PLACER COUNTY AIR POLLUTION CONTROL DISTRICT BOARD OF DIRECTORS

Thursday, June 11, 2009 2:30 P.M.

Special Meeting Minutes, Preliminary Budget Public Hearing And the Regularly Schedule Board of Directors Meeting

The Board of Directors of the Placer County Air Pollution Control District met in session at 2:30 P.M., Thursday, June 11, 2009, at the Placer County Board of Supervisors' Chambers, 175 Fulweiler Avenue, Auburn, California. Representing the District were: Tom Christofk, Air Pollution Control Officer; Todd Nishikawa, Compliance and Enforcement Manager; Yu-Shuo Chang, Planning and Monitoring Manager; Jane Bailey, Administrative Services Manager; and John Finnell, Senior Engineer.

The meeting was called to order and the Flag Salute was led by Chairman Weygandt. Roll call was taken by the Board Clerk with the following members in attendance: Mike Holmes, Miguel Ucovich, Kent Nakata, Robert Weygandt, Jim Holmes, Peter Hill and John Allard. A quorum was established. Kirk Uhler was absent and Donna Barkle arrived shortly after the meeting began.

Chairman Weygandt opened the Public Hearing and turned the meeting over to Staff to present the Proposed Preliminary Budget for Fiscal Year 2009-10. Mr. Christofk said that the item would be presented by Ms. Jane Bailey and that no action should be taken until the August 20, 2009, Board meeting. This meeting was a Public Hearing to receive input from the public and direction from the Board for the Final Budget.

Ms. Bailey proceeded with a Power Point presentation. She explained the three separate funds that make up the District's budget. Each fund has its own revenue and expenditure accounts. The Operations Fund is used for the purpose of conducting the business of the District that is not covered by the other two funds. Ms. Bailey explained the different revenue sources for the operation fund which include: permit fees, fines, state subvention, interest derived from these sources, Per Capita assessment, co-funding of projects/programs from the private sector and administrative fees.

The DMV Fund and the Mitigation Fund are the other two funds which make up the District's Budget. Both are restricted funds with specific guidelines for expenditure. The revenue from the DMV can be projected based on previous years. The DMV Revenue Sources are: AB 2766 & AB923 Vehicle registration Surcharge Fees, co-funding from other agencies and the private sector for DMV approved programs and projects, a portion of the County's Planning Department application fees and interest derived from these sources. The Mitigation Fund cannot be projected as the funds come from mitigation plans approved at the discretion of the Land Use Authorities. Ms. Bailey showed a slide with the projected year end balances of all three funds.

Placer County Air Pollution Control District Board of Director's Meeting Minutes June 11, 2009 Page 2 of 6

The year end carry over is projected to be approximately 1.2 million dollars. With the carry over, the total projected funds available for FY 2009-10 comes to 4.9 million dollars which is 15.92% less than the Final Budget for FY 2008-09. The Proposed budget shows that the salary and benefits is lower by 9.34% and the supplies and services are lower by 14.22 % compared to the previous year's Final Budget.

Ms. Bailey showed pie charts of the sources for the available funds and also of the proposed usage of the funds. She also showed a summary of the District's Clean Air Grant Program now going into its 10th year. With the \$900,000 in the Proposed Budget for this program from the DMV fund, the District will have returned \$11,385,597 to the public and private sectors for clean air projects. This amounts to 42.27% of the entire revenues and 68.98% of the DMV revenue over that time period. Mitigation Funds will be added to the program as they become available.

Ms. Bailey then showed graphs and charts comparing several different performance indicators from FY 2000-01 to the present. These indicators show that the District is performing well and is on the right track. She went on to describe some of the highlights of the proposed budget expenditures and concluded her presentation.

Chairman Weygandt asked the Board if they had any questions for Ms. Bailey. Director Allard said he wanted to know more about the 2.5% COLA (cost of living adjustment) in the salaries & benefits section. Ms. Bailey explained that the increase had been negotiated between the Placer Public Employees Organization and the County. Since District employees are County employees assigned "ex officio" to the District, all personnel issues, including salaries and benefits, apply to District employees.

Director Ucovich asked about the District Reserve Fund (part of the Operations Fund). Ms. Bailey explained that \$75,000 is set aside for contingency purposes. Mr. Christofk added that the reserve fund has some specific potential uses such as replacing the District's vehicles over time.

Chairman Weygandt thanked Ms. Bailey for the presentation and opened the meeting for public comment. Mr. John Ballard, owner of Timberland Water Company in North Tahoe, asked to speak to the Board. He said he also represented the North Tahoe Fire Protection District. He said his comments were not about the budget, but that this was the first chance he had to come and speak to the Board. Chairman Weygandt said that the regular meeting would convene immediately after the Preliminary Budget Meeting and that Mr. Ballard's comments may be more appropriate at that time, however, Mr. Ballard said that his comments had to do with revenue and Chairman Weygandt allowed him to proceed.

Mr. Ballard spoke about an emergency diesel generator that was needed in his mobile home park to pump water in case the power went out. Several years ago, he acquired a diesel generator and installed it on his property as emergency backup. The District sent Placer County Air Pollution Control District Board of Director's Meeting Minutes June 11, 2009 Page 3 of 6

him a letter telling him that he needed to apply for a permit and pay the appropriate fees in order to operate the generator. Mr. Ballard claimed that he had a limited budget and that the fees were more than he expected or could afford. But, he did eventually purchase a natural gas generator to replace the diesel generator. However, Mr. Ballard did not get a permit for that generator until after he had installed it and he stated that the District fined him \$1,200. He said that the annual permit fee of \$600 - \$650 is not fair considering the amount of time he runs the generator. He also felt it was not fair that the Fire Department has to pay permit fees for their emergency generators. He asked why the District charges the fees and why the fees are so expensive.

Chairman Weygandt asked Mr. Christofk to look into the issue. Mr. John Finnell, Senior Engineer for the District, asked to speak to the Board about this issue. He said that the District has developed rules which are required both by the State and the EPA, that state that any generator over 50 horsepower is required to be permitted. He also said that even natural gas generators have emissions from combustion and are subject to regulation. The fees are all consistent and all emergency generators, over 50 horsepower, whether public or private are required to be permitted.

Mr. Finnell asked the Board if they wanted Staff to come back with a report at the next meeting on the specifics of this particular case. Chairman Weygandt said that an email to the Board explaining the circumstances would be adequate. He then asked if there was any further public comment and Mr. Tim Hostettler with A & A Concrete asked to speak regarding the budget.

Mr. Hostettler said that he had written a letter to the Board about the inclusion of a CPI (consumer price index) adjustment in the proposed budget which would raise permit fees by 3.4%. He said that in this struggling economy, it seems unfair that government agencies would raise their rates. He said it wasn't that the District fee was unreasonable; but that every agency that has any regulatory authority over businesses also raise their rates and that collectively it becomes significant to small businesses. He urged the Board to reconsider the CPI increase and to possibly find different criteria to use for fee increases.

Chairman Weygandt said that he had been on the Board for a long time and at one point early on there were no fee increases and the programs did not have dedicated revenue streams. This caused financial issues for the District so the Board passed a resolution making it a policy to use a standard CPI each year to raise fees in order to keep up with inflation. However, he felt that given the current economic situation, the Board could choose to consider alternatives to the policy.

Director Hill asked Staff what the financial impact to the District would be if the CPI was not included in the budget. Mr. Christofk said it was projected at \$25,779 for FY 2009-10. He explained that the CPI was based on the economy a year ago which in effect makes it in arrears by a year. He said that except for the yearly CPI, the District has not

Placer County Air Pollution Control District Board of Director's Meeting Minutes June 11, 2009 Page 4 of 6

raised its fees in over 15 years. Mr. Christofk said that Staff would follow what ever the Board directs in regard to the CPI. He said that the District is empathetic with businesses and that the Clean Air Grant Program is an example of how the District gives funds back to the community and assists small businesses and government agencies with purchases and projects that they could not do on their own. He indicated that the grants and assistance for projects provided by the District was about 42% of the total revenue over the past 10 years which was the highest rate of return of any air district in the State.

Director Hill said that he didn't agree with changing the fee structure and that there may be other ways to deal with the issue. Chairman Weygandt said that it was entirely possible that next year the CPI would be dramatically different and may even be in the negative. Ms. Bailey read from the Resolution (#01-20) that only a positive CPI could be used in calculating fee changes.

Director Allard said that as a small business owner he could see Mr. Hostettler's point. He said that the Board needs to be cognizant of the pressures that businesses and individuals are under. Director Ucovich said that the District should possibly change the Resolution and use a CPI that reflected a more current status rather than one that was a year behind. Ms. Bailey responded that the District uses the most commonly used CPI adjustment for government entities.

Chairman Weygandt asked that Staff bring back options to the Board to be discussed at the August meeting when the Final Budget will be presented. Having been on this Board for 14 years, he wants to ensure that the District continues to be solvent and not return to the problems it had in the beginning.

Director Hill said that he is convinced that the CPI is the correct and acceptable way to calculate fee increases and did not think it was appropriate to amend the Resolution. He said that if the Board opted to waive the CPI increase just for this year it would be a concept he would consider.

Mr. Christofk said that Staff will prepare options based on the direction and discussion of the Board and present them at the August 20, 2009, Board Meeting.

Chairman Weygandt adjourned the Proposed Preliminary Budget Meeting and the Board reconvened for the Regularly Scheduled Meeting at 3:30 PM.

Minutes from the Regularly Scheduled Meeting:

The Minutes for April 9, 2009, were approved unanimously as was the Agenda for the June 11, 2009, meeting.

There was no public comment for the regular meeting.

Placer County Air Pollution Control District Board of Director's Meeting Minutes June 11, 2009 Page 5 of 6

Chairman Weygandt asked for a motion on Consent Items 8-10. Director Ucovich asked that Item 10 be removed from the consent calendar for discussion.

Item 8: Consent/Action: Hearing Board Reappointment:

Item 9: Consent/Action: Technology Assessment Program:

Motion on Consent Items 8 & 9: J. Holmes/Nakata/Unanimous

Item 10: Consent/Action: Lower Emission-School Bus Program Resolution

Approve Resolution #09-07 (Attachment #1) for the implementation of the Lower-Emission School Bus Program by the California Air Resources Board (ARB) on the District's behalf and designate the Air Pollution Control Officer as a duly authorized official representing the District in all matters related to the implementation of this Program.

Director Ucovich expressed concern that some small school districts would not be able to afford to maintain and operate a lower emission school bus provided under this program. Because of the financial crisis, there are no guarantees that new busses will be operated. Mr. Christofk explained that there are regulations regarding all diesel engines in California and that most older school busses run on diesel. The state bond money funding the LESB program was delegated by county and Placer County's portion is \$2.7 million. By statute the money must be spent within Placer County on older diesel school busses. The choice was made to have the ARB administer the program because of the complex requirements of the Guidelines for how the money must be spent and tracked. It was not cost effective for the District Staff to do it.

Mr. Christofk said that operations and maintenance monies are not included in the LESB program. Individual school districts must decide if they are financially capable of running a school bus or not. This is a separate issue from replacing the busses and the school districts can opt not to take the money. The money is allocated for school bus replacement only and cannot be used for any other purpose. The District has no control over the program and there is no direct economic impact on the District because the funds will be received and expended by CARB. The California Air Pollution Officers Association (CAPCOA) will provide assistance to CARB in the implementation of the program.

Motion: M. Holmes/Allard/Unanimous

Mr. Jim Durfee, Executive Director of the Western Placer Waste Management Authority, spoke his thanks to the Board for approving the expenditure of Technology Assessment Program monies for the Alternative Energy Feasibility Study (Consent Item 9). He also thanked Tom Christofk and Todd Nishikawa for their assistance with the grant application. He said he would be bringing a report back to this board in about a year with the outcome of the study.

Placer County Air Pollution Control District Board of Director's Meeting Minutes June 11, 2009 Page 6 of 6

Item 11: Action: Hearing Board Stipend Increase:

Mr. John Finnell, Senior Engineer, presented this item. He gave some background on the District Hearing Board which is appointed by the District Board to hear petitions for variances or modification of variances from air pollution rules or permit conditions; the denial, approval, or revocation of a permit; and orders for abatement. A normal Hearing Board meeting consists of five members with three needed for a quorum. Some variances require only one member, usually the Chairman.

The current Chairman, Don Gronstal, has been with the District for many years and he mentioned to Staff that there had never been an adjustment to the stipend which is \$50 per meeting plus mileage to and from the meeting at the IRS Standard Mileage Rate. Staff could not find any records showing a Resolution or any other documentation on how the stipend was originally determined, and given the amount of time that has gone by with no increase, asked to bring this item to the Board to formalize the process and ask to increase the stipend to \$100 per meeting, plus mileage to and from the meeting location.

The additional stipend will be covered with the existing Hearing Board fees and will have no additional fiscal impact to the District.

Motion: Hill/J. Holmes/ Passed with seven (7) ayes and one (1) no.

Item 12: APCO Report.

a. Fiscal update: Mr. Christofk said that there was nothing unusual in the District's fiscal status as of the end of May. There is a 6.2% increase in Revenue, and an 18.7% decrease in expenditures compared to the current budget. The District is on track for this time of year.

Margie Koltun, Clerk to the Board