



Minutes of the Thursday, June 12, 2014 Meeting of the Board of Directors

The Board of Directors of the Placer County Air Pollution Control District met in a regularly scheduled session at 2:30 PM, Thursday, June 12, 2014, 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, Deputy Air Pollution Control Officer; A.J. Nunez, Administrative Services Officer; Bruce Springsteen, Compliance and Enforcement Section Manager; Yu-Shuo Chang, Planning and Monitoring Section Manager, John Finnell, Permitting and Engineering Section Manager; Russell Moore, I.T. Technician; and Shannon Harroun, Clerk of the Board.

The meeting was called to order by Chairperson Mike Holmes. Roll call was taken by the Clerk of the Board, with the following members in attendance: Donna Barkle, Jennifer Montgomery, Stan Nader, Mike Holmes, Robert Black, Jim Holmes, Diana Ruslin, and Carol Garcia. Robert Weygandt was absent. A quorum was established.

Approval of Minutes: April 10, 2014, Regularly Scheduled Meeting.

Motion to approve minutes: Jim Holmes. Unanimously approved.

Public Comment: There were no comments from the public.

Director Barkle made an announcement that she would be resigning as a Colfax Council Member at the end of July, and therefore will not be able to continue her duties on this Board.

Chairperson Mike Holmes provided a synopsis of his trip to the Cap-to-Cap conference in Washington D.C. He met with Congressman Tom McClintock's staff, and Representatives Doug LaMalfa, Doris Matsui, and Ami Bera. He attended several sessions with the EPA, and with transportation and other committees relating to clean air issues. He will be attending a meeting in Sacramento as a follow up to the Cap-to-Cap conference.

Public Hearing (No Action): Item 1

- 1. Preliminary FY 2014-2015 Budget Public Hearing.** *Conduct a Public Hearing in accordance with the Health and Safety Code § 40131(3)(A) that states: "The district shall notice and hold a public hearing for the exclusive purpose of reviewing its budget and of providing the public with the opportunity to comment upon the proposed district budget."*

Ms. A.J. Nunez presented the FY 2014-15 Preliminary Budget. The District Budget is made up of three separate funds – the Operations Fund, Mitigation Fund, and DMV fund. Collectively,

these make up the Consolidated Fund. Ms. Nunez pointed out that the District continues to budget revenues conservatively, and expenditures that are adequate to cover costs, with a small amount for contingencies. Historically, the District ends each fiscal year above revenue projections and below proposed expenditures. This creates a fund balance that provides the seed money for the upcoming year. The proposed preliminary budget for FY 2014-15 is 4.5 million dollars. It is very similar to last year's budget, with only ½% difference. Anticipated revenues are \$3.5 million, with a fund balance carryover of \$1,053,000. Proposed expenditures are \$4.2 million.

Ms. Nunez reported that there is a projected \$518,000 fund carryover for the proposed FY 2014-15 operations budget. The national advisory council on state and local budgeting recommends a fund carryover between 5 and 15%. The District operating fund carry over is at 8.8% of the District's proposed budget, therefore the District is well within that healthy range.

Ms. Nunez presented pie charts for the proposed FY 2014-15 budget Consolidated Fund. DMV funds (AB2766 and AB923) make up almost half of the District revenue. The District plans to spend the DMV funds available on internal operations that are consistent with DMV fund use, including Clean Air Grants. Clean Air Grants are comprised of \$650,000 from the DMV fund and \$248,885 from the Mitigation fund. The District is also recommending \$50,000 for the TAP program. The District has provided approximately \$14.5 million back to the community in the form of Clean Air Grants since the year 2000. A little over half of the District's budget goes to salary and benefits. Services and supplies include contracted services to augment staff, as well as programs and projects. The remaining funds create the fund carryover for FY 2015-16.

Ms. Nunez pointed out that each item in the proposed FY 2014-15 District budget is tied to the District's mission, goals and objectives. Some of the services include forest biomass support; legal support; GDF inspections; database programming and software support; Air Permitting Specialists support; and additional costs in the form of liability insurance, Cap-to-Cap attendance, and settlement fund payback. Ms. Nunez noted that this budget contains \$50,000 towards settlement fund payback for the 2010 office building purchase.

Ms. Nunez stated that the District will incorporate direction from your Board into the final proposed budget for FY 2014-15; and finalize the fiscal position at the close of FY 2013-14 on June 30, 2014, using actual revenues and expenditures to obtain the fund carryover for the FY 2014-15 final District budget. The District will then bring the final proposed budget back to your Board for approval on August 14, 2014.

Director Barkle requested clarification of the FY 2014-15 budgeted amount for Clean Air Grants and TAP grants. Ms. Nunez responded that the amount is \$948,885. Chairperson Mike Holmes commented that there is usually opportunity, depending on revenue, to increase the funding allocated to the Clean Air Grant program.

Director Montgomery asked, on behalf of members of her constituency, if there is a possibility of implementing an electric lawn mower rebate program through the Clean Air Grant Program. Mr. Christofk stated that most of the funding for Clean Air Grants is through DMV mobile

funding, therefore the District has to use those grant monies for mobile sources. The District did run mower rebate programs for many years in concert with SMUD. There could possibly be an opportunity to do this again. He stated that the problem is the program is not as cost effective as heavy duty diesel equipment, for example.

Chairperson Mike Holmes noted that the District is putting money in reserve for vehicle replacement, even though a vehicle isn't needed at this particular time, noting that the District has been very conservative in putting money aside for contingencies. He also commented that this will be the first full year that the District has had a tenant in the building. Mr. Christofk added that the net operating cost for the building is only about 10% of the costs when the District was located at CDRA.

No public comment was made during the proposed preliminary budget public hearing.

Consent: Items 2 and 3

- 2. Fleet Air Quality Support Services Agreement.** *District Staff Recommendation: Adopt Resolution #14-12, thereby approving a contract between the Placer County Air Pollution Control District and the Placer County Department of Public Works in an amount not to exceed \$60,000 in FY 2014-2015, for the District to provide consultant services for the DPW's fleet air quality compliance; and authorizing the Air Pollution Control Officer to sign the contract and subsequent amendments.*

- 3. Advance Budget Authorization for Contracted Technical Support Services.** *District Staff Recommendation: Adopt Resolution #14-11, thereby authorizing the expenditure of up to a total of One-Hundred Thirty-Nine Thousand Dollars (\$139,000) for contracted technical support services from TSS Consultants and Air Permitting Specialists. This authorization request is in advance of the adoption of the Final FY 2014-2015 District Budget that is scheduled to be heard on August 14, 2014, in order to enable the services to continue uninterrupted after June 30, 2014, the end of the current fiscal year.*

Motion to approve Consent Items 2 and 3: Jim Holmes. Unanimously approved.

Action: Items 4 and 5

- 4. Multi-Year Professional Legal Services Agreement.** *District Staff Recommendation: Adopt Resolution #14-13, thereby authorizing the Air Pollution Control Officer to negotiate, sign, and amend as necessary, a multi-year professional legal services agreement with an independent contractor for advocacy and legal support services; and providing early funding approval, with an effective date of July 1, 2014, for the initial FY 2014-2015 contract year, in the not to exceed amount of Ninety-Five Thousand Dollars (\$95,000).*

Mr. Christofk stated that the District has historically received legal service support from Placer County Counsel through a contractual arrangement. In the last several years, it has become

evident to the District that the needs for certain advocacy support has increased, which is not a traditional role of County Counsel. The District's agreement with County Counsel does allow the District to seek outside support. The District is proposing in the FY 2014-15 District budget to exercise that option for a bulk of legal support needed, and to continue with County Counsel for traditional legal services support. The \$95,000 in this proposed budget for both these types of services is similar to the scope and amount the District has had in the past for County Counsel services.

Mr. Christofk introduced Val Flood, Placer County Deputy Counsel, who explained that it has become a challenge for the County Counsel's office to continue to meet all of the legal needs of the District. The County Counsel's office has had some resource challenges. In addition, the District's needs have gone in a direction that the County Counsel's office is not accustomed to, and the attorney supporting the District that has some aptitude in these areas is leaving the County Counsel's office.

Director Montgomery commented that this Board and District staff have stepped into a different role than in the past, focusing more on advocacy, and she believes it is a positive step to hire an independent legal representative, as proposed.

Chairperson Mike Holmes asked if it would be the District's decision to decide which firm will provide these legal services. Mr. Christofk responded that the Board's approval would provide the District the authority to negotiate and enter into a contract. The District will solicit an attorney with the appropriate credentials to meet the specific needs of the District, especially with regards to regulations and policies related to air pollution.

Motion to approve Item 4: Jennifer Montgomery. Unanimously approved.

- 5. Foresthill Biomass Utilization Feasibility Study Technology Assessment Program (TAP) Grant Request.** *District Staff Recommendation: Adopt Resolution #14-14, thereby providing a grant of Thirty Thousand Dollars (\$30,000) from the Placer County Air Pollution Control District, to the Placer County Resource Conservation District; and authorizing the Air Pollution Control Officer to negotiate, sign, and amend, as needed, an agreement between the Placer County Air Pollution Control District and the Placer County Resource Conservation District for the TAP grant to assess the feasibility of biomass utilization in Foresthill, California.*

Mr. Bruce Springsteen recommended on behalf of the District, that the Board approve the funding of \$30,000, through the District's Technology Assessment Program (TAP), for a proposal to evaluate and study the feasibility of a forest waste biomass energy facility on the Foresthill Divide. The TAP program was created in 2008 and is geared towards assisting the development and progress of technologies and activities that reduce and control air pollution in Placer County. Traditionally, they have focused on energy efficiency and utilizing waste for energy and other purposes. The funds for this proposed TAP would come from the interest on the District's funds in the County treasury. The TAP grant does not conflict with

the District's Clean Air Grant program, as the TAP is geared towards research and development, whereas Clean Air Grant programs are for proven technologies. The District has funded two TAP grants in the past; one for the City of Lincoln's wastewater treatment plant and the other for the Western Regional Landfill.

This proposal is from a group coordinated and managed by the Placer Resource Conservation District, with support from Placer County Building and Planning Departments, Placer County Water Agency, the Sierra Nevada Conservancy, the Foresthill Bioenergy Committee, TSS Consultants, Phoenix Energy, and forestry expert, Steve Eubanks. They are looking at the types of materials in the area, what size the plant would be, where it would be located, emissions reductions it would provide, the type of system that would be most appropriate for producing electricity from the biomass, and how to get the power to those who would use it. They are looking at creating a "wood campus", where the energy facility would be located, along with other operations in the same complex that use woody biomass for other potential applications. This facility would provide excellent benefits to air quality by reducing pile burning, managing healthy forests, bringing economic value to the Foresthill area, and protecting watershed areas. The project is expected to be completed by the end of 2014.

Chairperson Mike Holmes asked who would provide the in kind effort on this project. Mr. Springsteen responded that all of the partners would be contributing to add this extra value. The \$30,000 grant funds would mostly be used for the technical consultants.

Members of the public which spoke in support of this grant include Ms. Elisa Noble with Placer Resource Conservation District, and Mr. Neil Cochrane from the Foresthill Bioenergy Committee.

Motion to approve Item 5: Carol Garcia. Unanimously approved.

Air Pollution Control Officer Report:

A. New Health Risk Assessment Methodology: Mr. Christofk introduced Mr. John Finnell, who provided a briefing regarding a new methodology, being introduced by the California Office of Environmental Health and Hazard Assessment (OEHHA), to assess the risks of adverse exposure effects of toxic substances. This new methodology looks in more detail at the risks of exposure to children and sensitive populations. The new numbers will affect how the District assesses risk, and will require reevaluation of current sources and to change assessment on new permits or modifications to facilities, and for land use permits. The District has been working with California Air Resources Board (ARB) and OEHHA to determine how the District is going to respond to the initial implementation of these new guidelines. Currently, the proposed changes are open to a public comment period. The target date for adoption is in November of this year. There will likely be media publicity and citizen interest regarding this issue.

Director Montgomery asked how this would affect the District's workload. Mr. Christofk responded that the District is working with CAPCOA to make comment, with regards to how

this change affects air pollution districts' facilities and permitting programs. The District is currently evaluating the effects on its operations and the facilities in Placer County. Mr. Christofk will provide additional information on this topic at the August 14, 2014 meeting.

B. Fiscal Update:

Ms. A.J. Nunez presented the balance sheet for the close of month 11 (May 31, 2014). The District is running 34.17% under budget on expenditures and 11.54% above budgeted revenues.

Prior to adjourning the meeting, Director Nader asked Mr. Christofk to report what the District is working on related to bioenergy. Mr. Christofk provided a synopsis of items which are in this proposed FY 2014-15 budget presented today, including work on forest health, black carbon, biochar, and quantifying avoided wildfire emissions. These areas will hopefully eventually yield into credits that can be marketed to industry or entities that need to offset their emission impacts.

Adjournment:

Chairperson Mike Holmes adjourned the meeting at 3:52 p.m.

Shannon Harroun

Shannon Harroun, Clerk of the Board

Adopted on 8/14/2014. Shannon Harroun