



MINUTES

PCAPCD Board of Directors Meeting

Thursday, June 13, 2019, at 2:30 PM

Placer County Board of Supervisors' Chambers

175 Fulweiler Avenue, Auburn, California

The Board of Directors of the Placer County Air Pollution Control District met for a regular meeting at 2:30 PM, Thursday, June 13, 2019, at the Placer County Board of Supervisors' Chambers, 175 Fulweiler Avenue, Auburn, California.

The meeting was called to order by Chairperson, Daniel Berlant. Roll call was taken by the Clerk of the Board, with the following members in attendance: Trinity Burruss, Cindy Gustafson, Jeff Duncan, Scott Alvord, Daniel Berlant, Robert Weygandt, Alyssa Silhi, Greg Janda. Jim Holmes was present until 3:15 pm; Jim Holmes was not present for Board agenda items 3 through 10. A quorum was established.

Representing the District were: Erik White, Air Pollution Control Officer; A.J. Nunez, Senior Administrative Services Officer; Emmanuel Orozco, Air Quality Engineer; Ann Hobbs, Associate Planner; Russell Moore, I.T. Technician; and Shannon Harroun, Clerk of the Board.

Flag Salute: Led by Director Gustafson

Approval of Minutes: April 11, 2019 Regular Meeting

Motion: Holmes/Burruss

Action: Approved 4/11/18 Minutes

Ayes: Burruss/Duncan/Alvord/Berlant/Holmes/Weygandt/Silhi

Noes: None

Abstain: Gustafson/Janda

Public Comment: No public comment.

Closed Session: Items 1 and 2

- 1. Air Pollution Control Officer's Performance Evaluation.** Pursuant to Government Code §54957(b)(1), the Placer County Air Pollution Control District Board of Directors (District Board) held a closed session to complete the annual performance evaluation of the Air Pollution Control Officer (APCO), Erik White, for the period August 9, 2018 through the present.
- 2. Air Pollution Control Officer Employment Contract Review.** Pursuant to Government Code §54957(b)(1), the District Board held a closed session to hear an update from the APCO Contract Review short-term advisory committee, and to discuss potential revisions to APCO, Erik White's employment contract. Chair Berlant reported that the APCO Contract Review Advisory Committee would bring a contract for review at the next Board meeting.

Consent: Items 3 - 6

- 3. Advance Budget Authorization for General Liability Insurance and Contracted Technical Support Services from Environmental Permitting Specialists, CLERE Inc., and Aqua Terra Aeris Law Group.** *Adopted Resolution #19-13, thereby authorizing the expenditure of up to a total of \$195,000 for contracted technical support services and for the one-time payment of General Liability Insurance to the Special District Risk Management Authority (SDRMA). This authorization is in advance of the adoption of the Final Fiscal Year (FY) 2019-2020 District Budget that is scheduled to be heard on August 8, 2019, in order to enable the services to continue uninterrupted after June 30, 2019.*

- 4. Approval of Emission Inventory District Grant Agreement with California Air Resources Board (CARB) Accepting the Grant Funds for the FY 2019-20 Budget.** *Adopted Resolution #19-14, thereby 1) approving Emission Inventory District Grant Agreement No. G18-EIDG-22 with CARB, authorizing the APCO to accept \$9,583.00 to be received in the Operations Fund of the Fiscal Year 2019-20 Budget, for expenses related to reporting 2018 emissions data; and 2) authorizing the APCO to negotiate, sign, and amend, as needed, future agreements and contracts related to CARB Emission Inventory Grants, and to accept associated funds.*

- 5. Hearing Board Member Term Expiration and Reappointment.** *Reappointed current Hearing Board member, Mr. Gary Hall, as the Engineer Representative to the District's Hearing Board, extending his term of office an additional three years, from July 1, 2019, to July 1, 2022.*

- 6. SDRMA 2019 Board of Directors Election.** *Approved the selection of the following three candidates on the Official 2019 Election Ballot of the SDRMA Board of Directors: Bob Swan, Sandy Seifert-Raffelson, and Jesse D. Claypool.*

Motion: Weygandt/Alvord

Action: Approved Consent Items 3 through 6 / Unanimous Vote 8:0

Ayes: Burruss/Gustafson/Duncan/Alvord/Berlant/Weygandt/Silhi/Janda

Noes: None

Information: Item 7

- 7. Placer County Air Pollution Control District OPEB Update.** *No action taken; information item only. Mr. Daniel Vick, Budget Analyst with Placer County, provided an overview of the County's Other Post-Employment Benefit (OPEB) policies and how they relate to the District's budget.*

Mr. Erik White explained that this presentation is in response to a Board request for information about opportunities for the District to potentially pay down future OPEB liabilities in our annual budget. The District has had discussions with the County about those opportunities. As District staff are County employees, we are part of the County's plan to address OPEB costs.

Mr. Daniel Vick, with the County Executive Office, representing the County of Placer, provided an overview of the County's Other Post-Employment Benefit (OPEB) policies and how they relate to the District's budget. OPEB benefits are the health and dental benefits paid to employees upon retirement through the life of the employee, based on years of service. Mr. Vick explained Actuarially Determined Contributions, Annual Required Contribution analysis, funding status of County OPEB obligations, and County policies regarding OPEB. He explained that the County's funded ratio now is at 91%, which is among the best positions in the state of California. The remaining amortization period for the plan to be at 100% funding is 11 years. Mr. Vick described a method the District could employ to make additional contributions towards OPEB liabilities, by adopting an Internal Revenue Code Section 115 trust fund, which earns a higher rate of return on investment than leaving funds in a reserve account in our treasury pool, and reduces liquidity risk of paying directly to the OPEB fund.

Director Janda asked if there is a cap on the benefits provided. Mr. Vick responded that the County pays, depending on years of service, up to 100% of premium in perpetuity. Director Weygandt asked if there is a benefit to not being more aggressive on payment of OPEB liabilities and just holding steady. Mr. Vick responded that if you have excess resources and are looking for a place to reduce risk, it is beneficial to fund the trust fund to address future volatility related to these benefits. Director Weygandt asked if those funds are only available to payroll related costs? Mr. Vick responded that one of the benefits of the trust fund is you can draw from those funds, up to two times the annual contribution amount, and it doesn't have to be allocated to any specific use.

Director Alvord asked if the District has any control over paying down OPEB faster. Mr. White answered that we are part of the County's plan, but the District could use the trust fund as a mechanism to set additional monies aside as designated for OPEB benefits.

Public Hearing: Item 8

- 8. Proposed Preliminary Budget FY 2019-20 Public Hearing.** *Conducted a Public Hearing for the District's Proposed Preliminary FY 2019-20 Budget 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." The Final Proposed Budget will be presented to the District Board for adoption on August 8, 2019.*

Chair Berlant opened the public hearing for the District's Proposed Preliminary FY 2019-20 Budget. Ms. A.J. Nunez then presented the Preliminary Budget for FY 19-20, stating that the District continues to budget revenues conservatively, and budgets expenditures that are adequate to cover cost, with amounts included for contingencies. Historically, the District ends each fiscal year above revenue projections and below proposed expenditures. This creates the fund balance that provides seed money for the upcoming year.

Ms. Nunez described the District budget's Operations Fund, which has four sub-funds, the Department of Motor Vehicles (DMV) fund, mitigation fund, black carbon research fund, and the wildfire mitigation fund. The settlement fund and the litigation cost recovery fund that total \$1.8 million are not shown in the budget, and are classified as unassigned extraordinary funds

by the County Auditor-Controller. These funds can only be used at the discretion of the Board. The interest from these two funds is included in the District's budget.

Ms. Nunez compared the fund carry over from the approved FY 18-19 Budget of \$2.7 million, and the projected fund carry over for FY 19-20 of 3.6 Million. She stated that it is anticipated that the fund balance amount will change significantly once the fiscal year is closed, and we have actual rather than projected fund balance amounts, due to the County's new accounting system, Workday's requirements to close and re-encumber all encumbered projects in the new fiscal year, and some recent grant liquidation requests and grant encumbrances which will reduce the amount fund carry over currently shown in Workday. The Operations Fund carry over portion is currently projected to be \$1.8 Million which would provide approximately 20% of the FY 19-20 budget.

Ms. Nunez provided an informational slide on grant funding in FY 19-20. These grants plus unused prior grant funds of \$400,000 will provide \$2.9 million dollars in funding for eligible projects and provides the District with \$237,000 allowed for Administrative costs, which include staff time, advertising and outreach. Ms. Nunez also described FARMER fund, which is a pass-through account and is not included in the District budget. The FARMER Fund is a separate fund that your Board approved for the District to manage on behalf of the California Air Resources Board for 18 of the small to medium air districts. The FARMER Fund has received \$2.7 million in Funding, with \$1.8 million being to disbursed to various California Air Districts for grants. Our District will receive \$111,000 for administering these funds.

Ms. Nunez stated that the total projected revenue of \$5.5 million, combined with the projected fund carry-over of \$3.6 million, provides the \$9.1 million in projected funds available. Proposed expenditures total \$7.2 million, an increase of 7.6%, which is similar to the expenditures in the approved FY 18-19 Budget.

Ms. Nunez concluded with describing the next steps in the budget process, which include incorporating direction from the Board into the Final Proposed FY 19-20 budget; finalizing the District's fiscal position at the close of FY 18-19 on June 30, 2019; then using actual revenues and expenditures to obtain the fund carry over for the FY 19-20 Final Proposed Budget; and bringing the Final Proposed FY 19-20 Budget to the Board on August 8, 2019 for a public hearing and to request Board approval.

There were no questions or comments from the Board or the public, and Director Berlant closed the public hearing.

Action: Item 9

- 9. Inter-District Transfer of Emission Reduction Credits.** *Adopted Resolution #19-15, thereby 1) authorizing the inter-district transfer of 20 tons of Volatile Organic Compound (VOC) emission reduction credits (ERCs) from the Placer County Air Pollution Control District to the Sacramento Metropolitan Air Quality Management District to offset increased emissions that will result from the proposed expansion of Siemens Mobility, Inc.'s rolling stock manufacturing facility in Sacramento, California; and 2) requiring the seller of the ERCs, the*

Sacramento Metropolitan Utility District (SMUD), to make available for purchase an additional 20% of the transaction amount (4 tons of VOCs) for a period of 6 months to any Placer County business or company which requires emission offsets.

Mr. Emmanuel Orozco provided a summary of what ERCs are and how they are used. ERCs are created through the permanent, quantifiable, and real reduction of air pollutants. ERCs are used to compensate for the increase of emissions from a new facility, or from a modification to an existing facility, beyond a specific threshold, known as the offset threshold. ERCs are a marketable commodity where the price is directly determined by the buyers and sellers of the credits.

Mr. Orozco explained that for this proposed ERC transfer request, Siemens Mobility, are proposing to increase production at their railcar manufacturing facility in Sacramento County, which will increase their levels of VOC emissions. The increased emissions from the proposed expansion requires Siemens to provide 10 tons of VOC offsets as part of SMAQMD's New Source Review Program. Due to the distance from where the ERCs were created in Placer County and where the offsets are required in Sacramento County, an offset ratio of 2:1 is required. Thus, Siemens will need to surrender 20 tons of VOC emission reduction credits in order to offset the required 10 tons of VOC emissions at their facility. SMUD is the proposed seller of these VOC credits, which are held in Placer County's ERC bank. SMUD purchased the credits from a Placer County business in 2006. Prior to being able to use the Placer County ERCs in Sacramento, the credits have to be transferred from Placer County's bank to SMAQMD's bank.

Mr. Orozco noted that there are a limited number of ERCs available within Placer County and the surrounding region. A limited ERC market has the potential of affecting future economic and industrial development if expanding local facilities are not able to acquire ERCs for the purpose of providing emission offsets. While inter-district transfers are always an option, there is no guarantee that ERC owners will be willing to sell their credits for an affordable price, at the time that a facility may need them.

Mr. Orozco explained that the District, in an effort to ensure that Placer County businesses will not be negatively affected by the proposed inter-district transfer, is proposing that SMUD set aside an additional 20 percent of the amount of ERCs transferred, or 4 tons, and make them available for a period of 6 months to Placer County businesses that require emission offsets. During the six month hold period, the ERCs will have a fixed price of \$25,000 per ton, which is consistent with the current negotiated price between SMUD and Siemens. The mechanism through which these ERCs will be made available, and possibly prioritized amongst businesses, will be developed in a future Inter-District ERC Transfer Policy brought to your Board at the August 8, 2019 meeting. This policy will ensure an equal notification procedure for ERC seekers, as well as a ranking system based on factors such as need for the ERCs and potential positive impacts the projects will have on our region.

Motion: Weygandt/Duncan

Action: Approved Item 9 / Unanimous Vote 8:0

Ayes: Burruss/Gustafson/Duncan/Alvord/Berlant/Weygandt/Silhi/Janda

Noes: None

Information: Item 10

10. Overview of the Regional Spare the Air Program. *No action taken; this is an information item. The District provided an overview of the Regional Spare The Air Program for the 2019 ozone season.*

Ms. Ann Hobbs presented an overview of the regional Spare The Air Program, which is managed by the Sacramento Metropolitan Air Quality Management District for the air districts in the Sacramento federal ozone nonattainment area. The District provides a match to the funding for the program. The program is aimed at reducing summertime air pollution, providing information to the public about air quality forecasts and ozone pollution's health effects, and reducing driving on days when unhealthy air is predicted. Daily Spare The Air alerts are sent to 20,000 subscribers via e-mail, and through the website. Alerts are also made as necessary through the mobile device application, electronic roadway boards, and television and radio commercials, based on the budget and media availability. The website, at www.sparetheair.com, provides resources for daily forecasts, current conditions, ozone maps, historical data, and wildfire smoke support. The program also provides outreach in the form of printed materials that are distributed by Spare The Air partners and at events at which Scooter, the Spare the Air mascot is participating.

Ms. Hobbs shared that the program's effectiveness is evaluated annually using scientific polling. During the summer smog season in 2018, there were 20 Spare The Air days. The number of driving trips avoided by summer time seasonal reducers translated into a reduction of 1.16 tons per day of ozone precursors for the 2018 ozone season.

Air Pollution Control Officer Report

A. Cap to Cap Update

Mr. White provided an update on the May Capital-to-Capital program in Washington, D.C. Board members Trinity Burruss and Alyssa Silhi both participated on Air Quality teams, in addition to former Board member, Mike Holmes. Mr. White emphasized that there was a tremendous amount of increased bi-partisan interest around taking action on wildfire related issues. In addition, there were continuing conversations regarding bioenergy and renewable fuels, and potential opportunities to monetize projects and drive credits under the federal renewable fuel standard.

B. NACAA and CAPCOA Conferences Update

Mr. White shared highlights of the recent CAPCOA membership conference, including Jennifer Montgomery in her new role with the State speaking about what the state is doing with forest management, and many discussions regarding wildfires, including particularly what to do with all the burned materials in the cleanup effort. CAPCOA is initiating efforts on developing a plan with regards to continuation of operations concerns in wildfire events. Mr. White also noted that Ann Hobbs will be attending training in June to be certified as an Air Resource Advisor (ARA) to deploy at fires, to provide crucial communications out of fire operations centers. Ann will be the first ARA from a California air district. The NACAA conference included focus on mobile source emissions, innovative monitoring systems, and

the upcoming EPA review of ambient air quality standards in 2020.

C. Grants Update

Mr. White shared that the District received 23 applications during the Moyer Solicitation time frame. Project applications range from agricultural equipment and school bus replacements to electric vehicle charging infrastructure. An estimated \$4.4 million dollars was requested in grant funds from public and private agencies, with approximately \$1 million available. Final awards are yet to be determined. It is anticipated that all available Carl Moyer and NOx remediation funds available for this year's program will be fully allocated.

In addition, \$1.1 million will be available for the Community Air Protection Program funds (CAPP), which has the intent of funding communities which are disproportionately impacted by emissions, or are low income. The District has focused on areas around the Roseville Railyard. The District is holding a workshop on June 27th at Roseville City Hall to hear from the community about types of projects they would like to see.

D. Electric Vehicle Incentive Update

Staff are working with SMUD, Pioneer Energy and Roseville Electric on a program to incentivize Electric Vehicle (EV) sales at the dealership level. The program provides \$300 per vehicle to dealerships and salespeople. The program estimates it will incentivize 300 sales over the next two years. The potential cost-share to the District is approximately \$50,000

E. Fiscal update – financial report provided at meeting

Ms. A.J. Nunez provided a financial update. As of April 30, 2019, the District had received 108% of projected revenue, and expended 40% of expected expenditures.

Meeting Adjournment at 4:48 p.m.

Minutes prepared by:



Shannon Harroun, Clerk of the Board

Minutes approved by Board of Directors:

Attest: 
Clerk of the Board

8/8/2019
Date