

DATE: October 21, 2010

TO: SJVUAPCD Governing Board

FROM: Seyed Sadredin, Executive Director/APCO

RE: **REPORT ON THE SEPTEMBER 2010 GOVERNING  
BOARD STUDY SESSION FOR EDUCATIONAL AND  
STRATEGIC PLANNING PURPOSES**

Attached are highlights from the September 2010 Governing Board Study Session for Educational and Strategic Planning Purposes.

*Attachments:*

*Highlights from the Study Session of September 29-30, 2010 (7 pages)*

## **HIGHLIGHTS FROM THE SEPTEMBER 2010 GOVERNING BOARD STUDY SESSION FOR EDUCATIONAL AND STRATEGIC PLANNING PURPOSES**

**Community Service by District Employees Organized and Facilitated by the District**– The Board considered and approved a proposal for community service projects by District employees. No public funds will be used for the projects, but the District will help organize and facilitate employee participation. Projects will be selected based on input from employees and must meet selection criteria adopted by the Board. Employee participation would be strictly voluntary and service for selected charities and community groups would be performed outside work hours. The first projects are expected to begin in January of 2011. The Executive Director will provide regular updates to the Board on authorized community service projects.

**Upcoming Federal Ambient Air Quality Standards and Subsequent Implementation Mandates** – The Board received a detailed presentation regarding the challenges the District will face in meeting strict new air quality standards being proposed by U.S. EPA. In the next few months, EPA is expected to set new ozone standards at levels that approach natural background levels in the Valley. In early 2011, EPA is expected to set new standards for particulate matter, also at levels far below current standards. Given the Valley’s climate and bowl-shaped geography, meeting these new standards could require an additional 80% to 90% reduction in emissions beyond what will be required to meet current standards. These levels of reductions may only be achievable with the extensive use of zero or near-zero emissions technologies yet to be developed, or a total ban on fossil fuel combustion.

The Board also received a detailed analysis concerning the shortcomings of the mass-based air quality standards. For instance, mass-based standards do not take into account size, speciation, surface area, and other characteristics that better identify pollutants’ risk to public health. Given that the new federal standards may be impossible for the Valley to reach, District staff recommended an alternative risk-based approach to attainment planning aimed at providing more public health benefit to Valley residents. Under this approach, the District would focus future control efforts on the most harmful components of emissions to produce a disproportionate reduction in health risk with fewer reductions in emissions on a mass-basis. After extensive discussion, the Board adopted the following policy positions:

- 1) In the San Joaquin Valley and in other regions where pollution levels, on a mass-basis, have already been reduced significantly, the new federal ambient air quality standards that are strictly mass-based are less effective in advancing public health goals.
- 2) By placing a greater priority and focus on measures that target pollutants with higher risk due to size, chemical speciation, and public exposure, the Valley can achieve large improvements in public health at rates that are disproportionately greater than the rate of reduction in pollutant masses.

- 3) Employ risk-based strategies in the Attainment Demonstration Plans for the upcoming federal ambient air quality standards and pursue supportive legislative and regulatory actions at the federal level.
- 4) In achieving the necessary reductions in emissions to attain these new standards, the federal government should accept responsibility for sources of air pollution under their control and the Valley should not be subject to sanctions if failure to attain is primarily due to shortfall in reductions from sources under federal control.
- 5) Integrate attainment strategies for multiple pollutants:
  - a. Coordinate the development of attainment plans to maximize efficiency for staff as well as stakeholders.
  - b. Coordinate control measure commitments to maximize health benefits, maximize emissions reductions, and minimize recurring costs whenever possible.

**Near-Roadway Air Monitoring Mandates** – The Board received a detailed presentation on the logistical and policy issues related to recent actions by EPA to require near-roadway air monitoring networks. Logistical issues presented included the cost of the network, which will be approximately \$800,000 initially and \$180,000 annually; the source of funding for the new network, which has not yet been identified; and the siting, access, and safety issues associated with putting monitors within 50 meters of major roadways. One policy implication of near-roadway monitoring is that stationary source businesses could be penalized and sanctioned under the federal Clean Air Act for violations of air quality standards caused by near-roadway emissions from mobile sources. The new standards also point to new health concerns, and call for a reexamination of land-use policies that put residences right next to major transportation hubs.

After Board discussion and comments the Board adopted the following recommendations:

- 1) Pursue State and Federal funding for installation and maintenance of near-roadway monitors and support the President's proposed 2011 budget, which includes increased funding for the installation, operation and maintenance of newly required monitors.
- 2) To promote efficiency, design the newly required stations to accommodate multiple pollutants at a single location.
- 3) If near-roadway monitors are used for attainment findings, pursue legislative and regulatory changes to accomplish the following:

- a. Shift regulatory burden from stationary sources to mobile sources.
  - b. Shield localities from punitive sanctions when a region's failure to attain standards is primarily due to shortfalls in mobile source emissions reductions under the jurisdiction of the State and Federal government.
- 4) Given the evidence of near-roadway public health risk, begin a dialogue with land-use agencies to reexamine and refine land use policies that may promote siting residents near roadways. In doing so, balance exposure concerns with the need to minimize sprawl. Also, incorporate informational material concerning near-roadway exposure and health effects in the District's public education and outreach campaigns.

**District Research Priorities** – The Board received a presentation describing options for new air pollution research projects and identified the following research priorities:

- 1) Research to help provide a scientific basis for a new risk-based clean air strategy. Components of this approach could include epidemiological research, experimental research and clinical research. Specific options include filter-based sampling of urban plumes, assessment of exposure risk from concentrated emissions, estimating the impact of street-level emissions on urban monitors, and ongoing speciation of PM<sub>2.5</sub> to identify the most harmful species and components.
- 2) Research that would help quantify the magnitude of the District's attainment challenge including the impacts of background ozone and population growth.
- 3) Research that could provide data for estimates of emissions and the effectiveness of control technologies for both agricultural and non-agricultural sources of air pollution.

The Board also directed staff to bring specific research projects to the Board for approval.

**Potential Enhancements to the District's Economic Analysis of Proposed Regulations** – The staff presentation described the two types of economic analysis routinely performed during the District's rule development process, cost-effectiveness analysis and socioeconomic analysis, and the issues that have arisen regarding these analyses. Cost effectiveness analysis is performed by District staff with extensive stakeholder input using a standardized methodology and is valuable in comparing control costs between alternatives and across industry sectors. Socioeconomic analysis is performed by a consultant in a public process, and is used to assess impacts on employment and the Valley economy as a whole. Key issues related to the analyses include the need to obtain accurate and relevant cost data from businesses, the lack of data on costs and performance of the newest technologies, the need to address discrepancies between District and industry analyses, and the confusion created by the

current practice of not completely redoing socioeconomic analyses when underlying rule proposals change late in the rule development process.

After Board discussion and comments, the Board adopted the following recommendations:

- 1) Authorize the APCO to convene a stakeholder workgroup comprised of members from the business community and other stakeholders to identify opportunities for improving the economic analysis conducted by the District in relation to new and modified regulations.
- 2) Conduct a Request for Quotations to solicit proposals and cost estimates for potential enhancements to economic analysis conducted by the District in relation to new and modified regulations.
- 3) Maximize the use of District grants in advancing technologies and for better quantification of cost and performance of new controls.

The Board rejected a proposal for adopting a new rule requiring regulated sources to provide timely and accurate economic data upon request, and instead directed staff to work with the new stakeholders' workgroup to improve voluntary processes for collecting data.

**District's Role in the Implementation Phase of State and Federal Climate Change Mandates** – The Board received a presentation describing District efforts to date to help Valley municipalities and businesses meet state and federal climate change mandates, and proposals for District assistance in meeting future mandates. The Board approved the following policy positions after discussion and public comment.

- 1) To minimize duplication and reduce administrative cost and burden on Valley businesses, integrate state and federal mandates into the existing District programs for Valley businesses that are already permitted or regulated by the District, when permissible by applicable laws.
- 2) For Valley businesses subject to new state and/or federal climate change mandates which are not currently subject to District regulations, offer the option of having the District seek delegation of authority to implement those programs, on a case-by-case basis, if the affected businesses prefer local control.
- 3) Explore the staffing and resource needs for assisting Valley cities and counties in developing and maintaining greenhouse gas emissions inventories for land use planning and climate change action planning efforts.

**District Public Education and Outreach Campaign** – The Board received a detailed presentation on a recent valley-wide public opinion survey. This survey was conducted to measure the effectiveness of the District's public education and outreach programs.

The results indicated overwhelming awareness and positive behavioral changes with respect to the District's Check Before You Burn program. As for the more recent Healthy Air Living campaign, public response indicated support for the campaign, but brand familiarity was lagging. The public also expressed strong sentiment for stronger regulations on businesses. Most respondents believed that regulations on businesses could be tougher, which could indicate the need to further educate the public on the massive investment that Valley businesses have made in improving air quality.

The Board directed staff to:

- 1) Work with neighboring air districts and explore ways to make messages more consistent in shared media markets.
- 2) Continue to invest in Healthy Air Living outreach campaign to improve brand recognition and increase public behavioral change.
- 3) Recruit businesses to help spread the word to their employees about Healthy Air Living.
- 4) Further educate the public on the role Valley businesses have played in improving air quality.
- 5) Continue to focus on educational opportunities for children.
- 6) Develop a public outreach and education program to alert and inform the public of summertime one-hour ozone exceedances to improve awareness and potential public actions to reduce emissions.

**Strategic Use of Incentive Funding** – Staff provided a comprehensive presentation on the District's current incentive programs, including funding criteria and the historical distribution of funding between industry sectors and regions of the Valley. The Board presentation also included a detailed analysis of critical factors to consider in the strategic use of incentive funds. Although regional population has not been used as a funding criterion, since 2006, the District's expenditure has closely tracked regional population and equipment inventory. The District has performed equal outreach in all areas of the Valley and operates the most cost-effective programs in the state. The Board emphasized the need for maintaining efficient and effective incentive programs, which have served to bring additional resources to the Valley and to ensure cost-effective expenditure of public funds. The District currently receives over 112 million dollars per year in incentive funding and focuses on achieving the greatest reductions efficiently and in an expedited manner.

After discussion and public comment, the Board directed staff to maintain current Board-approved incentive funding strategy with the following goals:

- 1) Maximize cost-effectiveness

- 2) Achieve reductions and benefits as quickly as possible without regional preference
- 3) Minimize administrative overhead
- 4) Streamline and simplify program for participants
- 5) Provide equal outreach throughout the Valley
- 6) Leverage public and private resources
- 7) Ensure real reductions creditable towards meeting Federal mandates

The Board also directed staff to implement the following enhancements to incentive programs:

- 1) Allow regional preference on a case-by-case basis, with Board approval, for specific projects that can be shown to expedite attainment at Valley hot spots.
- 2) Establish Board-approved population-based regional funding allocations for certain source categories with proportional impact throughout the Valley. Such allocations should provide for flexibility to shift funding if sufficient interest is not present in specific regions.
- 3) Establish Board-approved regional funding allocations that rely on the population of equipment for specific source categories. Such allocations should provide for flexibility to shift funding if sufficient interest is not present in specific regions.
- 4) When legally permissible, consider adding non-air quality factors in establishing the District's funding priorities, such as promoting alternative fuels, energy diversity, economic development and other potential factors.

**Promoting Commuter Vanpools** – The Board received a detailed presentation on the status and effectiveness of the District's current vanpool incentive program. After discussion, it was concluded that the program can benefit from a number of enhancements to increase participation throughout the Valley. Staff recommendations approved by the Board included developing a voucher system to streamline reimbursements, updating funding rates and caps, enhancing outreach and agency partnerships, and considering mileage in upwind areas outside the District in calculations to determine funding eligibility. The Board approved the following actions:

1. Begin a public process to engage public transportation and commuter vanpool organizations and passengers to develop program changes that will increase regional participation and facilitate increased alternative transportation opportunities.

2. Direct the Executive Director/APCO to present the Governing Board detailed recommendations for program changes upon completion of the above-mentioned process and no later than the first calendar quarter in 2011.
3. Explore the possibility of co-funding inter-district vanpools with neighboring air agencies.