

VENTURA COUNTY AIR POLLUTION CONTROL DISTRICT
ADVISORY COMMITTEE MEETING
February 28, 2017
MINUTES

Chair Sara Head convened the meeting at approximately 7:30 p.m.

I. Director's Report

Mike Villegas, Air Pollution Control Officer, reported that ozone modeling in Ventura County to meet the 2008 75 ppb ozone standard was performed by the South Coast AQMD and showed attainment by 2020, or possibly one year earlier. Mr. Villegas expressed confidence in this projection based on four control measures, the Carl Moyer incentive program, and the Vessel Speed Reduction program. The four control measures include the recently adopted Rule 74.34, NOx Emissions from Miscellaneous Sources, proposed amendments to Rule 74.2, Architectural Coating based on the current South Coast AQMD Rule 1113, and new rules for composting and fan-type central furnaces. The District has urged the Air Resources Board (ARB) to adopt a Suggested Control Measure or statewide model rule for composting because of the difficulty in dealing with the competing interests of the state recycling regulations and air quality issues.

Mr. Villegas also summarized the status of the Volkswagen settlement funds. California will receive more than our share based on VW diesel vehicles in the state because California has more nonattainment areas and because ARB was directly involved in the enforcement matter. Approximately \$381 million will be available in a NOx mitigation fund mostly for controlling emissions from heavy duty diesels, especially those located in disadvantaged communities. NOx reduction projects in South Oxnard and Port Hueneme may be good candidates for this funding. These funds were placed in a NOx reduction fund because the VW diesels emitted over forty times the established NOx limits. Another settlement fund, which will be administered by VW based on a settlement plan subject to state approval, will focus on zero emission vehicles (ZEV). Ventura County APCD, along with Santa Barbara County APCD and San Luis Obispo County APCD, has applied to VW for grants from the ZEV settlement fund. Out of \$6.1million grants for the Central Coast, Ventura County applied for \$2.6 million for EV infrastructure (charging stations). There is also a \$520,000 funding request for the Central Coast for EV outreach and education.

Mr. Villegas also mentioned the possibility of the Advisory Committee having a meeting without a rule proposal on the agenda. This could be a study session for a detailed analysis of such topics as the 2016 Air Quality Management Plan or District long term budget projections. Mr. Villegas will email the Committee to provide options for future meeting topics.

II. Call to Order

Chair Sara Head called the meeting to order at approximately 7:55 p.m.

III. Roll Call

Present

Joan Burns
Robert Cole
Raymond Garcia
Sara Head
Martin Hernandez
Randy Johnson
Kim Lim

Thomas Lucas
Hugh McTernan
Paul Meehan
Keith Moore
Alice Sterling
Steven Wolfson

Absent

Richard Nick

Staff

Mike Villegas
Chuck Thomas
Stan Cowen

Public

Michael Hughes
Tony Ramirez
Alfonso Paniagua
Jose Arturo Lopez

Representing

Himself
La Goya Family
Laguna Farms
Laguna Farms

IV. Minutes

Ms. Head requested comments or changes to the minutes. Ms. Head stated there was a minor typo on page 5, bottom of the second paragraph. Mr. Garcia moved to approve the minutes as corrected, and Mr. Meehan seconded the motion.

V. Committee Comment

There were no Committee comments.

VI. Chair Report

There was no chair report.

VII. Public Comment

Mr. Alfonso Paniagua (Laguna Farms) was concerned about new state regulations for his booster pump agricultural engines. Although this issue was not on the agenda, Mr. Villegas indicated the District would provide him with guidance on the state requirements.

VIII. Election of Officers

Ms. Head stated the first meeting each year has a standing agenda item to elect the committee chair and vice-chair for that year. She requested nominations. Sara Head was nominated to serve as chair for another year. Ms. Head called for a vote and she was elected unanimously. Ms. Head stated she appreciated the vote of confidence from the Committee.

Ms. Head requested nominations for vice-chair. Mr. Meehan stated he is the current vice chair and would be willing to do it again. Ms. Head called for a vote and Mr. Meehan was elected unanimously.

IX. Old Business

The Old Business was the status of VW Settlement Funds, which was discussed by Mr. Villegas in his Director's Report.

X. New Business

Mr. Villegas provided comprehensive information on the proposed amendments to Rule 42, Permit Fees, which is a proposed 2.5 percent increase in annual permit renewal fees. Currently, 47.7 percent of the District revenue comes from permit fees, which is close to the air district average of 50 percent. The other main contributors to district revenue are DMV fees (37.4 percent) and the EPA grant (14.1 percent). Other sources of revenue include fines, state subvention, and source test observation fees. The proposed 2.5 percent increase is slightly greater than the current consumer price index (CPI) of 2.1 percent. The proposed increase is slightly more than CPI because of the mismatch between District expenses of salaries and benefits (76 percent), and the permit fees, which account for only 48 percent of the revenue. This proposal will mean a \$14 annual increase for most of the District's permit holders who pay the minimum annual permit renewal fee amount.

The current fund balance is approximately \$8.7 million, but the District will spend \$3.5 million during the next year or two to refurbish the office building purchased by the District last year. Refurbishments include earthquake retrofits, new elevator, lighting, and office/lab retrofits. Although the resulting fund balance of \$5.2 million will still be higher than the Board policy of 4 to 6 months operating expense (\$2.7 to \$4 million), the extra cushion is needed to provide the District with the ability to more easily adapt to budget emergencies. Mr. Villegas received an email from the National Association of Clean Air Agencies (NACAA) that the current administration (Office of Management and Budget) is proposing to cut EPA's budget by about 30 percent, including a 30 percent hit to our EPA grant, or about \$300,000. Although Congress or

the EPA administrator, Scott Pruitt, may resist this large a cut, it is an example of possible future budget issues.

Having the District own its building should save the District about \$300,000 per year in annual expense since there will be no rent expenses, which are currently at \$500,000 per year. The total cost (purchase plus renovation) of \$9 million is comparable to other similar size buildings in the county, such as the \$10 million paid by the Ventura County Community Foundation for their new Camarillo facility. The District has a current tenant in the building (a kidney dialysis center) with a lease until 2023, which will cover the current operating expenses including maintenance, landscaping, utilities, and janitorial services.

Mr. Villegas stated that he strives to manage the District in a very fiscally conservative manner. Cost cutting measures include reducing the personnel count from 64 down in 2002 when he started as APCO to 49. Based on the current uncertainty with regards to the federal budget, our program could be severely impacted. Current cost-cutting measures include not replacing two recent retirees, an Air Quality Specialist in the transportation program and a Supervising Air Quality Engineer, who managed our Carl Moyer Grant Program. Another possibility is delaying the hiring of a new Public Information Specialist and downgrading that position since it will no longer have any supervisory responsibilities. Another strategy is to propose small fee increases on a more regular basis rather than large increases in a short period of time. This happened to the previous APCO who, because fees had not been raised for over a decade, had to raise fees twice by the maximum amount allowed by state law (15 percent each time) followed by a 10 percent fee increase..

One question from Mr. Lucas was if the District uses any outside services to reduce costs. Mr. Villegas indicated that the District has contracted with Atmospheric Analysis and Consulting (AAC) Laboratories to do our PAMS sampling and analysis to provide information for ozone modelling efforts. The District has saved other costs in the area of air quality monitoring by replacing the PM filter-based monitors with continuous beta attenuation monitors. Another savings was moving a chemist (who was no longer needed) from the lab to the Compliance Division as an air quality inspector because changes to our monitoring program. Also, the monitoring staff do an excellent job of keeping the instrumentation running.

Mr. Moore asked about the District's budget planning process. He recommended a three year planning process using a spreadsheet to account for anticipated changes to permit revenue. An example of the two electrical generating stations, which pay about \$150,000 in annual permit fees each. There is a proposal to possibly shut down one or both of these units, which will impact future district revenue. Mr. Villegas indicated that the District does a five year budget plan for the Board, and potential lost revenue is anticipated as much as possible. He suggested that the Committee may be interested in a study session on the budget planning process.

A motion was made by Mr. Johnson, and seconded by Mr Hernandez to recommend the staff's proposal to amend Rule 42, Permit Fees (2.5 percent increase in annual permit renewal fees).

The question was called, and the Committee approved the motion by a vote of eleven to two, with dissenting votes from Mr. Lucas and Mr. Wolfson.

XI. Adjournment

Having no further business, the chair adjourned the meeting at approximately 9:00 p.m.

Prepared by:

Stan Cowen

Air Pollution Control District Staff