projected increase in workload; Dave Warner, Deputy APCO, who provided information on the District’s streamlining and efficiency measures to absorb the new workload; and Samir Sheikh, Deputy APCO, who shared the District’s proposed Spending Plan for Emission Reduction Incentive Grants. Mr. Sadredin expressed his gratitude for the hard work of the District’s Finance Department, and introduced Mehri Barati, Administrative Services Director, and Kelly Taylor, Controller, who compiled the Budget documents and ensured the Board’s wishes and policy priorities would be implemented with proper accounting and resources.

He said in the spirit of zero-based budgeting, the Board has made it a practice to review what the District has been able to accomplish over the past year with the resources entrusted to it. Mr. Sadredin explained that staff would provide an overview of the past year’s accomplishments, the guiding principles laid out by the Board for preparing the budget, and a summary of the District’s financial and strategic outlook for 2017-18. As presented, the budget highlights included:

- Total operating budget increase of 2%
- Significant increase in mandated workload absorbed through efficiency and streamlining
- No increase in total number of positions
- 7% salary savings through position control
- Strong public education and outreach
- Expeditious administration and use of emission reduction incentive funds in a wide range of applications (\$182.5 million)
- \$300,000 for Valley-specific scientific studies and air quality modeling
- Continued assistance to local municipalities in meeting clean-air and climate change mandates
- Reduce fees charged by the District for facilities subject to the State’s Air Toxics Hot Spots Act

- New Pension Stabilization Reserve of \$1,250,000
- Balanced budget, with adequate reserves and contingencies

Supervisor Worthley asked if the District's new online neighborhood by neighborhood air quality tool would justify with scientific accuracy that more air monitoring stations are not needed in the Valley. Mr. Sadredin responded that while it is cost prohibitive to have air monitoring stations located in each neighborhood, the District's new system along with its mobile monitoring capabilities will give a good and accurate representation of what real time air quality is like in each neighborhood in the Valley. Supervisor Worthley asked if increased Cap and Trade incentive funding for municipalities includes additional funding for school bus replacement. Morgan Lambert, Deputy APCO, responded affirmatively. Supervisor Worthley asked if there would be an opportunity to use some of the District's scientific research funding to identify feasible alternatives to agricultural burning and biomass power plants. Mr. Lambert responded affirmatively and said staff has been working with agricultural partners to bring technology advancement and research programs to the Valley.

The Board took a brief recess at 10:23 a.m.

The Board resumed the meeting at 10:32 a.m.

Drawing on his 20 plus years as a school board member, Supervisor Mendes commented on the importance of getting kids to school and the need for school districts to spend their own money on school bus transportation in addition to any available incentive funds. Mayor Ayers asked about the District's retirement system. Mr. Sadredin said the District has been a part of the Kern County Employee Retirement Association (KCERA) since formation. Supervisor Worthley asked if the unfunded liability contributions were included in the calculations. Mr. Sadredin said the amount presented reflects the entire employer contribution, which includes unfunded liability. Supervisor Worthley asked what portion of the employer contribution represents the unfunded liability. Mehri Barati, Director of Administrative Services, responded that the employer rate of 36% included contribution towards unfunded liability and the normal costs. She said it is approximately 19% that goes to the unfunded liability.

Mayor Ayers asked about the percentage of employer contribution. Mr. Sadredin responded that the District is currently at 50/50 of the normal cost but the total cost of unfunded liability is borne by the employer and currently at \$62 million. He said the District is moving in the right direction, in both the unfunded liability and lowered employer contributions.

Supervisor Elliott asked about the source of funds for the proposed reserve account for the unfunded liability. Mr. Sadredin responded, if approved, the funds would be transferred from the District's unrestricted fund balance. Supervisor Couch said in the interest of full disclosure, he currently serves on the KCERA Board and would be happy to provide any needed information to the Board. He said he would like to discuss further with Mr. Sadredin, considerations

currently underway at KCERA that would impact the costs to every member agency and the Board would be well within its rights to take a position to recommend or oppose those actions.

Supervisor Wheeler asked if the District would receive any additional funds from the Governor's new gas tax plan. Mr. Sadredin said staff is working on getting \$100 million per year of that revenue diverted toward clean trucks but said it looks like it will be a tough mission to accomplish. Supervisor Elliott thanked Mr. Sadredin and staff for providing the Board with another balanced budget. He said they can always count on Mr. Sadredin to exercise the maximum fiscal responsibility, especially when there are provisions for adequate reserves and contingencies as well. He said there were several references in the Recommended Budget to the District's air quality modeling center and scientific studies concerning the transboundary pollution contribution. He asked if the District is able to quantify the impact transboundary pollution and account for these impacts in attainment plans. Mr. Sadredin responded the short answer was no to his specific question, in that when staff is writing the plans they cannot say what specific portion of air pollution is a result of transboundary sources. He said right now, under the current construct of the federal Clean Air Act, if the Valley fails to attain the standard and can show that it was solely due to international air pollution then resulting sanctions could be waived but it cannot be worked into the plan moving forward. He said staff is working with EPA, where there could be some administrative progress made, but right now the Clean Air Act does not address transboundary pollution proactively.

Supervisor Worthley echoed Supervisor Elliott's comments, saying he is always blown away by the District's budgeting process and what the staff does to achieve greater efficiencies. He said it is an ongoing process of improvement, which is part of the District's Mission Statement. He said the District's budgeting process is a window into the heart and soul of the agency and it is very revelatory. He said he appreciates not only the efficiency measures, but also the consideration given to changing times in every area of District operations. He commented that this is a very nimble organization and much appreciated. Supervisor Pareira asked for a report on the proposed staffing change from last year's budget to this year's budget. Mr. Sadredin responded there was zero staffing change proposed this year.

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

- Bill Bunnell, APCA and SSFA Board member
- John Lorrea, CA League of Food Processors

Councilmember Reyes announced that on June 2, 2017, Greenpower Motor Company would be conducting a groundbreaking on their new facility in Porterville and invited all Board members to attend. Supervisor Worthley commented that Greenpower would be moving their facility from Vancouver, BC to Porterville, providing a great opportunity for the community and entire region.

Moved: Wheeler
Seconded: Worthley
Ayes: Ayers, Couch, Elliott, Fugazi, Mendes, Olsen,
Pareira, Reyes, Vierra, Wheeler, Worthley
Nays: None

Motion unanimously carried to set June 15, 2017 for public hearing to consider adoption of 2017-18 Recommended Budget

ADJOURN

The Vice Chair adjourned the meeting at 12:16 p.m.

The next scheduled meeting of the Governing Board is: Thursday, June 15, 2017. 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.