



MINUTES

PCAPCD Board of Directors Meeting

Thursday, August 8, 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, August 8, 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: Cindy Gustafson, Jeff Duncan, Scott Alvord, Daniel Berlant, Greg Janda, Robert Weygandt, Alyssa Silhi, and Jim Holmes. A quorum was established.

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

Flag Salute: Led by Chair Berlant

Clerk's Statement of Meeting Procedures

Approval of Minutes: June 13, 2019 Regular Meeting

Motion: Silhi/Alvord

Action: Approved 6/13/19 Minutes / Unanimous Vote 8:0

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

Public Comment: Michael Garabedian requested information from District staff regarding District activities related to Roseville Railyard. Chair Berlant responded that District staff will contact him at a later time to discuss the topic.

Introduction of New Deputy Air Pollution Control Officer -- Adam Baughman

Consent: Item 1

- 1. Community Based Supplemental Environmental Project Funds.** *Authorized the Air Pollution Control Officer (APCO) to 1) accept and utilize \$108,317 for the Community Based Supplemental Environmental Project (CBSEP) Program; and 2) negotiate, sign, and amend as needed, grant agreements and contracts related to the CBSEP Program.*

Motion: Holmes/Gustafson

Action: Approved Consent Item 1 / Unanimous Vote 8:0

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

Public Hearing / Action: Item 2

- 2. Proposed Final FY 2019-20 Budget.** *Conducted a Public Hearing for the purpose of reviewing the District's Fiscal Year 2019-20 Proposed Final Budget; and Adopted Resolution #19-16, thereby approving the District's budget for Fiscal Year 2019-20.*

Chair Berlant opened the public hearing for the FY 19-20 Proposed Final Budget. No public comments were received.

Ms. A.J. Nunez presented the FY 19-20 Proposed Final Budget in accordance with Health and Safety Code 40131(3)(A). She stated that the District continues to budget revenues conservatively and expenditures that are adequate to cover costs with a small amount for contingencies.

Ms. Nunez explained that the District budget is organized into five funds: the Operations Fund, DMV Fund, Mitigation Fund, Black Carbon Research Fund and Wildfire Mitigation Fund. The Settlement Fund and the Litigation Cost Recovery Fund that total about \$1.7 million dollars are not shown in this budget, and 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 reported that the Proposed Final Budget for FY 19-20 is \$9.1 million, consisting of FY 19-20 total projected revenue of \$5.5 million, combined with the FY 18-19 fund carry-over of approximately \$3.6 million. Ms. Nunez noted that there is a significant increase to the fund balance, and that the increase in the fund carry-over is in keeping with the District's 5 year plan to have sufficient funds to cover increased costs related to CalPERS, staff and retirement costs, as well as general increases. Proposed expenditures total \$7.2 million.

Ms. Nunez noted that since the County has not fully closed FY 18-19 in the WorkDay system, the fund carry-over balance will need adjustments, which the District will bring to the Board for approval at the October 11, 2019 meeting.

Ms. Nunez provided information on the grant funding for FY 19-20, which will provide \$2.9 million in funding for eligible projects and provide the District with \$337,000 in administrative funds.

Ms. Nunez stated that the District is required by the Health and Safety Code Section 40131 to hold a public hearing for the purpose of reviewing the budget and providing the public with the opportunity to comment on the proposed District budget, and that the District recommends the approval of Resolution #19-16, thereby adopting the District Final Budget for FY 19-20.

Motion: Weygandt/Silhi

Action: Approved Item 2 / Unanimous Vote 8:0

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

Information: Item 3

- 3. Hearing Board Overview.** *No action requested. This was an information item to provide the District Board of Directors an overview of the District Hearing Board, and to introduce several of the Hearing Board members.*

Mr. Emmanuel Orozco presented an overview of the District Hearing Board's responsibilities and introduced Hearing Board members in attendance. Mr. Orozco explained that generally, the Board, serves as the legislative function of the District; the APCO and District staff perform the executive function of the District; and the District's Hearing Board performs the judicial function of the District. He described the most common petition that is heard by the District Hearing Board, a petition for a variance, which is usually filed by a public or private entity seeking temporary relief from the requirements of District rules. The District Hearing Board is also responsible for issuing

orders of abatement to non-complying sources of air pollution, which is the strongest administrative sanction available to the District and is used sparingly only after less onerous enforcement practices fail to correct an air pollution problem. The final matters which the Hearing Board may preside over are permit disputes. Any decision that is issued by the Hearing Board in a Variance, Abatement Order, or Permit Dispute must be made in writing and distributed to all parties, and there are allowances for review and reconsideration of the decision. Mr. Orozco emphasized that the District Hearing Board does not make rules, but rather is bound to apply the standards set forth in existing rules to the specific cases brought before them.

Mr. Orozco provided a list of the District's current Hearing Board members, which include Mr. Donald Gronstal, Chairman, a "Public at Large" member; Ms. Diane Przepiorski, a "Public at Large" member; Mr. Gary Hall, our engineering representative member; Mr. D. Steven Parks, our law profession representative; and Dr. Gabriele Windgasse, a "Public at Large" member. Three District Hearing Board members were present and introduced themselves to the Board: Mr. Don Gronstal, Ms. Diane Przepiorski, and Mr. Gary Hall.

Director Alvord asked about the variance appeal process, and Mr. Orozco explained the process, which does not include any action by the District's Board of Directors.

Action: Items 4-7

4. Public Agency Retirement Services Trust Fund. *Adopted Resolution #19-17 to 1) authorize the District to participate in Public Agency Post-Employment Benefits Trust administered by Public Agency Retirement Services (PARS); 2) appoint the APCO as the District's Plan Administrator for the Trust; and 3) authorize the APCO to execute a service agreement to establish an Internal Revenue Code (IRC) Section 115 Irrevocable Trust to Pre-fund pension obligations and implement the program.*

Motion: Holmes/Duncan

Action: Approved Item 4 / Unanimous Vote 8:0

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

Mr. Ryan Nicasio, Vice President, Consulting, at Public Agency Retirement Services, presented an overview of PARS services and the proposed IRC Section 115 trust. Mr. Nicasio indicated the parties involved in setting up a trust, including U.S. Bank as the Trustee, High Mark Capital Management as the Investment Manager, and PARS, as the Trust Administrator and consultant. He explained that a Section 115 Trust can be used by local governments to fund essential and governmental functions, such as retiree healthcare and pension, that any income derived from a Section 115 trust is tax exempt, and that they are designed to prefund retirement plan obligations. Once contributions are placed into the trust, trust assets can only be used for retirement plan purposes. Mr. Nicasio highlighted benefits of using a Section 115 trust, investment approaches, past return percentages based on strategy, and associated program fees.

Director Alvord asked the amount that will be put into the trust. Mr. Erik White responded that staff will evaluate the District's budget position at year end close, assess the carry-over funds, and make an initial contribution recommendation to the Board at the October 11, 2019 Board meeting. Mr. White suggests that the District then look forward and lay out a 3-5 year investment plan that will be folded into the District's annual budget, to ensure minimum annual contributions. If there is excess revenue, the contribution amount could be increased at the Board's discretion. Director Alvord asked

who would choose the District's risk tolerance in the trust. Ms. Nunez responded that Erik White, as Plan Administrator, would identify the risk tolerance level, which will likely be at a moderate level, in the 5-9% return range. She also noted that these funds will also directly lower the District's pension liability amount on its balance sheet, since they can only be used for pension purposes. Director Alvord asked if the District would be able to withdraw from the trust if needed. Ms. Nunez answered that the allowable withdrawal is up to double the charges for the specific year. Mr. White noted that since the District already has rainy day funds set aside, it is not expected that the District would have to withdraw from the trust.

- 5. Inter-District Transfers of Emission Reduction Credits Policy.** *Approved the Inter-District Transfers of Emission Reduction Credits Policy, thereby authorizing District staff to use the criteria set forth in the policy when establishing conditions of approval for requests for inter-district transfers of Emission Reduction Credits (ERCs), and when approving and evaluating applications for ERCs retained through such transfers.*

Motion: Alvord/Janda

Action: Approved Item 5 / Unanimous Vote 8:0

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

Mr. Emmanuel Orozco provided an overview of what Emission Reduction Credits (ERCs) are and how they are used. ERCs are created through the permanent, quantifiable, and real reduction of air pollutants. They most frequently originate from the shutdown of permitted facilities and from the reduction of emissions through control systems that reduce pollutants beyond what is required by federal, state, and local regulations. The credits are issued via an ERC Certificate which is a document, issued by the overseeing air district, certifying title to a defined quantity and type of ERCs. The creation and transfers of ERCs are logged by the District via an ERC bank. ERCs are a marketable commodity where the price is determined by the buyers and sellers of the credits.

Mr. Orozco described the District's proposed Inter-District Transfers of Emission Reduction Credits policy which provides recommended criteria for the approval of transfers where ERCs are leaving the Placer County bank. The proposed policy provides guidance for inter-district transfers, as well as an application and prioritization mechanism for making retained ERCs available to eligible Placer County businesses. Additionally, the policy establishes eligibility requirements, a notification and application process, and an applicant ranking system for businesses looking to purchase the ERCs which have been retained as part of a conditionally approved inter-district transfer.

- 6. Electric Vehicle Dealer Incentive Program.** *Adopted Resolution #19-18, thereby 1) authorizing the District to join an in-progress electric vehicle (EV) dealership incentive program in the Sacramento area administered by Plug In America in an amount up to \$114,000; and 2) authorizing the Air Pollution Control Officer to negotiate, sign, and amend, as needed, associated agreements and contracts.*

Motion: Gustafson/Alvord

Action: Approved Consent Item 1 / Unanimous Vote 8:0

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

Mr. Erik White presented the Plug-In-America electric vehicle (EV) purchase incentive program, as well as the proposed plan for the District's involvement. Beginning in 2018, Plug In America partnered with Sacramento Municipal Utility District (SMUD) to help incentivize the purchase of EV's within the Sacramento Region, including Placer County, through their PlugStar program. The

PlugStar program provides car shoppers with a platform where they can be connected with trained dealers and support services to meet the needs of EV car buyers. For every EV sold, a \$300 incentive goes to the dealership (\$200 to the salesperson and \$100 to the dealership). In 2018, 258 dealer incentives were issued regionally. Of those, 72 were from purchases by Placer County residents.

Mr. White explained that the District is proposing to potentially partner with Roseville Electric and Pioneer Energy to maintain the current program for Placer County residents. Pioneer Energy and Roseville Electric are also exploring potential options to participate. If Pioneer Energy is not able to participate, then the PCAPCD will enter directly into an agreement with Plug In America and provide program oversight. As a key funding partner, if Roseville Electric does not receive approval to participate, then the District proposes not to participate. The total request of District funds is an amount up to \$114,000, which will cover the cost to implement the program for up to two years.

Mr. White stated that funding for the program would come from existing Air Quality Mitigation Funds, to help incentivize and promote zero emission technologies, as well as contribute to GHG and criteria pollutant emission reductions, in accordance with the Board approved Land Use Air Quality Mitigation Funds Policy.

- 7. Contract Amendment, Compensation and Benefit – Director of Air Pollution Control.**
Approved a contract amendment regarding compensation of the Director of the Air Pollution Control District (APCO), in accordance with terms recommended in associated Board memo.

Motion: Holmes/Janda

Action: Approved Item 7 / Unanimous Vote 8:0

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

Mr. Erik White requested the Board consider approval of a contract amendment regarding compensation of the Director of Air Pollution Control District (APCO); to approve changes to the contract, based on the ad-hoc APCO Contract Review committee's salary survey; the District Board's June 13, 2019 APCO performance evaluation; and the APCO's accomplishments since 2015. Mr. White documented that the proposed salary adjustment will better reflect similar salaries for comparable positions in other air districts.

Air Pollution Control Officer Report

A. APCO general updates

No general updates.

B. Incentive program status update

Mr. White provided an update on the District's incentive programs. The District received 24 project applications in response to this year's Moyer project solicitations, and 16 projects have been tentatively approved. A community workshop was held to seek input on potential projects under the Moyer Community Air Protection incentive funds program. The District is currently finalizing contracts for the last year's Moyer project solicitations. Mr. White noted that we have total incentive project funding of \$2.4 million dollars for this fiscal year, and all available funds available for this year's program will be fully allocated.

C. Fiscal update

No fiscal update provided since District is awaiting the County's closure of FY 18-19.

Meeting Adjournment at 4:24 p.m.

Minutes prepared by:

Shannon Harroun

Shannon Harroun, Clerk of the Board

Minutes approved by Board of Directors:

Attest: *Shannon Harroun*
Clerk of the Board

December 12, 2019
Date