

Mojave Desert Air Quality Management District Governing Board Meeting

Agenda

LOCATION

**MOJAVE DESERT AQMD BOARD CHAMBERS
14306 PARK AVENUE VICTORVILLE, CA 92392
MONDAY, MARCH 27, 2017
10:00 AM**

TELECONFERENCE LOCATION(S)

San Bernardino County Government Center
385 N. Arrowhead Ave., Fifth Floor
San Bernardino, CA 92415

Blythe City Hall, Conference Room A
235 N. Broadway
Blythe, CA 92225

Riverside County Administrative Center
4080 Lemon Street, 5th Floor
Riverside, CA 95202

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE LISTED PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE GOVERNING BOARD AT, OR PRIOR TO, THE PUBLIC HEARING.

DUE TO TIME CONSTRAINTS AND THE NUMBER OF PERSONS WISHING TO GIVE ORAL TESTIMONY, PUBLIC COMMENTS ARE LIMITED TO THREE MINUTES PER SPEAKER. YOU MAY WISH TO MAKE YOUR COMMENTS IN WRITING TO ASSURE THAT YOU ARE ABLE TO EXPRESS YOURSELF ADEQUATELY.

Except where noted, all scheduled items will be heard in the Chamber of the Governing Board, Mojave Desert AQMD Offices, 14306 Park Avenue, Victorville, CA and the teleconference location(s). Please note that the Board may address items in the agenda in a different order than the order in which the item has been posted.

CALL TO ORDER 10:00 A.M.

Pledge of Allegiance.

Roll Call.

Special Announcements/Presentations:

A. Employee Recognition:

- Aleksey Astakhov will retire March 31, 2017 after 18 years of service.
- Barbara Hayes 10 years of service.

Items with potential Conflict of Interests - for information only. A. Item# 6. Public Agency Retirement System (PARS), Union Bank, HighMark Capital Management, respectively their Directors and Officers; Governing Board members and officers of the MDAQMD. B. Item #7. Potential Conflict: District Board Members and Officers; Fedak & Brown, LLP, its principals and agents. C. Item # 9. Potential conflict: District Board Members and Officers; City of Hesperia, Victor Valley Transit Authority, Mojave Water Agency and their principals and agents.

PUBLIC COMMENT

CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Name of Case: Michele Baird vs MDAQMD et. al CIVDS 1612446 San Bernardino County Superior Court (Government Code Section 54956.9)
2. CONFERENCE WITH LABOR NEGOTIATORS (Government Code Section 54957.6). Agency Designated Representatives: Brad Poiriez and Roger Crawford, BBK. Employee Organization: Teamsters Local 1932.

OPEN SESSION

Disclosure of any Reportable action taken in Closed Session; and the Vote and Abstention of every Member Present in the Closed Session

CONSENT CALENDAR

3. [Approve Minutes from Regular Governing Board Meeting of February 27, 2017.](#)
4. [Amend Governing Board Policy 94-1, Authority of the Air Pollution Control Officer \(APCO\). Presenter: Jean Bracy](#)

5. Amend Governing Board Policy 95-1, "Processing and Providing Information Requested by Members of the Governing Board." Presenter: Jean Bracy
6. Approve the staff recommended Investment Selection for the Pension Rate Stabilization Program (PRSP); Adopt the Investment Guidelines Document; and authorize the Executive Director/APCO, or designee, to execute required documents, subject to review by Counsel. Presenter: Jean Bracy
7. Approve staff recommendation to award the engagement of audit services to Fedak & Brown, LLP, Riverside, for a period up to three fiscal years not to exceed \$85,000; authorize the Executive Director, or designee, to execute engagement agreements. Presenter: Jean Bracy
8. 1. Ratify the "FY 16-17 Application for Carl Moyer Program Funds" and its submission to CARB, 2. Approve the required match funding for the Carl Moyer Memorial Air Quality Standards Attainment Program (the Carl Moyer Program), and 3. Authorize the Executive Director to execute the agreement, approved as to legal form, with CARB which binds the parties to the terms and conditions set forth in the application and the 2011 Carl Moyer Program Guidelines. Presenter: Jean Bracy
9. 1. Approve the selection of proposals recommended by the Mobile Source Emissions Reduction Committee (Committee) which represent projects that will reduce emissions from mobile sources within the MDAQMD; and 2. Award funds as recommended; and 3. Authorize the Executive Director to negotiate time frames and technical project details and execute an agreement, approved as to legal form, with each proponent. Presenter: Jean Bracy
10. Authorize surplus of District-owned capital equipment and disposal as indicated; receive and file the Executive Director's report of surplus and disposal for non-capital items. Presenter: Jean Bracy
11. Receive and File: The Legislative Report for March 8, 2017. Presenter: Brad Poiriez
12. Receive and file the Financial Report for FY 17, the period January 2017 which provides financial information and budget performance concerning the fiscal status of the District. Presenter: Jean Bracy

ITEMS FOR DISCUSSION

13. DEFERRED ITEMS.
14. PUBLIC COMMENT.
15. Conduct a public hearing to consider the amendment of Rule 1104 – Organic Solvent Degreasing Operations: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings.

[certifying the Notice of Exemption, amending Rule 1104 and directing staff actions. Presenter: Alan De Salvo](#)

16. [Reports: Executive Director](#)
17. Board Members Comments and Suggestions for future agenda items.

In compliance with the Americans with Disabilities act, if special assistance is needed to participate in the Board Meeting, please contact Deanna Hernandez during regular business hours at 760.245.1661 x6244. Notification received 48 hours prior to the meeting will enable the District to make reasonable accommodations.

I hereby certify, under penalty of perjury, that this agenda has been posted 72 hours prior to the stated meeting in a place accessible to the public. Copies of this agenda and any or all additional materials relating thereto are available at the District Office at 14306 Park Avenue, Victorville, Ca 92392 or by contacting Deanna Hernandez at 760.245.1661 x6244 or by email at dhernandez@mdaqmd.ca.gov .

Mailed & Posted on: Monday, March 20, 2017.

Approved:

Deanna Hernandez

The following page(s) contain the backup material for Agenda Item: [Approve Minutes from Regular Governing Board Meeting of February 27, 2017.](#)

**MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
REGULAR GOVERNING BOARD MEETING
MONDAY, FEBRUARY 27, 2017 - 10:00 A.M.
BOARD CHAMBERS, MDAQMD OFFICES
VICTORVILLE, CA**

MINUTES

Board Members Present:

Jim Cox, Chair, City of Victorville
Carmen Hernandez, City of Barstow
Joseph “Joey” DeConinck, City of Blythe
Robert Leone, Town of Yucca Valley
Paul Russ, City of Hesperia
Barb Stanton, Town of Apple Valley
John Cole, City of Twentynine Palms
Ed Camargo, City of Adelanto
Barbara Riordan, Public Member

Board Members Absent:

Robert Lovingood, San Bernardino County
Marion Ashley, Riverside County
James Ramos, San Bernardino County
Jeff Williams, Vice Chair, City of Needles

CALL TO ORDER

Chair **JIM COX** called the meeting to order at 10:00 a.m. and asked Board Member **JOHN COLE** to lead the Pledge of Allegiance.

Chair **JIM COX** asked for roll call; roll was called.

Chair **JIM COX** called for PUBLIC COMMENT – No public comment made.

CLOSED SESSION

Upon Motion by Board Member **PAUL RUSS**, Seconded by Board Member **JOHN COLE** and carried by unanimous roll call vote, the Board adjourned to Closed Session at 10:03 a.m.

Agenda Item 1 - CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION Name of Case: Michele Baird vs MDAQMD et. al CIVDS 1612446 San Bernardino County Superior Court (Government Code Section 54956.9).

Agenda Item 2 - CONFERENCE WITH LABOR NEGOTIATORS (Government Code Section 54957.6). Agency Designated Representatives: Brad Poiriez. Employee Organization: Teamsters Local 1932.

OPEN SESSION - Disclosure of any Reportable Action(s) taken in Closed Session(s); and the Vote and Abstention of Every Member Present in the Closed Session.

The Governing Board reconvened to open session at 10:59 a.m., and Special Counsel **Piero Dallarda** stated that the Board met in Closed Session on Items #1 and #2 with no reportable action on Item #1. Special Counsel Dallarda reported for Item #2 the Governing Board designated Executive Director Brad Poiriez and Roger Crawford of Best, Best & Krieger as the agency's lead negotiators carried unanimously by every Board Member present in Closed Session with nine **AYES** votes by Board Members **JOSEPH DECONINCK, PAUL RUSS, ED CAMARGO, CARMEN HERNANDEZ, BARB STANTON, BARBARA RIORDAN, JIM COX, JOHN COLE and ROBERT LEONE.**

CONSENT CALENDAR - The following consent items were acted upon by the Board at one time without discussion, upon motion by Board Member **BARB STANTON**, Seconded by Board Member **BARBARA RIORDAN**, and carried by unanimous roll call vote, with eight **AYES** votes by Board Members **JOSEPH DECONINCK, ED CAMARGO, CARMEN HERNANDEZ, BARB STANTON, BARBARA RIORDAN, JIM COX, JOHN COLE and ROBERT LEONE** as follows:

Agenda Item 3 – Approve Minutes from Regular Governing Board Meeting of January 23, 2017.
Approved the minutes from the Regular Governing Board meeting of January 23, 2017.

Agenda Item 4 – Approve the 2017 Mojave Desert Air Quality Management District (MDAQMD) Governing Board Meeting Schedule.
Approved the 2017 Mojave Desert Air Quality Management District (MDAQMD) Governing Board Meeting Schedule.

Agenda Item 5 – Ratify the Board Chair's appointment of members to serve on the Budget Committee and the Personnel Committee for calendar year 2017.
Ratified the Board Chair's appointment of members to serve on the Budget Committee and the Personnel Committee for calendar year 2017.

Agenda Item 6 – Adopt a budget schedule for FY 2017-18.
Adopted a budget schedule for FY 2017-18.

Agenda Item 7 – Adopt Governing Board Policy 17-01, The Mojave Desert Clean Air Fund.
Adopted Governing Board Policy 17-01, The Mojave Desert Clean Air Fund.

Agenda Item 8 – Adopt a Resolution to: 1) establish a commercial revolving bank account for funds designated for eligible clean air projects; 2) authorize the Executive Director to appoint signatures on the account; 3) authorize the initial transfer of funds; and 4) authorize the Executive Director, or designee, to negotiate and execute any necessary agreements to establish the fund and disbursement mechanisms, approved as to legal form.

Adopted a Resolution to: 1) establish a commercial revolving bank account for funds designated for eligible clean air projects; 2) **authorized** the Executive Director to appoint signatures on the account; 3) **authorized** the initial transfer of funds; and 4) **authorized** the Executive Director, or designee, to negotiate and execute any necessary agreements to establish the fund and disbursement mechanisms, approved as to legal form.

Agenda Item 9 – Amend the Districts Classification Plan to 1) Revise the classification specification for Records Management Specialist and assign a pay range; 2) Revise and update the classification specification for Office Assistant; 3) Revise the classification specification for Executive Assistant to Executive Office Manager and assign a pay range; and 4) Revise classification specification for Air Monitoring Supervisor.

Amended the Districts Classification Plan to 1) **Revised** the classification specification for Records Management Specialist and **assigned** a pay range; 2) **Revised** and **updated** the classification specification for Office Assistant; 3) **Revised** the classification specification for Executive Assistant to Executive Office Manager and **assigned** a pay range; and 4) **Revised** classification specification for Air Monitoring Supervisor.

Agenda Item 10 – Set date of March 27, 2017 to conduct a public hearing to consider the amendment of Rule 1104 Organic Solvent Degreasing Operations and approval of California Environmental Quality Act (CEQA) documentation.

Approved the **set date** of March 27, 2017 to conduct a public hearing to consider the amendment of Rule 1104 Organic Solvent Degreasing Operations and approval of California Environmental Quality Act (CEQA) documentation.

Agenda Item 11 – Adopt a Resolution to nominate Jean Bracy as a candidate for the election of the Special District Risk Management Authority Board of Directors.

Adopted a Resolution to nominate Jean Bracy as a candidate for the election of the Special District Risk Management Authority Board of Directors.

Agenda Item 12 – Receive and file: The Legislative Report for February 8, 2017.

Received and filed: The Legislative Report for February 8, 2017.

Agenda Item 13 – Receive and file the Financial Report for FY 17, the period November and December 2016 which provides financial information and budget performance concerning the fiscal status of the District.

Received and filed the Financial Report for FY 17, the period November and December 2016 which provides financial information and budget performance concerning the fiscal status of the District.

Agenda Item 14 – DEFERRED ITEMS:

None

Agenda Item 15 – PUBLIC COMMENT.

None

Agenda Item 16 – Conduct a public hearing to consider the adoption of the MDAQMD Federal 75 ppb Ozone Attainment Plan (Western Mojave Desert Nonattainment Area): a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, adopting the MDAQMD Federal 75 ppb Ozone Attainment Plan (Western Mojave Desert Nonattainment Area) and directing staff actions.

Chair **JIM COX** opened the public hearing. Chair **JIM COX** solicited public comment, being none; Chair **JIM COX** closed the public hearing. Upon Motion by Board Member **BARBARA RIORDAN**, Seconded by Board Member **ROBERT LEONE**, and carried with eight **AYES** votes by Board Members **JOSEPH DECONINCK, ED CAMARGO, CARMEN HERNANDEZ, BARB STANTON, BARBARA RIORDAN, JIM COX, JOHN COLE and ROBERT LEONE** the Board adopted **RESOLUTION 17-05, titled, “A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT MAKING FINDINGS, CERTIFYING THE NOTICE OF EXEMPTION, ADOPTING THE MDAQMD 75 PPB OZONE ATTAINMENT PLAN (WESTERN MOVAJE DESERT NONATTAINMENT AREA) AND DIRECTING STAFF ACTIONS.”**

Agenda Item 17 – Reports:

Executive Director Brad Poiriez:

Mr. Poiriez updated the Board of past events:

- February 6th – met with Governing Board Member Jeff Williams in Needles, CA;
- February 7th – accompanied staff on an annual inspection at Mitsubishi Cement;
- February 9th – held second interviews with the top three candidates for the Compliance Supervisor & Permit Engineer Supervisor positions; selected and promoted Sheri Haggard as the Permit Engineering Supervisor and Sarah Strout as the Compliance Supervisor;
- February 15th – met with representatives from the American Lung Association for funding of Lung Force Walk event;
- February 16th – met with Fort Irwin’s Commander and Staff to review outstanding compliance issues and mission discussion;
- February 20th – 22nd – attended CAPCOA’s Medium Districts Meeting in Bakersfield, CA.

Mr. Poiriez informed the Board of upcoming events:

- March 7th & 8th – travel to Sacramento for AB197, AB1132 and AB496 discussions;

Mr. Poiriez briefly discussed the following with the Board:

- MDAQMD’s letter to US EPA commenting on implementation of 2015 Ozone Standard;
- MDAQMD’s letter of support to the California Public Utilities Commission for Southern California Gas customer incentive program;
- MDAQMD’s assessment of emissions at the Ivanpah Solar Plant in response to Governing Board Member Hernandez’s request;

Agenda Item #3

- Addressed Governing Board Member Stanton's concerns with the Board Chambers sound system;
- The District's Community Relations & Education department has done some recent articles on both the Air District and the Executive Director for the BRADCO Report and the Victor Valley Economic Development Authority that should be published soon.

Agenda Item 18 - Board Member Comments and Suggestions for Future Agenda Items.

- No Board Member comments were made.

Being no further business, Chair **JIM COX** adjourned the meeting at **11:15 a.m.** to the next Regular Meeting of ***March 27, 2017.***

The following page(s) contain the backup material for Agenda Item: [Amend Governing Board Policy 94-1, Authority of the Air Pollution Control Officer \(APCO\)](#). Presenter: [Jean Bracy](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 4

PAGE 1

DATE: March 27, 2017

RECOMMENDATION: Amend Governing Board Policy 94-1, “Authority of the Air Pollution Control Officer (APCO).”

SUMMARY: This item amends existing Governing Board Policy 94-1 to include authority delegated by previous Board action, and to “clean up” and update the policy language.

CONFLICT OF INTEREST: None.

BACKGROUND: In the effort to keep the Board familiar with the policies and practices which have been adopted to direct staff action and to facilitate the conduct of the business of the district these policies will be presented to the Board from time to time with recommendations for amendments if such are needed.

Delegation of authority to the APCO was first adopted January 26, 1994. It has been revised from time to time to address various needs of the District. The recommendations in this revision address the following:

- a) The Policy paragraph has been streamlined to just the essential policy statement.
- b) A section has been added to incorporate authority that was delegated by action of the Governing Board on September 22, 1997 to approve inter-basin offsets authorized under Health & Safety Code §40709.6. On October 28, 2013 the Governing Board took action to approve inter-basin offsets to a project slated to locate in neighboring Antelope Valley Air Quality Management District. That action by the Governing Board essentially reclaimed the authority granted in the September 22, 1997 (copy attached). The recommended revision will place the delegated authority in the policy document designed for Board specified authority delegated to the APCO.
- c) The authority to execute contracts has been increased from \$5,000 to \$10,000. Governing Board Policy 17-01 (adopted February 27, 2017) includes authority for the APCO to grant awards and to disburse funds from the Mojave Desert Clean Air Fund up to \$10,000; the recommended change to Governing Board Policy 94-1 will make consistent the delegated authority.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 4

PAGE 2

Attached is a proposed REDLINED draft which indicates the proposed changes. The format has been changed to add a signature line for the Executive Director which effectively acknowledges the Board's delegation of the Governing Board Policy. The revision history has been moved to the end of the document.

REASON FOR RECOMMENDATION: The Governing Board action is necessary to approve changes to the policies of the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about March 6, 2017.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director - Administration

GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy 94-01
Amended: March 27, 2017

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Policy No: ~~94-1~~
Effective Date: ~~January 26, 1994~~

~~Adopted: January 26, 1994~~
~~Amended: November 23, 1998~~
~~March 26, 2001~~
~~January 28, 2002~~
~~April 22, 2002~~
~~January 28, 2008~~
~~January 23, 2012~~
~~Last Review: January 26, 2015~~

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~~for~~

Brad Mitzelfelt James L. Cox,
Governing Board Chair

Brad Poiriez
Executive Director/APCO

SUBJECT: AUTHORITY OF THE AIR POLLUTION CONTROL OFFICER (APCO)

POLICY:

~~As more specifically set forth in the employment agreement between the Mojave Desert Air Quality Management District (District) and the Air Pollution Control Officer (APCO), the Governing Board (Board) of the District has employed the APCO to carry out Board policies, direct District operations, and provide day to day supervision of District employees, hire and retain contract employees, and control District expenditures. It is the judgment of the Board that a clear delineation of the APCO's authority is essential to effective District management and to ensure that the respective roles of the Board and the APCO are reasonably defined. Therefore, it is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to delegate to the Executive Director/APCO management authority as set forth herein. Nothing in this policy shall be considered an amendment of the employment agreement between the District and the APCO set forth above. In the case of a conflict, the terms of the employment agreement shall take precedence.~~

AMPLIFICATION OF POLICY:

~~The Governing Board (Board) of the District has employed the APCO to carry out Board policies, direct District operations, and provide day to day supervision of District employees, hire and retain contract employees, and control District expenditures. It is the judgment of the Board that a clear delineation of the APCO's authority is essential to effective District management and to ensure that the respective roles of the Board and the APCO are reasonably defined.~~

A. Management Decisions:

**Governing Board Policy
of the
*Mojave Desert Air Quality Management District***

The Governing Board delegates to the APCO or his or her duly appointed designee the basic authority to make management decisions to implement duly adopted District policies.

B. Consultants:

The Governing Board delegates to the APCO the authority to hire, subject to ratification by the Board, consultants for projects and activities contained in the annual Board-approved District budget or otherwise approved by the Board.

C. District Employees:

The Governing Board delegates to the APCO the authority to hire, dismiss, make assignments, direct, supervise, and assist District employees to ensure the successful operation of the District. The APCO may hire and retain contract employees as a part of his or her authority to hire and retain regular employees. Reclassification or change in compensation of employee(s) shall be subject to review and approval by the Board. For the purpose of this Section, change in compensation shall not include increases resulting from collective bargaining agreements or any Board approved agreement.

D. Financial Operations and District's Funds:

The Governing Board delegates to the APCO or his or her duly appointed designee the authority to manage District financial operations and to expend District funds in conformity with the District budget. Upon Board approval of the budget, the APCO shall have the discretionary authority to transfer funds between line items in the budget categories of Services & Supplies and Fixed Assets. The APCO shall also have the authority to expend District funds for capital replacement and improvement projects up to the limits established for each project in the District budget. The APCO shall promptly inform the Board when revenues or expenditures exceed 10% of the budget, and propose corrective action if appropriate. The APCO or his or her designee shall review budget status and revenue and expenditure patterns monthly for the Board and present a report to the Board at periodic intervals, but not less than once every three months.

E. Emergency Authority:

The Governing Board delegates to the APCO or his or her duly appointed designee the authority to expend District funds and utilize the District's resources when an emergency occurs which adversely affects, directly or potentially, the ability of the District to perform its services, which puts District property or personnel in jeopardy, or which may jeopardize the health and safety of the community and its residents. The APCO shall first determine that an emergency exists; declare an emergency; and take whatever steps, devote whatever resources are available, and expend whatever funds he or she deems necessary to address the emergency. The APCO shall separately track those expenses

**Governing Board Policy
of the
Mojave Desert Air Quality Management District**

and resources utilized to address the declared emergency. At the earliest opportunity, the APCO shall inform the Board of the declaration of emergency and the steps the APCO has taken to meet it, including, without limitation, any resources used and costs incurred.

F. Property Rights:

1. Real Property. The Governing Board delegates to the APCO the authority to accept, on behalf of the District, easements and other real property rights and interests required for effective performance of the District's legitimate functions: including the ~~The~~ sole authority to convey real property or real property rights.

2. Other Property: The Governing Board delegates to the APCO or his or her duly appointed designee the authority to declare surplus and dispose of other District Property valued at less than \$1,000 (depreciated value) and to arrange for the recycle or disposal of such property in a manner such that District liability is minimized, District information is protected, and applicable laws are followed. The APCO or his or her designee shall present a report detailing surplus property and manner of disposition to the Board at periodic intervals, but not less than once every six months if property has been disposed of during that period.

G. Execution of Contracts:

The Governing Board delegates to the APCO the authority to execute contracts for items not listed in the adopted budget, as amended, provided the contract cost for the items does not exceed \$~~5~~10,000; and the authority to execute contracts for items listed in the adopted budget, as amended, provided the contract cost for the items does not exceed \$50,000. These limitations do not apply to the APCO's powers under a declared emergency.

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H. [Approval of Inter-Basin/Inter-District Offset Transfers Pursuant to Health & Safety Code 40709.6](#)

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[Pursuant to Health & Safety Code 40709.6 certain findings and approvals are required to implement Inter-basin and Inter-District transfers of offsetting emissions reductions between air districts. The statute specifically allows the Governing Board to delegate these findings and approvals to the APCO. The Governing Board hereby delegates to the APCO the authority to approve Inter-Basin and Inter-District Offset Transfers in accordance with the provisions of Health & Safety Code 40709.6. Such decision and any findings in support thereof as made by the APCO shall be appealable to the Governing Board within 30 days of the decision or notice of decision of the applicable offset transfer by any aggrieved person who has in person or through a representative participated \(via writing, appearance or otherwise\) in either the proposed offset transfer or in any underlying permitting activity that is directly linked to the proposed offset transfer.](#)

**Governing Board Policy
of the
*Mojave Desert Air Quality Management District***

Recognizing that this policy is not meant to be altogether exhaustive and that new circumstances may arise requiring the Board to further define the APCO's role, the Board may also address such circumstances by additional resolutions or actions of the Board.

Revision History:

Adopted: January 26, 1994
Amended: November 23, 1998
 March 26, 2001
 January 28, 2002
 April 22, 2002
 January 28, 2008
 January 23, 2012

Last Review: January 26, 2015

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**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 9

DATE: SEPTEMBER 22, 1997

SUBJECT: DELEGATE AUTHORITY TO AIR POLLUTION CONTROL OFFICER TO APPROVE INTER-BASIN OFFSETS AUTHORIZED UNDER HEALTH & SAFETY CODE §40709.6.

RECOMMENDATION: Delegate authority to Air Pollution Control Officer to approve inter-basin offsets authorized under Health & Safety Code §40709.6. *^{as amended}appealable to the Board

BACKGROUND: The District Governing Board had successfully sponsored SB 1416 (Rogers) in a prior legislative session. The law authorized offsets from an upwind air basin to be transferred to a downwind air basin provided specified conditions were met.

The offsets that are to be transferred by this process are required to be approved by resolutions of the governing boards of both the upwind and the downwind air districts. The statute specifically allows the governing boards of each district to delegate the approval authority to the Air Pollution Control Officer (H&S Code §40709.6(d)).

The analysis in situations requiring offsets often becomes quite complex and technical. They also require case-by-case determinations involving specific equipments. Such situations may require quick response by the District to allow business locating within the jurisdiction to finalize negotiations for such offsets. The Air Pollution Control Officer has the resources to provide such analysis and responses in an expedited manner. As with all delegations, the Governing Board will continue to retain its authority over the delegation and reconsider it at any time.

REASON FOR RECOMMENDATION: H&S Code §40709.6 requires action by the Governing Board to delegate its approval authority to the Air Pollution Control Officer.

REVIEW BY OTHERS: This agenda item was reviewed by Fazle Rab Quadri, District Counsel on September 8, 1997.

FINANCIAL DATA: No increase in appropriation is anticipated for this item.

PRESENTER: Charles L. Fryxell, Air Pollution Control Officer.

cc: Fazle Quadri

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA
AGENDA ITEM 9**

Page 2

Charles L Fryxell presented summary and staff recommendation. Board Member Jon Mikels asked how inter-basin transfer requests are to be received and processed and how credits may be used. Board Member Mikels asked various questions regarding which way the credits can go and what has prompted this change. In response, Charles L. Fryxell stated the following: 1)The District has not received an inter-basin transfer request to date, however, there is a power plant proposal in process with the Energy Commission involving the use of inter-basin credits. 2) Antelope Valley is in the Mojave Desert Air Basin. 3) Credits can only go from an upwind District to a downwind District 3) This process will be more efficient and more certain for the industries. 4) There is no cap on credits generated somewhere else and used here, however, they would have to be discounted 5) The attainment of the standards in the this District are greatly dependant on the South Coast efforts because of the transport. Board Member Barbara Loux recommended adding that it be "appealable to the Board" in the recommendation. Board Member Loux and Board Member Mikels requested staff to bring back an analysis on emissions and attainment caps to the Board so they may estimate how much is available to give up to businesses coming in to the District. Consensus was reached by the Board Members to amend staff recommendation, as requested.

**ACTION OF THE GOVERNING BOARD
APPROVED AND ADOPTED AS AMENDED**

Upon Motion by **BARBARA LOUX**, Seconded by **BARBARA RIORDAN**, as approved by the following vote:

**Ayes: HANSBERGER, CRAIN, LOVELESS, HARTZ, LOUX, BOWDEN,
RIORDAN, MIKELS, JAMES, SHAVER**

Noes:

Absent: ALMOND, DAVIS, WILSON, MUNCY

Abstain:

Vacant:

MICHELE BAIRD, ACTING CLERK OF THE GOVERNING BOARD

BY *Michele Baird*

Dated: SEPTEMBER 22, 1997

The following page(s) contain the backup material for Agenda Item: [Amend Governing Board Policy 95-1, "Processing and Providing Information Requested by Members of the Governing Board."](#) Presenter: Jean Bracy

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 5

DATE: March 27, 2017

RECOMMENDATION: Amend Governing Board Policy **95-1**, “Processing and Providing Information Requested by Members of the Governing Board.”

SUMMARY: This item amends existing Governing Board Policy 95-1 to “clean up” and update the policy language.

CONFLICT OF INTEREST: None

BACKGROUND: In the effort to keep the Board familiar with the policies and practices which have been adopted to direct staff action and to facilitate the conduct of the business of the district these policies will be presented to the Board from time to time with recommendations for amendments if such are needed.

This item was presented to the Board August 22, 2016 and has been further updated and revised following Board comments made at the meeting. The history of Governing Board Policy: **95-1**, “Processing and Providing Information Requested by Members of the Governing Board,” and the recommended revisions are further described in the following Exhibit 1. Attached is a proposed REDLINED draft which indicates the proposed changes. This action makes no recommendations to change the policy intent or practice.

REASON FOR RECOMMENDATION: The Governing Board action is necessary to approve changes to the policies of the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or about March 13, 2017.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director – Administration

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 5

PAGE 2

Exhibit 1

Governing Board Policy 95-1 is the Governing Board Policy that addresses how Governing Board members can request information regarding the business of the District that is “above and beyond the normal measure of assistance provided to permit holders and/or the general public...” This does not intend to prevent Governing Board members from offering suggestions, asking questions, or requesting information from the Executive Director/APCO during the at any time during the normal course of business, or during any meeting of the Governing Board.

History

This policy was first adopted in January 1995 in response to a growing practice of Governing Board members directly contacting staff, both in-house and contract staff, for information that resulted in extraordinary expenditures of time, unbudgeted expenditure of District funds, and in a few cases resulted in efforts contradictory to Governing Board direction.

Recommended Revisions

In July 2016 the District contracted with a new Executive Director/APCO. The District is staffed with long tenured and seasoned staff accustomed on occasion to interfacing with Board Members on a variety of technical and administrative issues. It seems appropriate at this time to revisit this Governing Board policy, be reminded of its intent, perform some administrative “clean up,” and update the policy language.

The format has been changed to add a signature line for the Executive Director which effectively acknowledges the Board’s delegation. The revision history has been moved to the end of the document.

GOVERNING BOARD POLICY
Mojave Desert Air Quality Management District

Policy No: 95-1
Amended March 27, 2017

~~Policy No: 95-1~~
~~Effective Date: January 25, 1995~~

~~Adopted: January 25, 1995~~
~~Amended: January 24, 2011~~
~~Last Review: January 26, 2015~~

/s/

~~Joe Gomez, Governing Board~~ Chair

Brad Poiriez
Executive Director/APCO

SUBJECT: ~~PROCESSING AND PROVIDING~~ INFORMATION REQUESTED BY MEMBERS OF THE GOVERNING BOARD

POLICY:

It is the policy of the Governing Board of the Mojave Desert Air Quality Management District (District) to ~~route-direct~~ extraordinary requests for assistance and/or information by members of the Governing Board through the Executive Director/Air Pollution Control Officer (APCO) and/or the Chair of the Governing Board.

AMPLIFICATION OF POLICY:

Members of the Governing Board are afforded an opportunity during every meeting of the Governing Board to ask questions of the Executive Director/APCO regarding District operations, and to ask for additional information or presentations about the District's mission and relevant activities. These requests are assigned to appropriate staff with direction and either responded to directly or scheduled as items for future agendas.

Members of the Governing Board requesting assistance from District staff that which is above and beyond the normal measure of assistance provided to permit holders ~~and/or~~ the general public shall ~~route-direct~~ such requests through the Executive Director/APCO ~~to ensure that the proper staff member is assigned to handle such request for appropriate assignment.~~

Members of the Governing Board requesting assistance beyond the scope of the authority of the Executive Director/APCO (as set forth in Governing Board Policy 94-1) shall make such request

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to the Chair of the Governing Board. The Board Chairman shall cause the request to be placed on the agenda for consideration at the subsequent meeting of the Governing Board.

Revision History

Adopted: January 25, 1995

Amended: January 24, 2011

Last Review: January 26, 2015

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The following page(s) contain the backup material for Agenda Item: [Approve the staff recommended Investment Selection for the Pension Rate Stabilization Program \(PRSP\); Adopt the Investment Guidelines Document; and authorize the Executive Director/APCO, or designee, to execute required documents, subject to review by Cou](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 6

DATE: March 27, 2017

RECOMMENDATION: Approve the staff recommended Investment Selection for the Pension Rate Stabilization Program (PRSP); Adopt the Investment Guidelines Document; and authorize the Executive Director/APCO, or designee, to execute required documents, subject to review by Counsel.

SUMMARY: This items approves the staff recommended Investment Selection for the PRSP, adopts the Investment Guidelines Document, and authorizes the Executive Director/APCO, or designee, to execute required documents, subject to review by Counsel.

CONFLICT OF INTEREST: Public Agency Retirement System (PARS), Union Bank, HighMark Capital Management, respectively their Directors and Officers; Governing Board members and officers of the MDAQMD.

BACKGROUND: On January 23, 2017 the Governing Board adopted Resolution No. 17-02 approving the adoption of the Public Agencies Post-Employment Benefits Trust. The action administratively combines the existing OBEP Trust and the new Pension Rate Stabilization Program (PRSP) but keeps separate the investment strategies and earnings. This action allows the District to deposit funds into the trust to address the liability associated with future pension obligations. An investment selection must accompany the deposit of funds. An Investment Guidelines Document (IGD) specific to the PRSP governs the investment process, goals, objectives, and overall management of the investment strategy for the pension portion of the trust. An IGD for the OPEB portion of the trust was adopted by the Governing Board May 23, 2016. A draft "Investment Guidelines Document" is included as Exhibit 1. The investment options are described more fully in Exhibit 2, "PRSP Investment Selection." The fee schedule for consulting and management is Exhibit 3.

Staff recommends selecting the "Moderately Conservative" investment strategy under HighMark Plus Active. The primary goal of this selection is to "provide current income with capital appreciation as a secondary objective." The annual returns for this strategy in 2016 are reported at 4.93%. The Active selection uses Mutual Funds compared to the optional Index Plus method which uses Exchange Traded Funds.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 6

PAGE 2

The selection of “Moderately Conservative” differs from the OPEB’s selection of “Balanced.” The actuarial calculations for the OPEB trust includes expected returns of 7% which drives the investment selection. The OPEB trust selected the Active strategy, utilizing actively managed mutual funds.

PARS indicated that the majority (about 75%) of their clients select the Balanced strategy for OPEB trust and the “Moderately Conservative” strategy for their PSRP trusts.

REASON FOR RECOMMENDATION: The Governing Board is the Plan Sponsor for the Pension Rate Stabilization Plan and as such should adopt the Investment Guidelines Document.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about March 13, 2017.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director - Administration

Investment Guidelines Document

Mojave Desert Air Quality Management District

Pension Rate Stabilization Program
(PRSB)

March 2016

Investment Guidelines Document

Scope and Purpose

The purpose of this Investment Guidelines Document is to:

- Facilitate the process of ongoing communication between the Plan Sponsor and its plan fiduciaries;
- Confirm the Plan's investment goals and objectives and management policies applicable to the investment portfolio identified below and obtained from the Plan Sponsor;
- Provide a framework to construct a well-diversified asset mix that can potentially be expected to meet the account's short- and long-term needs that is consistent with the account's investment objectives, liquidity considerations and risk tolerance;
- Identify any unique considerations that may restrict or limit the investment discretion of its designated investment managers;
- Help maintain a long-term perspective when market volatility is caused by short-term market movements.

Key Plan Sponsor Account Information as of February 16, 2017

Plan Sponsor:	Mojave Desert Air Quality Management District
Governance:	The Governing Board for the Mojave Desert Air Quality Management District
Plan Name ("Plan"):	Mojave Desert Air Quality Management District Employee Benefit Fund Pension Plan
Trustee:	US Bank Contact: Sue Hughes, 949-224-7209 Susan.hughes@usbank.com
Type of Account:	Pension Plan
Investment Manager:	US Bank, as discretionary trustee, has delegated investment management responsibilities to HighMark Capital Management, Inc. ("Investment Manager"), an SEC-registered investment adviser Contact: Christiane Tsuda, 858-551-5359 Christiane.Tsuda@highmarkcapital.com

Investment Authority: Except as otherwise noted, the Trustee, US Bank, has delegated investment authority to HighMark Capital Management, an SEC-registered investment adviser. Investment Manager has full investment discretion over the managed assets in the account. Investment Manager is authorized to purchase, sell, exchange, invest, reinvest and manage the designated assets held in the account, all in accordance with account's investment objectives, without prior approval or subsequent approval of any other party(ies).

Investment Objectives and Constraints

The goal of the Plan's investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the Plan. The following objectives are intended to assist in achieving this goal:

- The Plan should seek to earn a return in excess of its policy benchmark over the life of the Plan.
- The Plan's assets will be managed on a total return basis which takes into consideration both investment income and capital appreciation. While the Plan Sponsor recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. To achieve these objectives, the Plan Sponsor allocates its assets (asset allocation) with a strategic perspective of the capital markets.

Investment Time Horizon: Long-term

Anticipated Cash Flows: Assets in the Plan will seek to mitigate the impact of future rate increases from SBCERA. Typically increases in rates come with a one-year advance warning; however this Plan may transfer assets to SBCERA at any time.

Investment Objective: The primary objective is to generate a reasonable level of growth. The assets in this Plan will eventually be used to fund Pension Plan obligations for assets managed in the SBCERA Trust. The assets in this Trust are also available to mitigate the potential negative impact of future rate hikes from SBCERA.

Risk Tolerance: *Moderate*
The account's risk tolerance has been rated moderately conservative, which demonstrates that the account can accept some price fluctuations to pursue its investment objectives.

Strategic Asset Allocation: The asset allocation ranges for this objective are listed below:

<i>Strategic Asset Allocation Ranges</i>		
Cash	Fixed Income	Equity
0-20%	50%-80%	20%-40%
Policy: 5%	Policy: 65%	Policy: 30%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The Investment Manager will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with your objectives.

Security Guidelines:

Equities

With the exception of limitations and constraints described above, Investment Manager may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Manager may allocate assets among domestic, international developed and emerging market equity securities.

Total Equities	20%-40%
<i>Equity Style</i>	<i>Range</i>
Domestic Large Cap Equity	10%-30%
Domestic Mid Cap Equity	0%-10%
Domestic Small Cap Equity	0%-12%
International Equity (incl. Emerging Markets)	0%-12%
Real Estate Investment Trust (REIT)	0%-8%

Fixed Income

In the fixed income portion of the account, Investment Manager may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Total Fixed Income	50%-80%
<i>Fixed Income Style</i>	<i>Range</i>
Long-term bonds (maturities >7 years)	0%-30%
Intermediate-term bonds (maturities 3-7 years)	30%-80%
Short-Term bonds (maturities <3 years)	0%-25%
High Yield bonds	0%-6%

Performance Benchmarks:

The performance of the total Plan shall be measured over a three and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance shall be compared to the return of the total portfolio blended benchmark shown below.

Total Portfolio Blended Benchmark

- 15.5% S&P500 Index
- 3.00% Russell Mid Cap Index
- 4.50% Russell 2000 Index
- 2.00% MSCI Emerging Market Index
- 4.00% MSCI EAFE Index
- 1.00% Wilshire REIT Index
- 49.25% Barclays Capital US Aggregate Index
- 14.00% ML 1-3 Year US Corp/Gov't
- 1.75% US High Yield Master II Index
- 5.00% Citi 1Mth T-Bill

Asset Class/Style Benchmarks

Over a market cycle, the long-term objective for each investment strategy is to add value to a market benchmark. The following are the benchmarks used to monitor each investment strategy:

Large Cap Equity	S&P 500 Index
Growth	S&P 500 Growth Index
Value	S&P 500 Value Index
Mid Cap Equity	Russell Mid Cap Index
Growth	Russell Mid Cap Growth Index
Value	Russell Mid Cap Value Index
Small Cap Equity	Russell 2000 Index
Growth	Russell 2000 Growth Index
Value	Russell 2000 Value Index
REITs	Wilshire REIT Index
International Equity	MSCI EAFE Index
Investment Grade Bonds	Barclays Capital US Aggregate Index
High Yield	US High Yield Master II Index

Security Selection

Investment Manager may utilize a full range of investment vehicles when constructing the investment portfolio, including but not limited to individual securities, mutual funds, and exchange-traded funds. In addition, to the extent permissible, Investment Manager is authorized to invest in shares of mutual funds in which the Investment Manager serves as advisor or sub-adviser.

Investment Limitations:

The following investment transactions are prohibited:

- Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
- Venture Capital
- Short sales*
- Purchases of Letter Stock, Private Placements, or direct payments
- Leveraged Transactions*
- Commodities Transactions Puts, calls, straddles, or other option strategies*
- Purchases of real estate, with the exception of REITs
- Derivatives, with exception of ETFs*

**Permissible in diversified mutual funds and exchange-traded funds*

Duties and Responsibilities

Responsibilities of Plan Sponsor

The Plan Administrator from the Governing Board of the Mojave Desert Air Quality Management District is responsible for:

- Confirming the accuracy of this Investment Guidelines Document, in writing.
- Advising Trustee and Investment Manager of any change in the plan/account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.
- Monitoring and supervising all service vendors and investment options, including investment managers.
- Avoiding prohibited transactions and conflicts of interest.

Responsibilities of Trustee

The plan Trustee is responsible for:

- Valuing the holdings.
- Collecting all income and dividends owed to the Plan.
- Settling all transactions (buy-sell orders).

Responsibilities of Investment Manager

The Investment Manager is responsible for:

- Assisting the Plan Administrator with the development and maintenance of this Investment Policy Guideline document annually.
- Meeting with the Plan Administrator annually to review portfolio structure, holdings, and performance.
- Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Researching and monitoring investment advisers and investment vehicles.
- Purchasing, selling, and reinvesting in securities held in the account.
- Monitoring the performance of all selected assets.
- Voting proxies, if applicable.

- Recommending changes to any of the above.
- Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each year, and being available at such other times within reason at your request.
- Preparing and presenting appropriate reports.
- Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

Acknowledgement and Acceptance

I/We being the Plan Sponsor with responsibility for the account(s) held on behalf of the Plan Sponsor specified below, designate Investment Manager as having the investment discretion and management responsibility indicated in relation to all assets of the Plan or specified Account. If such designation is set forth in the Plan/trust, I/We hereby confirm such designation as Investment Manager.

I have read the Investment Guidelines Document, and confirm the accuracy of it, including the terms and conditions under which the assets in this account are to be held, managed, and disposed of by Investment Manager. This Investment Guidelines Document supersedes all previous versions of an Investment Guidelines Document or investment objective instructions that may have been executed for this account.

_____ Date: _____
 Plan Sponsor: Mojave Desert Air Quality Management District

_____ Date: _____
 Investment Manager: Christiane Tsuda, Senior Portfolio Manager, (858) 551-5359

PRSP Investment Selection



Mojave Desert Air Quality Management District

February 2017

PUBLIC
AGENCY
RETIREMENT
SERVICES

PARS

TRUSTED SOLUTIONS. LASTING RESULTS.



Contacts

PARS

Mitch Barker, Executive Vice President

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Shawn Tan, Client Services Coordinator

stan@pars.org; 800.540.6369 ext. 161

HighMark Capital Management




Christiane Tsuda, Vice President, Senior Portfolio Manager

christiane.tsuda@highmarkcapital.com; 858.551.5359

Investment Selection Checklist

- OPEB/Pension Trust Team
- Investment Selection Form
- Actuarial Results – Pension
- Efficient Frontier
- Quarterly Performance Sheets
- IGD (Investment Guideline Document)
- Averaging In Period

OPEB/Pension Trust Team

			
Role	Trust Administrator and Consultant <ul style="list-style-type: none"> • Recordkeeping/Sub-trust Accounting • Actuarial Coordination • Monitor Contributions/ Process Disbursements • Monitor Plan Compliance • Ongoing Client Liaison 	Trustee <ul style="list-style-type: none"> • Safeguard Plan Assets • Oversight Protection <ul style="list-style-type: none"> • Plan Fiduciary • Custodian of Assets 	Investment Manager <ul style="list-style-type: none"> • Investment Sub-advisor to U.S. Bank <ul style="list-style-type: none"> • Open Architecture • Investment Policy Assistance
Corporate Experience	33 years <i>(1984 – 2017)</i>	154 years <i>(1863 – 2017)</i>	98 years <i>(1919 – 2017)</i>
OPEB Experience	21 years	12 years	21 years
Number of Plans under Administration	1,400+ plans for 700+ public agencies		
Dollars under Administration	More than \$2.1 billion	More than \$4 trillion	More than \$15.4 billion under management

Investment Strategy Selection and Disclosure Form

PARS Pension / OPEB Trust Program

■ This document is entered into by client and U.S. Bank National Association ("U.S. Bank"), as trustee.

■ Employer: _____

■ Plan/Trust Name: Public Agencies Post-Employment Benefits Trust

■ To: HighMark Capital Management, Inc. and U.S. Bank:

U.S. Bank has been or is hereby appointed Investment Manager of the above-referenced Plan/Trust. Please invest the assets of the above-referenced Plan/Trust for which you have been appointed Investment Manager in the **(select one of the strategies listed below for each Plan funded by the Trust)**:

<input type="checkbox"/>	OPEB Account	<input type="checkbox"/>	Pension Account	Primary Goal	Strategic Range
<input type="checkbox"/>	Liquidity Management (US Treasury)	<input type="checkbox"/>	Liquidity Management (US Treasury)	Provide current income with liquidity and stability of principal through investments in short-term U.S. Treasury obligations.	Money Market Fund
<input type="checkbox"/>	Liquidity Management (Prime Obligation)	<input type="checkbox"/>	Liquidity Management (Prime Obligation)	Generate current income with liquidity.	Money Market Fund
<input type="checkbox"/>	Conservative HighMark PLUS <input type="checkbox"/> Conservative Index PLUS	<input type="checkbox"/>	Conservative HighMark PLUS <input type="checkbox"/> Conservative Index PLUS	Provide a consistent level of inflation-protected income over the long-term.	Equity: 5-20% Fixed Income: 60-95% Cash: 0-20%
<input type="checkbox"/>	Moderately Conservative HighMark PLUS <input type="checkbox"/> Moderately Conservative Index PLUS	<input type="checkbox"/>	Moderately Conservative HighMark PLUS <input type="checkbox"/> Moderately Conservative Index PLUS	Provide current income with capital appreciation as a secondary objective.	Equity: 20-40% Fixed Income: 50-80% Cash: 0-20%
<input type="checkbox"/>	Moderate HighMark PLUS <input type="checkbox"/> Moderate Index PLUS	<input type="checkbox"/>	Moderate HighMark PLUS <input type="checkbox"/> Moderate Index PLUS	Provide current income and moderate capital appreciation.	Equity: 40-60% Fixed Income: 40-60% Cash: 0-20%
<input type="checkbox"/>	Balanced HighMark PLUS <input type="checkbox"/> Balanced Index PLUS	<input type="checkbox"/>	Balanced HighMark PLUS <input type="checkbox"/> Balanced Index PLUS	Provide growth of principal and income.	Equity: 50-70% Fixed Income: 30-50% Cash: 0-20%
<input type="checkbox"/>	Capital Appreciation HighMark PLUS <input type="checkbox"/> Capital Appreciation Index PLUS	<input type="checkbox"/>	Capital Appreciation HighMark PLUS <input type="checkbox"/> Capital Appreciation Index PLUS	Primary goal is growth of principal.	Equity: 65-85% Fixed Income: 10-30% Cash: 0-20%
<input type="checkbox"/>	Custom	<input type="checkbox"/>	Custom	Specify:	

DIVERSIFIED PORTFOLIOS

Note: HighMark PLUS portfolios are diversified portfolios of actively managed mutual funds. Index PLUS portfolios are diversified portfolios of Index-based mutual funds or exchange-traded funds.

Acknowledged and Approved	
Signature of Authorized Signer _____	Title _____
Print Name of Authorized Signer _____	Date _____



Actuarial Results – Pension

As of June 30, 2016, Mojave Desert Air Quality Management District’s SBCERA General and Safety pension plans are as follows:

Net Pension Liability	\$7,782,355
Total Employer Contribution Amount for FYE 2016	\$1,312,568

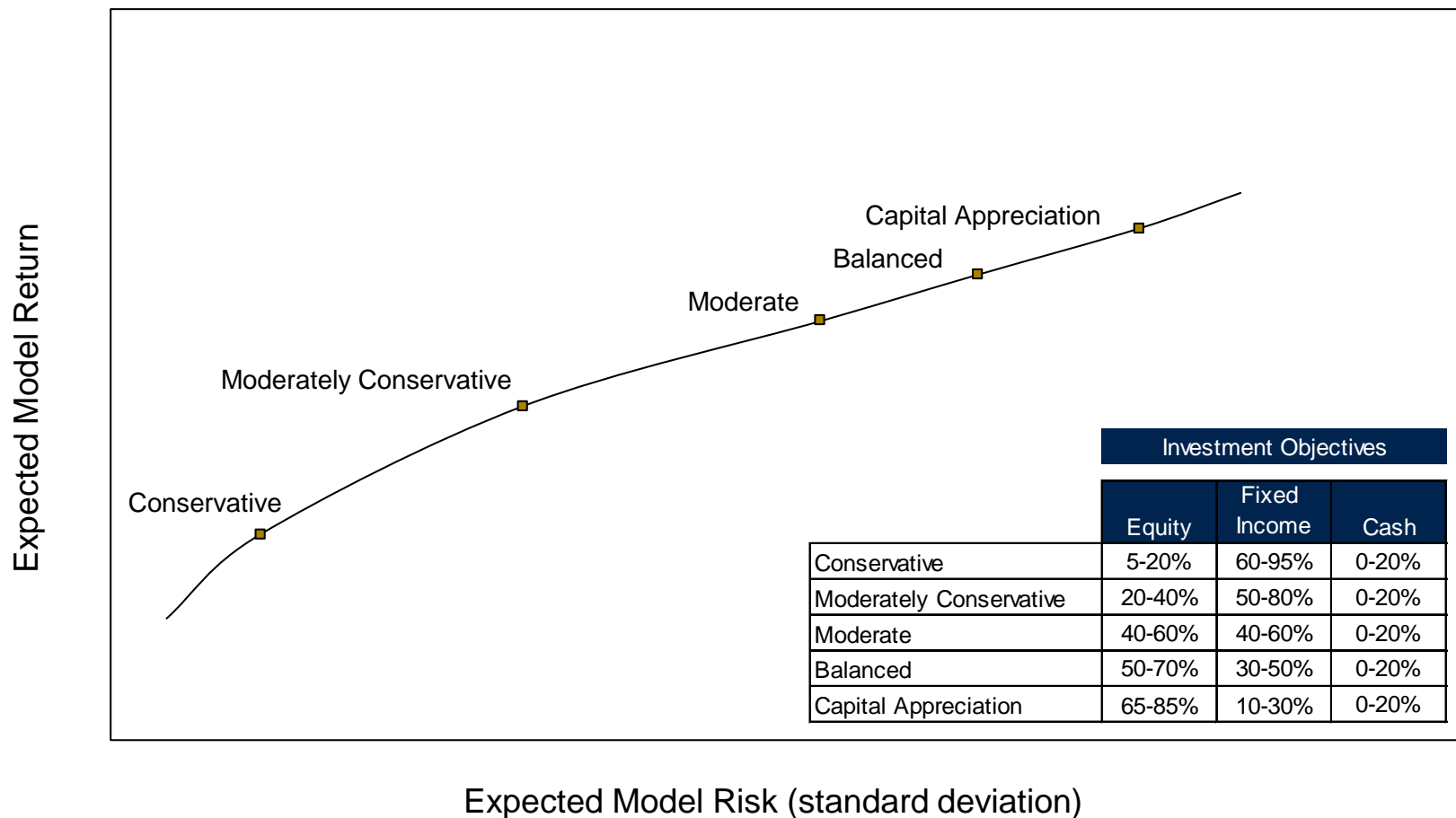
1. ESTABLISH: DETERMINE YOUR STRATEGIC ASSET ALLOCATION STRATEGY

Efficient Frontier:

Equity

Fixed Income

Cash



Each Investment Objective is a hypothetical construct only and does not reflect actual investment decisions or recommendations. Past performance is no indication of future results. Please refer to page entitled 'Disclosures' at the back of this presentation for more information.

PARS DIVERSIFIED PORTFOLIOS
CONSERVATIVE

Q4 2016

WHY THE PARS DIVERSIFIED CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

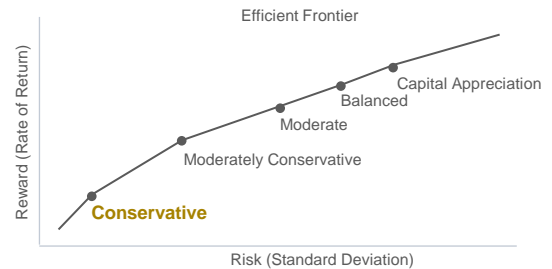
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide a consistent level of inflation-protected income over the long-term. The major portion of the assets will be fixed income related. Equity securities are utilized to provide inflation protection.



ASSET ALLOCATION — CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	5 – 20%	15%	15%
Fixed Income	60 – 95%	80%	79%
Cash	0 – 20%	5%	6%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

Current Quarter*	-1.53%
Blended Benchmark**	-1.11%
Year To Date	4.18%
Blended Benchmark	3.92%
1 Year	4.18%
Blended Benchmark	3.92%
3 Year	2.77%
Blended Benchmark	2.97%
5 Year	4.07%
Blended Benchmark	3.40%
10 Year	4.26%
Blended Benchmark	3.87%

Index Plus (Passive)

Current Quarter*	-1.61%
Blended Benchmark**	-1.11%
Year To Date	3.75%
Blended Benchmark	3.92%
1 Year	3.75%
Blended Benchmark	3.92%
3 Year	2.69%
Blended Benchmark	2.97%
5 Year	3.53%
Blended Benchmark	3.40%
10 Year	3.84%
Blended Benchmark	3.87%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 7.5% S&P500, 1.5% Russell Mid Cap, 2.5% Russell 2000, 1% MSCI EM FREE, 2% MSCI EAFE, 52.25% BC US Agg, 25.75% ML 1-3 Yr US Corp/Gov't, 2% US High Yield Master II, 0.5% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 12% S&P 500; 1% Russell 2000, 2% MSCI EAFE, 40% ML 1-3 Year Corp./Gov't, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 15% S&P 500, 40% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)

2008	-9.04%
2009	15.59%
2010	8.68%
2011	2.19%
2012	8.45%
2013	3.69%
2014	3.88%
2015	0.29%
2016	4.18%

Index Plus (Passive)

2008	-6.70%
2009	10.49%
2010	7.67%
2011	3.70%
2012	6.22%
2013	3.40%
2014	4.32%
2015	0.06%
2016	3.75%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Date	07/2004
No of Funds in Portfolio	20

Index Plus (Passive)

Inception Date	07/2004
No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

SAMPLE HOLDINGS

HighMark Plus (Active)

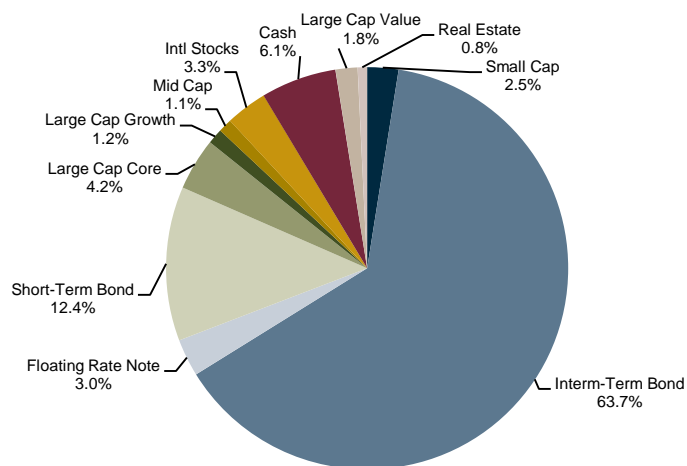
Columbia Contrarian Core Z
 T. Rowe Price Growth Stock
 T. Rowe Price New Horizons
 Nationwide Bailard International Equities
 Nationwide HighMark Bond
 Vanguard Short-Term Invest-Grade Adm
 PIMCO Total Return
 Dodge & Cox International Stock
 MFS International Growth I
 First American Government Obligations Z
 Prudential Total Return
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
 Harbor Capital Appreciation
 Hartford Schroders Emerging Markets Eq
 Dodge & Cox Stock
 Nuveen Real Estate Securities I
 Undiscovered Managers Behavioral Value
 Eaton Vance Floating Rate & High Income
 Vanguard Growth & Income Adm

Index Plus (Passive)

iShares Core S&P 500 ETF
 iShares S&P 500/Value
 iShares S&P 500/Growth
 iShares Russell 2000 Value
 iShares Russell 2000 Growth
 iShares MSCI EAFE
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
 Vanguard Short-Term Invest-Grade Adm
 First American Government Obligations Z
 Vanguard FTSE Emerging Markets ETF
 Vanguard REIT ETF
 iShares Core U.S. Aggregate
 PowerShares Senior Loan

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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Investment Experience: since 1994

HighMark Tenure: since 1997

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Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 25

Average Tenure (Years): 12

Manager Review Group

Number of Members: 8

Average Years of Experience: 18

Average Tenure (Years): 6

PARS DIVERSIFIED PORTFOLIOS
MODERATELY CONSERVATIVE

Q4 2016

WHY THE PARS DIVERSIFIED MODERATELY CONSERVATIVE PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

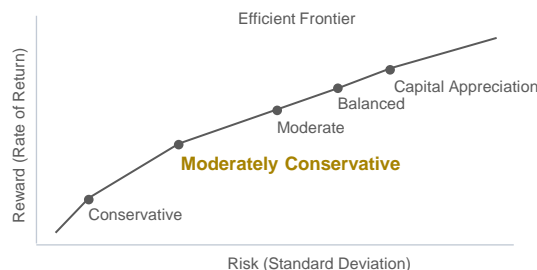
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide current income and moderate capital appreciation. The major portion of the assets is committed to income-producing securities. Market fluctuations should be expected.



ASSET ALLOCATION — MODERATELY CONSERVATIVE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	20 - 40%	30%	30%
Fixed Income	50 - 80%	65%	66%
Cash	0 - 20%	5%	4%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)		Index Plus (Passive)	
Current Quarter*	-0.90%	Current Quarter*	-0.86%
Blended Benchmark**	-0.52%	Blended Benchmark**	-0.52%
Year To Date	4.93%	Year To Date	5.42%
Blended Benchmark	5.42%	Blended Benchmark	5.42%
1 Year	4.93%	1 Year	5.42%
Blended Benchmark	5.42%	Blended Benchmark	5.42%
3 Year	3.20%	3 Year	3.51%
Blended Benchmark	3.80%	Blended Benchmark	3.80%
5 Year	5.51%	5 Year	5.09%
Blended Benchmark	5.15%	Blended Benchmark	5.15%
10 Year	4.64%	10 Year	4.23%
Blended Benchmark	4.47%	Blended Benchmark	4.47%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 15.5% S&P500, 3% Russell Mid Cap, 4.5% Russell 2000, 2% MSCI EM FREE, 4% MSCI EAFE, 49.25% BC US Agg, 14% ML 1-3 Yr US Corp/Gov't, 1.75% US High Yield Master II, 1% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 25% S&P 500; 1.5% Russell 2000, 3.5% MSCI EAFE, 25% ML 1-3 Year Corp./Govt, 40% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 30% S&P 500, 25% ML 1-3Yr Corp/Gov, 40% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)		Index Plus (Passive)	
2008	-15.37%	2008	-12.40%
2009	18.71%	2009	11.92%
2010	10.46%	2010	9.72%
2011	1.75%	2011	3.24%
2012	10.88%	2012	8.24%
2013	7.30%	2013	6.78%
2014	4.41%	2014	5.40%
2015	0.32%	2015	-0.18%
2016	4.93%	2016	5.42%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	08/2004	Inception Data	05/2005
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

SAMPLE HOLDINGS

HighMark Plus (Active)

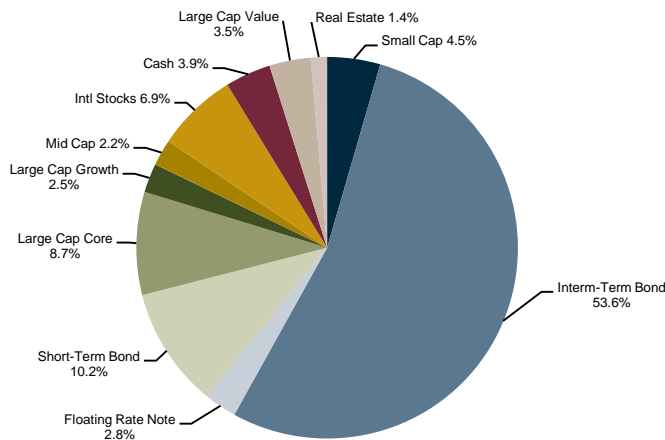
Columbia Contrarian Core Z
 T. Rowe Price Growth Stock
 T. Rowe Price New Horizons
 Nationwide Bailard International Equities
 Nationwide HighMark Bond
 Vanguard Short-Term Invest-Grade Adm
 PIMCO Total Return
 Dodge & Cox International Stock
 MFS International Growth I
 First American Government Obligations Z
 Prudential Total Return
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
 Harbor Capital Appreciation
 Hartford Schroders Emerging Markets Eq
 Dodge & Cox Stock
 Nuveen Real Estate Securities I
 Undiscovered Managers Behavioral Value
 Eaton Vance Floating Rate & High Income
 Vanguard Growth & Income Adm

Index Plus (Passive)

iShares Core S&P 500 ETF
 iShares S&P 500/Value
 iShares S&P 500/Growth
 iShares Russell 2000 Value
 iShares Russell 2000 Growth
 iShares MSCI EAFE
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
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The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Moderately Conservative active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

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Number of Members: 16

Average Years of Experience: 25

Average Tenure (Years): 12

Manager Review Group

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PARS DIVERSIFIED PORTFOLIOS MODERATE

Q4 2016

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Comprehensive Investment Solution

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Rigorous Manager Due Diligence

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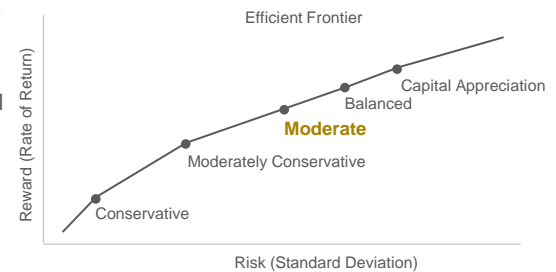
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The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important.



ASSET ALLOCATION — MODERATE PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	40 - 60%	50%	49%
Fixed Income	40 - 60%	45%	47%
Cash	0 - 20%	5%	4%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

Current Quarter*	0.20%
Blended Benchmark**	0.64%
Year To Date	6.44%
Blended Benchmark	7.41%
1 Year	6.44%
Blended Benchmark	7.41%
3 Year	3.77%
Blended Benchmark	4.69%
5 Year	7.24%
Blended Benchmark	7.42%
10 Year	4.75%
Blended Benchmark	5.38%

Index Plus (Passive)

Current Quarter*	0.43%
Blended Benchmark**	0.64%
Year To Date	7.23%
Blended Benchmark	7.41%
1 Year	7.23%
Blended Benchmark	7.41%
3 Year	4.09%
Blended Benchmark	4.69%
5 Year	7.12%
Blended Benchmark	7.42%
10 Year	4.95%
Blended Benchmark	5.38%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 26.5% S&P500, 5% Russell Mid Cap, 7.5% Russell 2000, 3.25% MSCI EM FREE, 6% MSCI EAFE, 33.50% BC US Agg, 10% ML 1-3 Yr US Corp/Gov't, 1.50% US High Yield Master II, 1.75% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 43% S&P 500; 2% Russell 2000, 5% MSCI EAFE, 15% ML 1-3 Year Corp./Gov't, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 50% S&P 500, 15% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)

2008	-22.88%
2009	21.47%
2010	12.42%
2011	0.55%
2012	12.25%
2013	13.06%
2014	4.84%
2015	0.14%
2016	6.44%

Index Plus (Passive)

2008	-18.14%
2009	16.05%
2010	11.77%
2011	2.29%
2012	10.91%
2013	12.79%
2014	5.72%
2015	-0.52%
2016	7.23%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Date	10/2004
No of Funds in Portfolio	20

Index Plus (Passive)

Inception Date	05/2006
No of Funds in Portfolio	14

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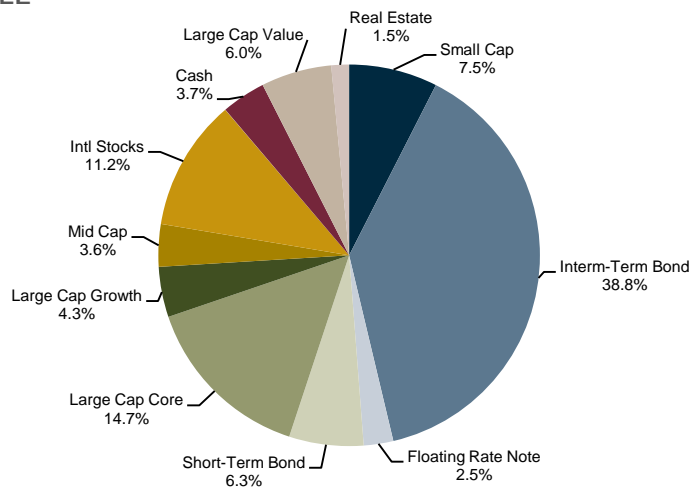
Columbia Contrarian Core Z
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 T. Rowe Price New Horizons
 Nationwide Baird International Equities
 Nationwide HighMark Bond
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 PIMCO Total Return
 Dodge & Cox International Stock
 MFS International Growth I
 First American Government Obligations Z
 Prudential Total Return
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
 Harbor Capital Appreciation
 Hartford Schroders Emerging Markets Eq
 Dodge & Cox Stock
 Nuveen Real Estate Securities I
 Undiscovered Managers Behavioral Value
 Eaton Vance Floating Rate & High Income
 Vanguard Growth & Income Adm

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Q4 2016

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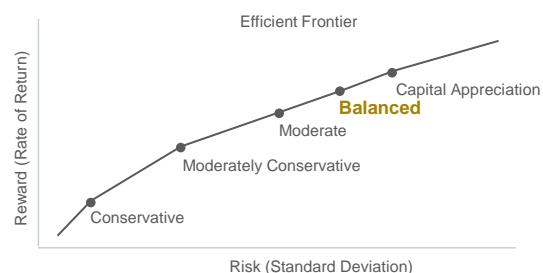
In order to meet the unique needs of our clients, we offer access to flexible implementation strategies: HighMark Plus utilizes actively managed mutual funds while Index Plus utilizes index-based securities, including exchange-traded funds. Both investment options leverage HighMark's active asset allocation approach.

Risk Management

The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

To provide growth of principal and income. While dividend and interest income are an important component of the objective's total return, it is expected that capital appreciation will comprise a larger portion of the total return.



ASSET ALLOCATION — BALANCED PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	50 – 70%	60%	58%
Fixed Income	30 – 50%	35%	38%
Cash	0 – 20%	5%	4%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

HighMark Plus (Active)

Current Quarter*	0.60%
Blended Benchmark**	1.18%
Year To Date	6.82%
Blended Benchmark	8.38%
1 Year	6.82%
Blended Benchmark	8.38%
3 Year	3.81%
Blended Benchmark	5.13%
5 Year	8.12%
Blended Benchmark	8.57%
10 Year	4.78%
Blended Benchmark	5.33%

Index Plus (Passive)

Current Quarter*	1.07%
Blended Benchmark**	1.18%
Year To Date	8.26%
Blended Benchmark	8.38%
1 Year	8.26%
Blended Benchmark	8.38%
3 Year	4.44%
Blended Benchmark	5.13%
5 Year	8.07%
Blended Benchmark	8.57%
Inception to Date (111-Mos.)	4.49%
Blended Benchmark	5.02%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 32% S&P500, 6% Russell Mid Cap, 9% Russell 2000, 4% MSCI EM FREE, 7% MSCI EAFE, 27% BC US Agg, 6.75% ML 1-3 Yr US Corp/Gov't, 1.25% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill. Prior to October 2012, the blended benchmarks were 51% S&P 500; 3% Russell 2000, 6% MSCI EAFE, 5% ML 1-3 Year Corp./Govt, 30% BC Agg, 5% Citi 1 Mth T-Bill. Prior to April 2007, the blended benchmarks were 60% S&P 500, 5% ML 1-3Yr Corp/Gov, 30% BC Agg, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

HighMark Plus (Active)

2008	-25.72%
2009	21.36%
2010	14.11%
2011	-0.46%
2012	13.25%
2013	16.61%
2014	4.70%
2015	0.04%
2016	6.82%

Index Plus (Passive)

2008	-23.22%
2009	17.62%
2010	12.76%
2011	1.60%
2012	11.93%
2013	15.63%
2014	6.08%
2015	-0.81%
2016	8.26%

PORTFOLIO FACTS

HighMark Plus (Active)

Inception Data	10/2006
No of Funds in Portfolio	20

Index Plus (Passive)

Inception Data	10/2007
No of Funds in Portfolio	14

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SAMPLE HOLDINGS

HighMark Plus (Active)

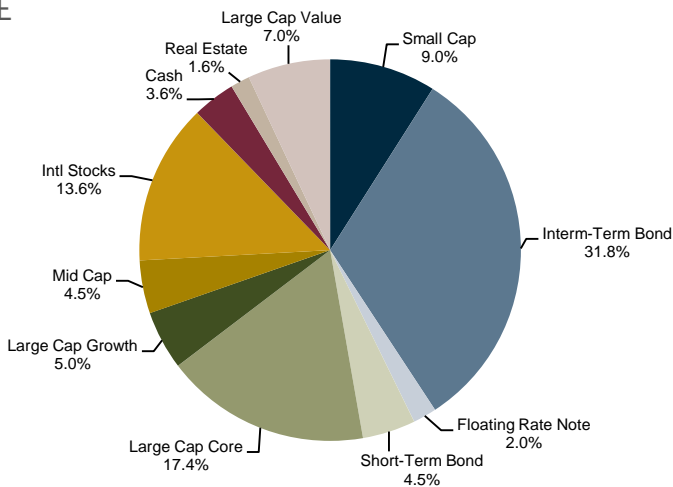
Columbia Contrarian Core Z
 T. Rowe Price Growth Stock
 T. Rowe Price New Horizons
 Nationwide Bailard International Equities
 Nationwide HighMark Bond
 Vanguard Short-Term Invest-Grade Adm
 PIMCO Total Return
 Dodge & Cox International Stock
 MFS International Growth I
 First American Government Obligations Z
 Prudential Total Return
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
 Harbor Capital Appreciation
 Hartford Schroders Emerging Markets Eq
 Dodge & Cox Stock
 Nuveen Real Estate Securities I
 Undiscovered Managers Behavioral Value
 Eaton Vance Floating Rate & High Income
 Vanguard Growth & Income Adm

Index Plus (Passive)

iShares Core S&P 500 ETF
 iShares S&P 500/Value
 iShares S&P 500/Growth
 iShares Russell 2000 Value
 iShares Russell 2000 Growth
 iShares MSCI EAFE
 iShares Russell Mid-Cap ETF
 iShares Russell Mid-Cap Value
 Vanguard Short-Term Invest-Grade Adm
 First American Government Obligations Z
 Vanguard FTSE Emerging Markets ETF
 Vanguard REIT ETF
 iShares Core U.S. Aggregate
 PowerShares Senior Loan

Holdings are subject to change at the discretion of the investment manager.

STYLE



The performance records shown represent size-weighted composites of tax exempt accounts that meet the following criteria: Composites are managed by HighMark's HighMark Capital Advisors (HCA) with full investment authority according to the PARS Balanced active and passive objectives and do not have equity concentration of 25% or more in one common stock security.

The composite name has been changed from PARS Balanced/Moderately Aggressive to PARS Balanced on 5/1/2013. The adviser to the PARS portfolios is US Bank, and HighMark serves as sub-adviser to US Bank to manage these portfolios. US Bank may charge clients as much as 0.60% annual management fee based on a sliding scale. As of December 31, 2016, the blended rate is 0.58%. US Bank pays HighMark 60% of the annual management fee for assets sub-advised by HighMark under its sub-advisory agreement with US Bank. The 36 basis points paid to HighMark, as well as other expenses that may be incurred in the management of the portfolio, will reduce the portfolio returns. Assuming an investment for five years, a 5% annual total return, and an annual sub-advisory fee rate of 0.36% deducted from the assets at market at the end of each year, a 10 million initial value would grow to \$12.54 million after fees (Net-of-Fees) and \$12.76 million before fees (Gross-of-Fees). Additional information regarding the firm's policies and procedures for calculating and reporting performance results is available upon request. In Q1 2010, the PARS Composite definition was changed from \$750,000 minimum to no minimum. Performance results are calculated and presented in U.S. dollars and do not reflect the deduction of investment advisory fees, custody fees, or taxes but do reflect the deduction of trading expenses. Returns are calculated based on trade-date accounting.

Blended benchmarks represent HighMark's strategic allocations between equity, fixed income, and cash and are rebalanced monthly. Benchmark returns do not reflect the deduction of advisory fees or other expenses of investing but assumes the reinvestment of dividends and other earnings. An investor cannot invest directly in an index. The unmanaged S&P 500 Index is representative of the performance of large companies in the U.S. stock market. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure developed market equity performance, excluding the U.S. and Canada. The MSCI Emerging Markets Free Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The US High Yield Master II Index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Wilshire REIT index measures U.S. publicly traded Real Estate Investment Trusts. The unmanaged Barclays Capital (BC) U.S. Aggregate Bond Index is generally representative of the U.S. taxable bond market as a whole. The Merrill Lynch (ML) 1-3 Year U.S. Corporate & Government Index tracks the bond performance of The ML U.S. Corporate & Government Index, with a remaining term to final maturity less than 3 years. The unmanaged Citigroup 1-Month Treasury Bill Index tracks the yield of the 1-month U.S. Treasury Bill.

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Investment Experience: since 1987

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Education: BA, University of California, Santa Barbara

Asset Allocation Committee

Number of Members: 16

Average Years of Experience: 25

Average Tenure (Years): 12

Manager Review Group

Number of Members: 8

Average Years of Experience: 18

Average Tenure (Years): 6

WHY THE PARS DIVERSIFIED CAPITAL APPRECIATION PORTFOLIO?

Comprehensive Investment Solution

HighMark® Capital Management, Inc.'s (HighMark) diversified investment portfolios are designed to balance return expectations with risk tolerance. Key features include: sophisticated asset allocation and optimization techniques, four layers of diversification (asset class, style, manager, and security), access to rigorously screened, top tier money managers, flexible investment options, and experienced investment management.

Rigorous Manager Due Diligence

Our manager review committee utilizes a rigorous screening process that searches for investment managers and styles that have not only produced above-average returns within acceptable risk parameters, but have the resources and commitment to continue to deliver these results. We have set high standards for our investment managers and funds. This is a highly specialized, time consuming approach dedicated to one goal: competitive and consistent performance.

Flexible Investment Options

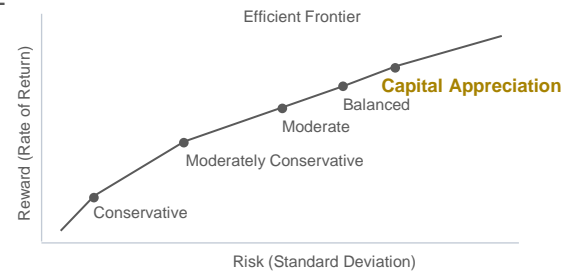
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The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

INVESTMENT OBJECTIVE

The primary goal of the Capital Appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.



ASSET ALLOCATION — CAPITAL APPRECIATION PORTFOLIO

	Strategic Range	Policy	Tactical
Equity	65 - 85%	75%	72%
Fixed Income	10 - 30%	20%	24%
Cash	0 - 20%	5%	4%

ANNUALIZED TOTAL RETURNS (Gross of Investment Management Fees, but Net of Embedded Fund Fees)

Current Quarter*	1.80%
Blended Benchmark**	1.91%
Year To Date	8.81%
Blended Benchmark	9.58%
1 Year	8.81%
Blended Benchmark	9.58%
3 Year	4.79%
Blended Benchmark	5.52%
5 Year	9.53%
Blended Benchmark	9.95%
Inception to Date (96-Mos.)	10.20%
Blended Benchmark	11.04%

* Returns less than 1-year are not annualized. **Breakdown for Blended Benchmark: 39.5% S&P500, 7.5% Russell Mid Cap, 10.5% Russell 2000, 5.25% MSCI EM FREE, 10.25% MSCI EAFE, 16% BC US Agg, 3% ML 1-3 Yr US Corp/Gov't, 1% US High Yield Master II, 2% Wilshire REIT, and 5% Citi 1 Mth T-Bill.

ANNUAL RETURNS

2008	N/A%
2009	23.77%
2010	12.95%
2011	-1.35%
2012	13.87%
2013	20.33%
2014	6.05%
2015	-0.27%
2016	8.81%

PORTFOLIO FACTS

HighMark Plus (Active)		Index Plus (Passive)	
Inception Data	01/2009	Inception Data	N/A
No of Funds in Portfolio	20	No of Funds in Portfolio	14

A newly funded account enters a composite after three full months of management and is removed from a composite at the end of the last full month that the account is consistent with the criteria of the composite. Terminated accounts are included in the historical results of a composite through the last full month prior to closing. Composites may include accounts invested in domestic (U.S.) or international (non-U.S.) individual securities, funds, or a combination thereof. Account exclusions based on equity security concentrations are applied quarterly. Employing a construction methodology different from the above could lead to different results.

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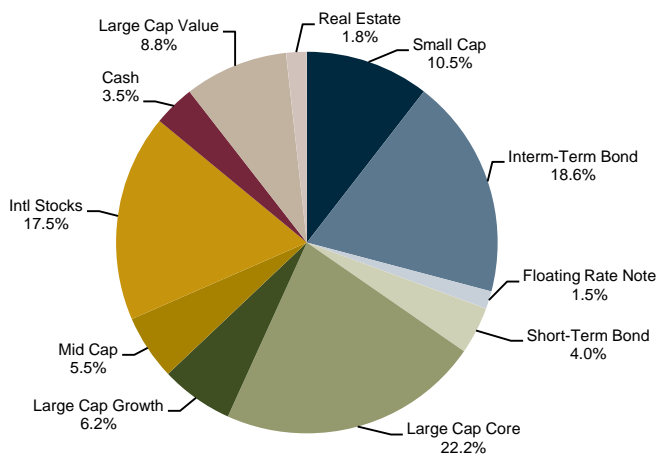
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Average Tenure (Years): 12

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Number of Members: 8

Average Years of Experience: 18

Average Tenure (Years): 6

OPEB/Pension Pre-funding Fee Schedule

Trust Administration/Consulting Fees

Company Name	Plan Set Up Fee	Ongoing
PARS	None	0.25% for assets under \$5 million 0.25% for assets \$5-10 million 0.20% for assets \$10-15 million 0.15% for assets \$15-50 million 0.10% for assets over \$50 million (\$300 monthly minimum) (WAIVED)

Discretionary Trustee/Investment Management Fees

Company Name	Plan Set Up Fee	Ongoing
U.S. Bank/ HighMark Capital	None	Ranges from 0.24% to 0.31% (at first tier for HighMark PLUS portfolios; depending on risk tolerance level; net after fee waivers)* 0.35% for assets under \$5 million 0.25% for assets \$5—\$10 million 0.20% for assets \$10—\$15 million 0.15% for assets \$15—\$50 million 0.10% for assets over \$50 million

* Fees as of December 31, 2015. Subject to change due to rebalancing.

PARS does not receive any compensation from the investments or any commissions, back-end loads, or any other forms of compensation.

The following page(s) contain the backup material for Agenda Item: [Approve staff recommendation to award the engagement of audit services to Fedak & Brown, LLP, Riverside, for a period up to three fiscal years not to exceed \\$85,000; authorize the Executive Director, or designee, to execute engagement agreements.Presenter](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 7

DATE: March 27, 2017

RECOMMENDATION: Approve staff recommendation to award the engagement of audit services to Fedak & Brown, LLP, Riverside, for a period up to three fiscal years not to exceed \$85,000; authorize the Executive Director, or designee, to execute engagement agreements.

SUMMARY: This item approves staff recommendation to award the engagement of audit services to Fedak & Brown, LLP, Riverside, for a period up to three fiscal years, not to exceed \$85,000; authorize the Executive Director, or designee, to execute engagement agreements.

CONFLICT OF INTEREST: The parties to the agreement will be the District and Fedak & Brown, LLP. Potential Conflict: District Board Members and Officers; Fedak & Brown, LLP, its principals and agents.

BACKGROUND: The District annually engages the services of auditors to review the financial processes and transactions performed by District staff during the fiscal year. The function of the financial audit is to test controls to ensure the practices being performed conform to legal requirements and sound business practices. Audit engagements include Mojave Desert AQMD and the Antelope Valley AQMD. The District will pass through the cost of the audit services specific to the AVAQMD, as specified in the contract between the Districts.

In December 2016 the District published a Request for Proposals (RFP) for Independent Audit Services. Four firms returned proposals by the January 3, 2017 deadline. Staff evaluated the proposals and interviewed three firms for further evaluation. The staff evaluation is attached in Exhibit 1. The RFP is also included as Exhibit 2.

Fedak& Brown was ranked number one for its proposal and subsequent interview and number two for cost. Fedak & Brown, LLP proposed to conduct the services for three fiscal years for \$82,016. Staff recommends an additional \$2,984 for incidentals that may arise during the course of the services. In comparison, the cost for audit services (for MDAQMD and the AVAQMD) for the past three fiscal year totaled \$82,000.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 7

PAGE 2

REASON FOR RECOMMENDATION: Governing Board approval will authorize staff to engage audit services for audits on years beginning June 30, 2017.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director on or about March 13, 2017.

FINANCIAL DATA: The cost of auditing services is included in the District's annual budget. No increase in appropriation is anticipated.

PRESENTER: Jean Bracy, Deputy Director – Administrative Services

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 7

PAGE 3

Exhibit 1

Summary of Responses
Independent Audit Services

There were four responses to the District's RFP. All of the firms are technically capable. Three firms of the four proposals were interviewed; the fourth firm (Burkey Cox) has performed audit services for the District for the past ten years. The interview panel included the Deputy Director – Administration, the Finance Manager, and the Accounting Specialist. The total cost of the three year contract was used for comparison of the proposals. Staff scored based on the firm's experience with special districts, depth of the firm's staff, the proposed audit approach, the firm's proximity to the District office, reference checks, and the interview dynamics. The results of the evaluation are listed by highest score; the evaluation of the cost is noted in the summary.

1. Fedak & Brown, Riverside

- Pre/Post-Interview average score = 149
- 3 year contract = \$82,016
 - By cost, this proposal ranked #2
 - 7.63% higher than the lowest bid, costing additional \$5,816 over three years, about \$1,939/year

This firm has asked for a chance to perform the District's audit for a number of years. Though a small firm, they have chosen to focus on special districts as their client base. Three local agencies returned positive comments regarding their services: Mojave Water Agency, VVWRA, and Phelan Pinon Hills CSD. In the interview their review of the District's audit report revealed insights as to how to make the report more user-friendly. They also advocated producing a GFOA quality audit report and CAFR. District staff would electronically submit most of the documentation required to perform their review. They present themselves as able to work with the District to evaluate practices where needed. As a client, the combined the work for MD and AV will fall in the mid-range of most of their client base.

2. The Pun Group , Santa Ana

- Pre/Post-Interview average score = 145
- 3 year contract = \$84,863
 - By cost, this proposal ranked #3

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 7

PAGE 4

- 11.37% higher than the lowest bid, costing additional \$8,663, over three years, about \$2,888/year

They make an impressive presentation and have an illustrious list of clients, including special districts and most types of government agencies. A recommendation was received from the former president of SDRMA. They have several offices across the US. They produce a slick report and would be more than capable.

3. Cobb, Doerfler & Assoc, Lancaster

- Pre/Post-Interview average score = 131
- 3 year contact = \$76,200 (Lowest bidder)

This firm delivered the lowest bid and is a very small firm (four employees) with limited experience conducting audit and CAFR reports for special districts. The presenting partner expressed the firm's desire to "break into the audit field with special districts." He also presented himself as obviously capable, engaged, and eager to get better acquainted with both Districts. The firm has yet to have a full familiarity with GASB 68, 75 and '37 Act retirement systems.

4. Burkey Cox Evans & Bradford, Palmdale

- Pre/Post-Interview average score = 130
- 3 year contract = \$86,995
 - By cost, this proposal ranked #4
 - 14.17% higher than the lowest bid, costing additional \$10,795 over three years, about \$3,598/year

This firm has performed the District audits since 1999. At the outset, the District is long overdue to change audit firms.

Request for Proposal For Independent Audit Services

The Mojave Desert and Antelope Valley Air Quality Management Districts are soliciting proposals for contract services for independent auditing services from qualified Certified Public Accountants. Please reference the attached RFP with additional information.

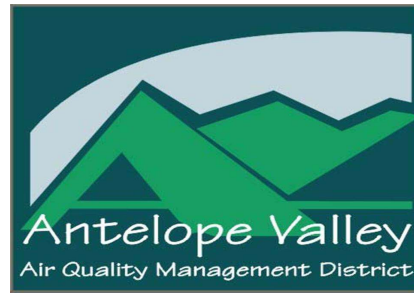
Interested and qualified auditors, please submit two copies of your proposal by 4:00 p.m. on January 3, 2017 to:

Mojave Desert Air Quality Management District
Attn: Laquita Cole
14306 Park Ave
Victorville, CA. 92392

If you have any questions regarding the proposal process, please contact Laquita Cole at (760) 245-1661 ext.6229 or by e-mail at cole@mdaqmd.ca.gov.



Laquita Cole
Finance Manager



Request for Proposal Independent Auditor Services

Date of Release: November 15, 2016
Submittal Deadline: January 3, 2017
Contact: Laquita Cole, Finance Manager
Telephone: (760) 245-1661 ext. 6229

Purpose

The Mojave Desert and Antelope Valley Air Quality Management Districts, hereinafter referred to as 'Districts' requests proposals from certified public accounting firms with technical expertise and experience to conduct an independent audit and related services for the fiscal year ending June 30, 2017 and for the next two years through the fiscal year ending June 30, 2019.

There is no expressed or implied obligation for the Districts to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Materials submitted by respondents are subject to public inspection under the California Public Records Act (Government Code Sec. 6250 et set.), unless exempt. Additionally, the District reserves the right to reject any or all proposals submitted.

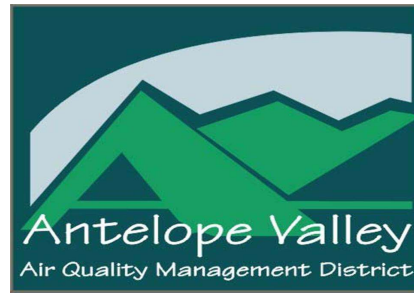
The District reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the District and the firm selected.

Notwithstanding other provisions of the RFP, auditors are hereby advised that this request is solicitation of proposals only. It is not intended, nor is it to be construed as, the engaging in formal competitive bidding pursuant to any statute, policy, or regulation.

Brad Poiriez ● Executive Director

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General Information

The MDAQMD is an independently governed special district which was formed July 1, 1993, pursuant to the provisions §§41200 et seq. of the Health and Safety Code of California. The District is empowered to maintain a program of air quality management for stationary sources of air contaminants under the provisions of Division 26 of the California Health and Safety Code. The District has jurisdiction over the desert portion of San Bernardino County and the northeast portion of Riverside County (Palo Verde Valley including the City of Blythe).

Stretched out over almost 20,000 square miles of California's vast desert expanse, the MDAQMD is geographically the second largest of the state's 35 air districts. As the air pollution control agency for San Bernardino County's High Desert and Riverside County's Palo Verde Valley, the MDAQMD has primary responsibility for controlling emissions from stationary sources of air pollution, which can include equipment located at cement facilities, power plants or the corner gas station. There are over 1,000 such businesses operating under MDAQMD permits.

The District is governed by a 13 member Board composed of elected representatives from each of the nine municipal jurisdictions, three county supervisors whose districts are located within the District's territory, and one public member. The Treasurer of San Bernardino County serves as the District's Treasurer and Auditor/Controller. The Air Pollution Control Officer is the Executive Director of the District and is appointed by and reports to the Board. The Board meets the 4th Monday of the month at the Board Chambers located in the offices of the Mojave Desert Air Quality Management District.

MDAQMD has an annual budget of \$8.5 million dollars of which \$6.9 million is the operating budget and approximately \$1.6 million is budgeted for pass-through grant monies. Currently, the number of staff budgeted is 39 (including 7.5 FTE dedicated to Antelope Valley operations).

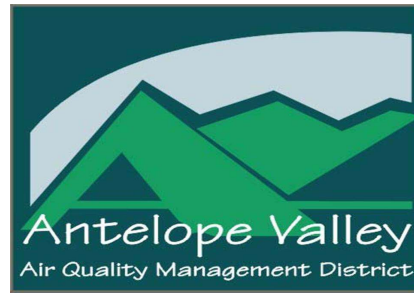
The Antelope Valley Air Quality Management District

The District Program was established in 1997 by the State Legislature which separated the Antelope Valley and northern Los Angeles County from the South Coast Air Quality Management District. The District lies within the northern part of Los Angeles County.

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The District boundaries start on the south just outside of Acton, north to the Kern County line, east to the San Bernardino County line, and west to the Quail Lake area. The AVAQMD is located within the Mojave Desert air basin.

The AVAQMD's Governing Board is comprised of two members of the Palmdale City Council, two members of the Lancaster City Council, two members appointed by the 5th District Supervisor of Los Angeles County, and one public member. The Board establishes policy and approves new rules. The Governing Board also appoints the Air Pollution Control Officer and District Hearing Board. The Board meets the 3rd Tuesday of the month at the Board Chambers located in the offices of the Antelope Valley Air Quality Management District.

The AVAQMD contracts most of its services from the Mojave Desert Air Quality Management District (MDAQMD). MDAQMD staff is used for specific expertise to support the Antelope Valley office and provide a full service agency. Certain administrative functions and support of the AVAQMD are performed at Mojave Desert AQMD's Victorville location.

The AVAQMD offices have a total of 7.5 full time equivalent employees. Six employees work onsite at the Antelope Valley office while the other 1.5 employees are stationed at the Mojave Desert office in Victorville.

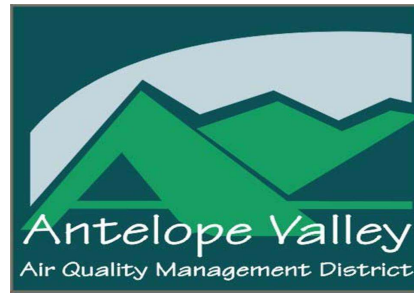
The contract provides financial, administrative and personnel management services to the operating divisions of the District. The office is responsible for most administrative functions included, but not limited to, all accounting, financial, payroll, human resource budgetary functions as well as the District's computer information systems, risk management, fleet and facility management, and fixed assets.

AVAQMD has an annual budget of \$3.2 million dollars of which \$1.5 million is the operating budget and approximately \$1.7 million is budgeted for pass-through grant monies.

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Scope of Work

The Districts are required to cause an audit pursuant to the California Government Code Section 26909 for the annual audit of its financial statements. Audits are to be conducted in accordance with auditing standards generally accepted in the United States of America, the standards set forth for financial audits contained in *Government Auditing Standards* (1994) issued by the Comptroller General of the United States, the provisions of the Single Audit Act of 1984 (as amended in 1996) and the provisions of U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of State and Local Governments and Non-Profit Organizations*, Audits of State and Local Governments, State Board of Accountancy Rule 58-1 and others as deemed necessary.

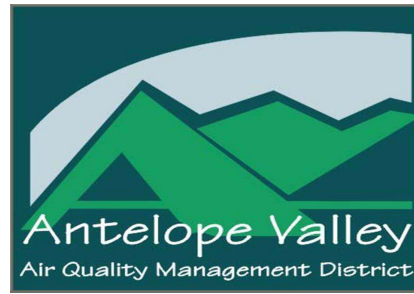
Audit work to be performed under contract with the Districts and shall include, but is not necessarily limited to the following:

1. Audit the District's basic financial statement in accordance with Generally Accepted Governmental Auditing Standards (GAGAS) in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Governmental Accounting Standard Board (GASB) Statement 54, Fund Balance Reporting requirements.
2. Express an opinion on the financial statements as to whether they present fairly, in all material respects, the financial position of the District and the changes in financial position in conformity with generally accepted accounting principles (GAAP), and issue an independent auditors' report stating this opinion.
3. Test internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and agreements and other matters, in accordance with Government Auditing Standards.
4. Apply limited procedures related to the Required Supplementary Information (RSI), Management's Discussion and Analysis (MD&A), budgetary comparison information, and the Supplementary Information.
5. Prepare the District's Annual Report of Financial Transactions of Special Districts to the State Controller's Office and submit them including a copy of your auditor's report to the District and the State Controller by the required deadlines.

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6. Prepare Report to the Governing Board and Management which identifies control deficiencies, significant deficiencies and material weaknesses, if any, and your recommendations for improvements in accounting and administrative controls.
7. Present and discuss annual financial statement and results of operations to the Governing Board.
8. Communicate immediately and in writing all irregularities and illegal acts, or indications of illegal acts, of which they become aware, to the Finance Manager.
9. Present discussion drafts of the auditor's reports and adjusting journal entries at an exit conference with appropriate District personnel. The purpose of this conference is to sustain effective auditor-client communication and provide a check against misunderstandings.
10. Prepare the final draft audited financial statement report and recommendations including the management letter, annual report of financial transactions of Special Districts, and the management discussion and analysis (MD&A).
11. Present the final audited financial statement report and recommendations including the management letter, annual report of financial transactions of Special Districts, and the management discussion and analysis (MD&A) with 3 bound hard copies, 1 loose copy, and electronically before November of each Fiscal Year.

Audit Plan

The auditor shall provide the District with an audit plan, including a required document list and other work requested no later than 30 days before the audit. Please include a sample audit plan in your submission.

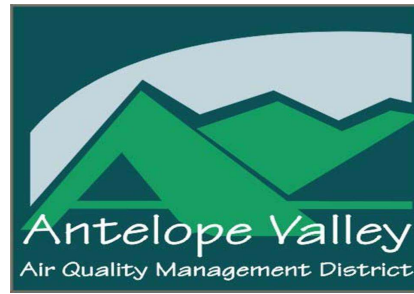
Working Papers

The auditor shall retain working papers for a period of three (3) years, unless otherwise specified by the District. In addition, the firm shall respond to reasonable inquiries of the District and successor auditors and allow the District and successor auditors to review working papers relating to matters of continuing accounting significance. Such working papers shall be available for review and audit by the District, representatives of Federal, State and/or County Government and other individuals designated by the District.

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Resources to be provided by the District.

1. Financial records: Copies of current or prior years’ financial statements, budgets, general ledger listings, actuarial reports, claims audits, premium spreadsheets, and other appropriate financial records will be made available to the selected auditor.
2. Agency assistance: The District shall assign appropriate staff to assist the auditor by providing required information and explanations.
3. Adequate working space: Will be provided by the District.

Additional Services

If it should become necessary for the District to request the auditor to render any additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued on this engagement, then such additional work shall be performed only if set forth in an addendum to the contract between the District and the firm. Any such additional work agreed to between the District and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the Proposal Data Sheet and the contents of the Technical Proposal.

Timeline

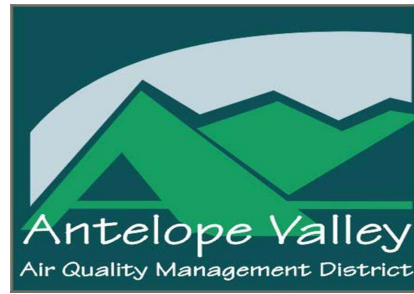
The following timeline is a guide for the RFP process. The due date for all proposals is firm. The other dates are tentative and subject to change.

Date/Time	Milestone
November 15, 2016	RFP released to interested parties
January 3, 2017	Proposals due two copies
January 9, 2017	Proposals Evaluated
January 23, 2017	Interview
February 27, 2017	Governing Board Meeting
February 27, 2017	Posting successful bidder
On or about February 28, 2017	Contract executed

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Evaluation Criteria and Selection Process

All proposals will be reviewed by an evaluation panel consisting of one or more representatives from the Districts and may include representatives from other government agencies.

- No proposals will be accepted after the time and date indicated above.
- Incomplete responses will not be accepted.
- All components of the proposal are mandatory.
- Failure to include all requested information may result in rejection.

Upon completion of review, the evaluation panel will make a tentative selection and may request an interview with the representatives of the firm selected to formalize the contract. It is the Districts' intention to incorporate the RFP as part of the contract. The interview committee will make formal recommendation to the Executive Director.

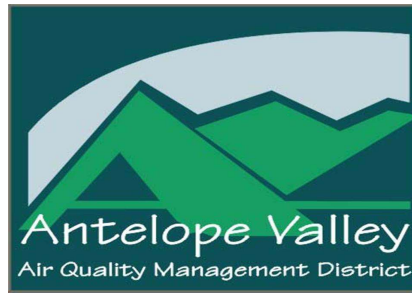
The Executive Director will make the final selection and award the contract. Criteria for evaluating responses will include:

- ✓ Cost, although a significant factor, may not be the determining factor. Cost is particularly important when all the other evaluation criteria are relatively equal.
- ✓ Reputation of customer satisfaction (references).
- ✓ Completeness of response.
- ✓ Proximity of firm.
- ✓ The firm's substantial past experience in performing the required audits on government agencies comparable to the District.
- ✓ The quality and stability of the firm's professional staff to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation to the District.
- ✓ Proposed plans for the various segments of the engagement which are acceptable to the District.
- ✓ A thorough understanding of the objectives, scope and issues for this type of engagement.
- ✓ Adequacy of proposed staffing plan, sampling techniques, and analytical procedures.
- ✓ Timeliness in the conduct and completion of the audit.

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Format of Response

1. Title page

- ❖ The RFP subject,
- ❖ The proposing firm's name,
- ❖ Contact person's name, local address, telephone number, and email address. If the firm has more than one office, state which office will be responsible for providing services to the District, and
- ❖ The date of submission.

2. Table of Contents

- ❖ Identification of material submitted, by section and page number,
- ❖ Cross reference to section and page number of RFP.

3. Transmittal Letter

- ❖ General introduction stating the proposer's understanding of the services to be provided,
- ❖ A positive commitment to perform the service within the time period specified,
- ❖ A statement why the firm believes itself to be best qualified to perform the engagement,
- ❖ A statement of how long you have been in business and how many financial audits were performed by your firm for public agencies during the past five (5) years,
- ❖ A statement that the proposal is a firm and irrevocable offer for a period of 60 days,
- ❖ Name(s) of person(s) authorized to represent the proposer, title, address, telephone number, email address, and
- ❖ Original Signature.

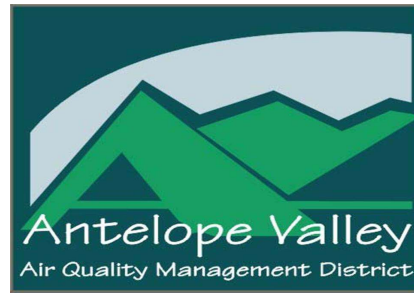
4. Contents of Technical Proposal

The purpose of the Technical Proposal is to demonstrate the qualifications, competence, and capacity of the firms seeking to undertake an independent audit of the District in conformity with the requirements of this RFP. The Technical Proposal should demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It should also specify an audit approach that will meet the RFP requirements.

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The Technical Proposal should address all the points in the order outlined in the RFP (exclude any cost information, which should only be included in the cost proposal section). The proposal should be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP. While additional data may be presented, the areas detailed below must be included. They represent the criteria against which the proposal will be evaluated.

5. License to Practice in California

- ❖ An affirmative statement should be included that the firm and all assigned key professional staff are properly licensed to practice in California.

6. Independence

- ❖ The firm should provide affirmative statement that it is independent of the Districts as defined by generally accepted auditing standards and the US General Accounting Office's Government Auditing Standards.
- ❖ The firm should also list and describe the firm's professional relationships involving the District for the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest relative to performing the proposed audit.
- ❖ In addition, the firm shall give the District written notice of any professional relationships entered into during this period of this agreement.

7. Insurance Requirements

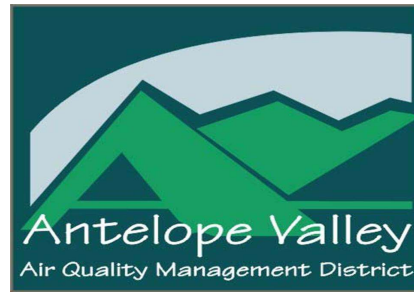
In order to provide services to the District, your organization must maintain the following insurance:

- ❖ Worker's Compensation and Employer's Liability Insurance in accordance with the applicable laws of the state of California or in accordance with the applicable laws of the State in which the contractor is obligated to pay compensation to employees engaged in the performance of the work. The policy limit shall not be less than one \$500,000.00 per occurrence with one million dollars (\$1,000,000.00) aggregate.
- ❖ Commercial General Liability and Bodily Injury Insurance. A commercial general liability insurance policy for at least \$1,000,000 combined limit for bodily injury and property damage.

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- ❖ Insurance covering the work, the performance of the work, errors and omissions, and everything incidental thereto, with limits of not less than one million dollars (\$1,000,000.00) per occurrence combined single limit, or in whatever higher amounts as may be required by the District's insurer.
- ❖ This policy shall be endorsed to cover Contractual liability assumed by the contractor under the indemnity agreement set forth below.
- ❖ Automobile Liability and Property Damage Insurance, including coverage on owned, hired, and non-owned automobiles and other vehicles, if used in connection with the performance of the work, with bodily injury and property damage limits of not less than one million dollars (\$1,000,000.00) per person/per occurrence.
- ❖ Insurance covering loss of customer data and or data breach (cyber security) with limits of not less than one million dollars (\$1,000,000.00)

Prior to commencing any work hereunder you shall provide to the districts the proper certificates demonstrating that the types and amounts of insurance coverage specified above and any endorsements required hereunder are properly issued and in effect, and provide that the districts, its officers, employees and agents are named additional insured's under the policy. The policy shall state in writing either on the Certificate of Insurance or attached rider thereof that this insurance will operate as primary insurance for work performed by your organization, its employees, agents and subcontractors, and that no other insurance carried by the districts or other named insured will be called on to cover a loss covered thereunder.

A Certificate of Insurance shall be provided for each District.

8. Firm Qualification and Experience

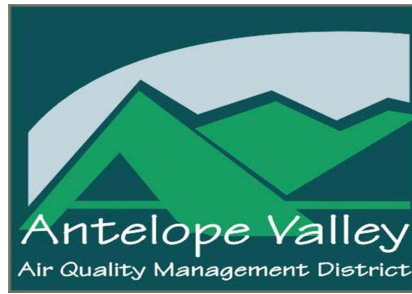
To qualify, the firm must have extensive experience in audits of local governments as well as experience with the preparation of basic financial statements in compliance with generally accepted auditing standards, Minimum Audit Requirements and Reporting Guidelines for Special Districts as required by the State Controller's Office, and Governmental Accounting Standards Board (GASB) requirements.

The proposal should briefly introduce your firm, indicating whether your firm is local, regional, national, or international. State the size of the firm, the size of the firm's governmental audit staff, the location of the office from which the work on this engagement is to be performed (the District has a strong preference to work with a firm with office and assigned staff located in Southern California), and the number and

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nature of the professional staff to be employed in this engagement on a full-time basis and the number and nature of the staff to be so employed on a part-time basis. Indicate the name of the person who will be authorized to answer questions and to bind the firm, the person's title, address, email and telephone number.

The proposer should not be a joint venture or consortium.

If your firm participates in a peer review or quality review program provide the year, month and result of the most recent review and submit a copy of the report on the firm's most recent external quality control (peer) review, with a statement whether that quality control review included a review of specific government engagements (required by Government Audit Standards).

Provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three (3) years. In addition, provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years with state regulatory bodies or professional organizations.

9. Engagement Partner, Manager/Supervisor and Staff Qualifications and Experience

Identify the senior-level staff, including engagement partner and manager/supervisor, who would be assigned to this engagement on an on-going basis. Indicate whether these individuals have CPA licenses to practice in California. Please provide information on the governmental auditing experience of these individuals, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit. Staff consistency is a very important consideration the District reserves the right to approve or reject any replacements in the senior level staff participating in the District's audit.

Include resumes of those individuals supervising the audit.

10. Specific Audit Approach

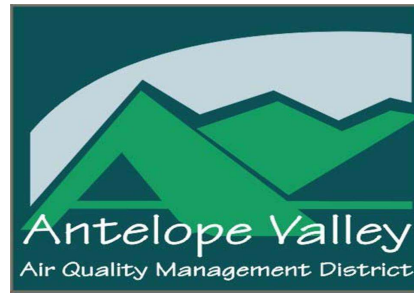
The proposal should set forth a work plan, including an explanation of the audit methodology to be followed to perform the services required in Section III of this RFP.

- ❖ Proposed segmentation of the audit work
- ❖ Expectations of District staff:
- ❖ What documents and working papers are expected to be provided by District staff?

Brad Poiriez ● Executive Director

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- ❖ Please provide sample Prepared by Client (PBC) lists and schedules for each section of the audit field work.
- ❖ Planned number of hours on the engagement for each level of auditing staff.
- ❖ Sample size and the extent to which statistical sampling is to be used in the engagement.
- ❖ Type and extent of use of software in the engagement.
- ❖ Type and extent of analytical procedures to be used in the engagement.
- ❖ Approach to be taken to gain and document an understanding of the District's internal control structure.
- ❖ Approach to be taken in determining laws and regulations that will be subject to audit test work.
- ❖ Approach to be taken in drawing audit samples for purposes of tests of compliance.

11. Identification of Anticipated Potential Audit Problems

The proposer should identify and describe any anticipated potential audit problems, the firm's approach to resolving these problems, and any special assistance that will be required from the District.

12. A complete estimate and explanation of fees is to appear in the text of your response in addition to the estimates contained on the proposal data sheet. Please provide a list of fees for additional services that may be requested in relation to this audit.

9. All proposals shall contain provisions to the effect that in the event that extraordinary circumstances warrant more intensive and detailed services beyond those in the contractual agreement, the firm shall provide in writing and in advance, the reasons for the additional services together with the firm's estimate of costs, and a statement that no work will be performed without advance approval by the District. Any and all additional work as agreed in advance by the District shall be compensated for at the same rate quoted in the schedule submitted in the proposal.

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REFERENCES

Respondents must provide references from three (3) organizations that are or have received similar services. A brief description of services rendered, in addition to the name, address, telephone number and contact person must be provided. Proponents may include letters of reference with this attachment. The following format shall be used:

Date of Service(s): Name
of Organization:
Description of Service:

Date of Service(s): Name
of Organization:
Description of Service:

Date of Service(s): Name
of Organization:
Description of Service:

LITIGATION INVOLVEMENT

Organization Name and Address:

Involvement in Litigation:

Check YES or NO to the following questions. If a YES answer is checked, please explain fully the circumstances and include discussion of the type of program involved as well as the potential impact of this program, if awarded contract (use extra pages as needed).

	<u>YES</u>	<u>NO</u>
1. Is the firm or any of its principals involved in litigation now Or within the last two years?	_____	_____
2. Has the firm or Project Director ever been cited for improper Management?	_____	_____
3. Has the firm or Project Director ever had public agency funds withheld?	_____	_____

Completed by:

Name and Title

ASSURANCE AND CERTIFICATION

I, (We), the undersigned, as duly authorized representative(s) of the respondent agency, affirm that the information and statements contained within this proposal to the best of my (our) knowledge, are truthful and accurate, and further, that I (we) am (are) duly authorized to submit this proposal from the respondent agency to deliver services.

Signature

Date

Signature

Date

DECLARATION OF CAMPAIGN CONTRIBUTIONS

Contractor to
Initial

_____ Contractor has declared that there were no contributions made to any member of the Governing Board during the preceding 12 months that trigger Government Code section 84308.

_____ Contractor has made the following contributions to members of the Governing Board.

Name of Board member	Date of Contribution	Amount of Contribution



United State Environmental Protection Agency
Washington, DC 20460

Certification Regarding Debarment, Suspension, and Other Responsibility Matters

The prospective participant certifies to the best of its knowledge and belief that it and the principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three year period preceding this proposal been convicted of or had a civil judgement rendered against them or commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction: violation of Federal or State antitrust statute or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (b) of this certification; and
- (d) Have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State, or local) terminated for cause or default.

I understand that a false statement on this certification may be grounds for rejection of this proposal or termination of the award. In addition, under 18 USC Sec. 1001, a false statement may result in a fine of up to \$10,000 or imprisonment for up to 5 years, or both.

Typed Name & Title of Authorized Representative

Signature of Authorized Representative Date

I am unable to certify to the above statements. My explanation is attached.

EPA Form 5700-49 (11-88)

The following page(s) contain the backup material for Agenda Item: [1. Ratify the “FY 16-17 Application for Carl Moyer Program Funds” and its submission to CARB](#), [2. Approve the required match funding for the Carl Moyer Memorial Air Quality Standards Attainment Program \(the Carl Moyer Program\)](#), and [3. Authorize the Executi](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 8

DATE: March 27, 2017

RECOMMENDATION: 1. Ratify the “FY 16-17 Application for Carl Moyer Program Funds” and its submission to CARB, 2. Approve the required match funding for the Carl Moyer Memorial Air Quality Standards Attainment Program (the Carl Moyer Program), and 3. Authorize the Executive Director to execute the agreement, approved as to legal form, with CARB which binds the parties to the terms and conditions set forth in the application and the 2011 Carl Moyer Program Guidelines.

SUMMARY: This item authorizes the application for and implementation of the Carl Moyer Program for Year 19, through FY 16-17.

CONFLICT OF INTEREST: None

BACKGROUND: The purpose of the Carl Moyer Program is to reduce emissions by providing grants for the incremental cost of cleaner heavy-duty vehicles and equipment such as on-road, off-road, marine, locomotive, stationary agricultural pump, forklift, and airport ground support engines. The state legislature has authorized continuing funding for statewide implementation of the Carl Moyer Program (Year 19 funding).

1. **Approve the “Fiscal Year 16-17 Application for Carl Moyer Program Funds” and authorize its submission to CARB.** CARB has indicated that an estimated \$751,790 of the available funding has been tentatively allocated for the MDAQMD portion of the Carl Moyer Program. The amount of funding will be finalized during the agreement development process authorized under Section 3 below. By submitting an application to CARB, MDAQMD will be able to claim those funds and demonstrate its willingness to administer the program in accordance with the stated objectives.

CC: Holly Noel

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 8

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2. Match requirement. The MDAQMD needs to provide one dollar in match funding for every two dollars of State Carl Moyer funding. This match amount may be modified if the overall Carl Moyer Program funding allocation is greater than a statewide \$12 million cap. Present Carl Moyer Program Funding is over \$65 million statewide so CARB has completed a recalculation of participating districts required match and the MDAQMD has an estimated \$112,769 match requirement. The amount of match required will be finalized during the agreement development process authorized under section 3 below. Previously awarded AB 2766 eligible projects in 2011, 2013 and 2015 will satisfy the tentative allocation requirement and the District estimates sufficient funds have already been expended to account for potential adjustments to the required match amount. No additional expenditures will be required to meet the match requirements.

3. Authorize the Executive Director to execute the agreement with CARB which binds the parties to the terms and conditions set forth in the application and the 2011 Carl Moyer Program Guidelines. Once CARB approves MDAQMD's application, CARB and MDAQMD will execute an agreement which binds the parties to the terms and conditions set forth in the application and the 2011 Carl Moyer Program Guidelines. This agreement will finalize the award amount and match requirement if such amounts are adjusted during the grant process.

REASON FOR RECOMMENDATION: The Carl Moyer Program guidelines require that the Governing Board formally authorize MDAQMD's application. Additionally, Governing Board authorization is needed for the Executive Director to execute the agreement with CARB.

REVIEW BY OTHERS: This item was reviewed as to legal form by Karen Nowak, District Counsel and by Brad Poiriez, Executive Director on or before February 28, 2017.

FINANCIAL DATA: Carl Moyer Program funds are supplementary to the MDAQMD budget. The required match funding commitment will be met by AB2766 Funds. The distribution of these funds is included in the FY 16-17 budget.

PRESENTER: Jean Bracy, Deputy Director, Administration.

The following page(s) contain the backup material for Agenda Item: [1. Approve the selection of proposals recommended by the Mobile Source Emissions Reduction Committee \(Committee\) which represent projects that will reduce emissions from mobile sources within the MDAQMD; and 2. Award funds as recommended; and 3. Authorize](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 9

DATE: March 27, 2017

RECOMMENDATION: 1. Approve the selection of proposals recommended by the Mobile Source Emissions Reduction Committee (Committee) which represent projects that will reduce emissions from mobile sources within the MDAQMD; and 2. Award funds as recommended; and 3. Authorize the Executive Director to negotiate time frames and technical project details and execute an agreement, approved as to legal form, with each proponent.

SUMMARY: This item sets forth the recommendations of the Mobile Source Emissions Reductions Committee regarding funding of proposals received in response to the District's Call for Projects (CFP) issued November 15, 2016. The committee recommends funding three proposals with \$745,032 from the AB 2766 Grant Program, (FY 2017).

CONFLICT OF INTEREST: The proposed parties to the agreements will be the District and the City of Hesperia, Victor Valley Transit Authority, and Mojave Water Agency. Potential conflict: District Board Members and Officers; City of Hesperia, Victor Valley Transit Authority, Mojave Water Agency and their principals and agents.

BACKGROUND: The MDAQMD Governing Board allocates 25% of the revenue received from AB 2766 (motor vehicle surcharge) for a recurring competitive grant program. The District issued a CFP on November 15, 2016, announcing that funding was available for projects that will reduce emissions from mobile sources with the District's jurisdiction. Grants Specialist Holly Noel conducted an applicant workshop to assist applicants with preparing their submittals. Three proposals were received by the deadline on January 25, 2017.

A total of five applications were received. Two applications were deemed by staff as non-qualifying projects and the Committee concurred with this assessment. After evaluation and deliberation, the Committee selected and recommends funding three proposals. The funding recommendations are listed below with project summaries.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

1. Project Award Summary

Mojave Water Agency	Three EV Charging Stations at Headquarters Building		17,000.00
VVTA	Amenity improvements to transit stops and stations.		243,550.00
City of Hesperia	Main St. Traffic Signal Synchronization		484,482.00
	Total Requested		745,032.00

2. Project Descriptions

Funding Recommended

<u>City of Hesperia</u>	\$484,482
Applicant will install Traffic Signal Synchronization equipment along a .76 mile stretch of Main Street (Cataba to Escondido) in Hesperia.	
 <u>Mojave Water Agency</u>	 \$17,000
Applicant will install three (3) EV stations located in the front parking lot of their headquarters. Stations will be continually accessible to the public.	
 <u>Victor Valley Transit Authority</u>	 \$243,550
Program will provide transit (bus) amenities including solar signage, BikeLids, Simme seating, solar lighting, shelters, benches and trashcans. Project will be implemented over two years.	
 Total Recommended for Funding	 \$745,032

3. Executive Director Authorization

The Governing Board will expedite the implementation of this action by authorizing the Executive Director to negotiate certain terms (target time frames and technical details of the projects) and execute an agreement with the grant recipients, approved as to legal form.

**MINUTES OF THE GOVERNING BOARD
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VICTORVILLE, CALIFORNIA**

AGENDA ITEM 9

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REASON FOR RECOMMENDATION: Governing Board approval is needed to fund the proposals recommended by the Mobile Source Emissions Reductions Committee. Additionally, Governing Board authorization is needed for the Executive Director to execute these agreements with the recipients.

REVIEW BY OTHERS: This agenda item was reviewed by Brad Poiriez, Executive Director and by Karen K. Nowak, Deputy District Counsel, as to legal form on or before March 9, 2017.

FINANCIAL DATA: The distribution of AB 2766 funds to this grant program has been established by Board policy. This action appropriates available funds in the Mobile Source Emissions Reduction grant trust fund, funds received through December 31, 2016 and allocated to the Mobile Source Emissions Reduction Grant Program and authorizes the awards to the selected project proponents as described herein.

PRESENTER: Jean Bracy, Deputy Director, Administration

The following page(s) contain the backup material for Agenda Item: [Authorize surplus of District-owned capital equipment and disposal as indicated; receive and file the Executive Director's report of surplus and disposal for non-capital items.](#) Presenter: Jean Bracy

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 10

DATE: March 27, 2017

RECOMMENDATION: Authorize surplus of District-owned capital equipment and disposal as indicated; receive and file the Executive Director's report of surplus and disposal for non-capital items.

SUMMARY: This will authorize the surplus of District-owned capital equipment and disposal as indicated and advise the Governing Board that the District property listed below has been replaced, and/or is no longer in service for the District. The Executive Director/APCO declared the following property surplus and disposed it, or will dispose it as indicated.

CONFLICT OF INTEREST: None.

BACKGROUND: The property referenced in Exhibit 1 has concluded its usefulness, has been replaced, or is no longer serviceable.

REASON FOR RECOMMENDATION: The Governing Board has delegated the authority to the Executive Director/APCO in Governing Board Policy 94-1 to declare and dispose of surplus property belonging to the District with periodic notification to the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or about March 13, 2017.

FINANCIAL DATA: No increase in appropriation is required.

PRESENTER: Jean Bracy, Deputy Director - Administration

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 10

PAGE 2

Exhibit 1

- **Air Monitoring Equipment:** Description:

ESC 8816 Data Logger, SN: 1668, Tag 450;
ESC 8816 Data Logger, SN: 3078;
EnviroNics 6103 Ozone Transfer Standard Gas Calibrator, SN: 3216, Tag 276;
Dasibi EnvCorp 1003-AM Ozone Monitor, SN: 2814, Tag 441;
API 200A Chemiluminescent NOx Analyzer, SN: 158;
API 300 Gas Filter Correlation CO Analyzer, SN: 450, Tag 625;
ESC 8816 Data Logger, SN: 643;
API 400 Photometric O3 Analyzer, SN: 568, Tag 624;
API 400 Photometric O3 Analyzer, SN: 567; Tag 613;
API 400 Photometric O3 Analyzer, SN: 563, Tag 444;
API 400 Photometric O3 Analyzer, SN: 566, Tag 445;
API 400 Photometric O3 Analyzer, SN: 565, Tag 443;
Rupprecht & Patashnick Co. Inc. 1400 TEOM Sensor Unit, SN: 140AA208359503;
Rupprecht & Patashnick Co. Inc. 1400 TEOM Sensor Unit, SN: 140A-20680-9409;
Rupprecht & Patashnick Co. Inc. 1400 TEOM Sensor Components, SN: 1801 K0 = 11583;
Volumetrics Inc VMC 35 Pressure Monitor Kit, SN: 14896, Tag 447;
Electronic Device Corp Voltage Regulator, SN 8723;
Rupprecht & Patashnick Co. Inc. 1400A TEOM Control Unit, SN: 140AA208359503;
Rupprecht & Patashnick Co. Inc. 1400A TEOM Control Unit, SN: 140A-2269;
Rupprecht & Patashnick Co. Inc. 1400A TEOM Control Unit, SN: 140A-2572;
Rupprecht & Patashnick Co. Inc. 1400A TEOM Control Unit, SN: 140A-20680-9406;
Rupprecht & Patashnick Co. Inc. 1400A TEOM Control Unit, SN: 140A-20755-9411;
ESC 8816 Data Logger, SN: 2208;
ESC 8816 Data Logger, SN: 3890;
ESC 8816 Data Logger, SN: 1804;
and misc., peripherals, cables and accessories. The referenced equipment has exceeded their useful lives has have been replaced or removed from service. Equipment that was useful will be put up for auction or donated to other air districts for parts. The remainder of the equipment will be properly disposed (e-waste).

- **Computer and other equipment:** Description:

Dell Dimension XPS R400, SN: ELSWV, Tag 440;
Gateway E2000, SN: 0030039593, Tag 164;
Gateway E2000, SN: 0030178458;

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AGENDA ITEM 10

PAGE 3

and misc. Keyboards, mice, cables and screens. The referenced equipment has exceeded their useful lives has have been replaced or removed from service. Equipment that was useful was donated to local schools. The remainder of the equipment will be properly disposed (e-waste).

- **Video Teleconference/Presentation Equipment:** Description:

Crown CTs 4200 Amplifier, SN: 085246;

This device is no longer functioning and has been replaced. It will be e-waste recycled.

- **Vehicles (2):**

Vehicle Number: 99899, Enterprise ID: LAFV32, Year/Make/Model: 02 Dodge Durango, License No.: 1007549, VIN: 1B4HR48Z72F162935, Mileage as of 02/14/2017: 221,182

Vehicle Number: 99910, Enterprise ID: LAFV39, Year/Make/Model: 08 Toyota Camry Hybrid, License No.: 1296198, VIN: JTNNV46K083046310, Mileage as of 02/14/2017: 152850

These vehicles have exceeded their useful life for the District fleet and will be posted on CraigsList for sale or offered to an auction service for consignment sale.

Furniture and Office equipment: Chairs and miscellaneous (accessories) items, usually non capital items. Items have been replaced, are broken and/or have expired their useful life, disposal by donation to school district, thrift store (Goodwill), or appropriate disposal site.

The following page(s) contain the backup material for Agenda Item: [Receive and File: The Legislative Report for March 8, 2017. Presenter: Brad Poiriez](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 11

DATE: March 27, 2017

RECOMMENDATION: Receive and file.

SUMMARY: The Legislative Report for March 8, 2017

CONFLICT OF INTEREST: None

BACKGROUND: Legislative actions proposed at the federal and state level have the potential to impact the implementation of the District's mission as well as its regulatory operations. An important tool for the District is to monitor the flood of information and its status which allows for comment early in the process and preparation for any changes that may be required. The District contracts this service and receives periodic reports with summaries to help sort the pertinent legislative proposals.

Strategic Partners Group (SPG) is the consultant to the District providing this service to monitor certain legislative and regulatory activities at the state and local level. Staff will direct questions to SPG regarding any of the material presented or follow up on any matter of interest to the Governing Board. Following the table of proposed legislation are several Articles of Interest of relevant information.

REASON FOR RECOMMENDATION: This item is provided for information subject to direction of the Governing Board.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel, as to legal form and by Brad Poiriez, Executive Director, on or about March 8, 2017.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Brad Poiriez, Executive Director



Government Affairs and Communication Consulting

FRANK T. SHEETS, III
LAURIE HANSEN SHEETS

MEMORANDUM

TO: Brad Poiriez

FROM: Frank Sheets
Laurie Hansen

DATE: March 8, 2017

RE: Bill Tracking Report

Following, please find Strategic Partners Group March legislative report for your consideration.

Last month's report before the bill introduction deadline we provided 33 bills for your review. Since the February deadline and subsequent to our last report, our bill count now is currently 57. A number of bills have been introduced "spot bills" – bills that do not do much of anything and are later substantially amended to include the "guts" of the legislation the author wants to pursue. As bills move through the legislative process, their subjects may change significantly (see SB 146) and as such this current bill list may be altered to reflect those changes.

Of the bills listed, please note that there are three dealing with the Carl Moyer program, AB 555, AB 1274, and AB 1327. At this time, none of these seem to have any significant impact to the program but could be amended later. You might also find of interest two bills dealing with the restoration of the Salton Sea, AB 798 and SB 615. Although not in the Mojave District, future management, or lack thereof, of this inland sea can have major air quality implications to Southern California's air quality.

There are two bills dealing with rehabilitation of California transportation infrastructure, AB 1 and SB 1, proposing increases in related taxes to pay for the infrastructure improvements. Two bond measures are included on your list, AB 18 and SB 5, and may be worth your review. These bills propose in excess of \$3 Billion dollars in new bonds for the state. What they propose to fund is quite expansive and should they pass, the public will have the opportunity to consider their values in future state elections. As many who may review this report are state employees, there should be some interest in AB 20 which proposes to restrict any public employee retirement funds from being invested in the Dakota access pipeline. It is our understanding that, although not common, the legislature in the past has attempted to direct where the public employee retirement funds can be invested.

Additionally, two bills, AB 151 and AB 378, address the continuance of the cap and trade program after 2020. Governor Brown considers new legislation very important to continue this program to meet compliance with the state's greenhouse gas reduction goals. However, as noted previously, legal challenges to this program continue to question the legitimacy of the program from a tax perspective.

As these bills move through the process, we believe it appropriate to provide the reader with a few of the upcoming legislative deadlines. April 28th is the last day to move bills out of their respective policy committees, May 26th is the last chance to get bills out of their Fiscal committee, and June 2nd is the last day for a bill to move out of its house of origin.

As always, we appreciate the opportunity to provide this report. Should there be questions or comments, please do not hesitate to contact us.

MDAQMD 2017 bills

Tuesday, March 07, 2017

AB 1

(Frazier D) Transportation funding.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 1/19/2017-Referred to Coms. on TRANS. and NAT. RES.

Location: 1/19/2017-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. The bill would provide for the deposit of various funds for the program in the Road Maintenance and Rehabilitation Account, which the bill would create in the State Transportation Fund.

Notes 1: This transportation infrastructure rehabilitation bill is designed specifically to fund the repair existing state roads. This bill is primarily funded through increase fuel taxes and increased vehicle registration fees.

AB 18

(Garcia, Eduardo D) California Clean Water, Climate, Coastal Protection, and Outdoor Access For All Act of 2018.

Current Text: Amended: 2/23/2017 [Text](#)

Current Analysis: 03/01/2017 [Assembly Floor Analysis \(text 2/23/2017\)](#)

Introduced: 12/5/2016

Last Amend: 2/23/2017

Status: 2/27/2017-Read second time. Ordered to third reading.

Location: 2/27/2017-A. THIRD READING

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/9/2017 #1 ASSEMBLY THIRD READING FILE - ASSEMBLY BILLS

Summary: Would enact the California Clean Water, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$3,105,000,000 pursuant to the State General Obligation Bond Law to finance a clean water, climate, coastal protection, and outdoor access for all program. This bill contains other related provisions.

Vote Events:

02/22/2017 ASM. APPR. (Y:12 N:5 A:0) (P)

02/07/2017 ASM. W.,P. & W. (Y:10 N:5 A:0) (P)

Notes 1: This bond measure has been amended increasing the proposed amount to \$3.1 billion and has moved out of committee to the Assembly floor for consideration. The list of entities where moneys will be distributed is extensive.

AB 20

(Kalra D) Public employee retirement systems: divestment: Dakota Access Pipeline.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 1/19/2017-Referred to Com. on P.E., R., & S.S.

Location: 1/19/2017-A. P.E.,R. & S.S.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would prohibit the boards of administration of the Public Employees' Retirement System and the State Teachers' Retirement System, on and after January 1, 2018, from making additional investments or renewing investments in a company constructing, or funding the construction of, the Dakota Access Pipeline, as defined. This bill would require the boards, on or before July 1, 2018, to liquidate their investments in a company constructing, or funding the construction of, the Dakota Access Pipeline.

Notes 1: Apparently it is not uncommon for the State legislature to attempt to direct where retirement funds can be invested. We understand that administrators of the retirement fund have objected to the restriction proposed in the bill.

[AB 33](#)

(Quirk D) Greenhouse gases from transportation: reduction: fees and rebates on new vehicle purchases.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 12/6/2016-From printer. May be heard in committee January 5.

Location: 12/5/2016-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation to reduce net emissions from greenhouse gases from transportation by imposing fees and granting rebates on sales of new automobiles and light trucks.

Notes 1: Quirk's bill proposes fees on the sales of new higher emitting vehicles while providing new financial incentives on the sale of new low emitting vehicles.

[AB 35](#)

(Quirk D) Energy: energy efficiency programs: low-income communities.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 12/6/2016-From printer. May be heard in committee January 5.

Location: 12/5/2016-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation that would require agencies implementing energy efficiency programs to establish metrics and collect and use data systematically across those programs to increase the performance of those programs in low-income communities.

[AB 36](#)

(Nazarian D) Eligible fuel cell electrical generating facilities: net energy metering.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 12/6/2016-From printer. May be heard in committee January 5.

Location: 12/5/2016-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires that an electrical corporation file with the PUC a standard tariff providing for net energy metering for eligible fuel cell customer-generators and make this tariff available to eligible fuel cell customer-generators upon request, on a first-come-first-served basis, until the total cumulative rated generating capacity of the eligible fuel cell electrical generating facilities receiving service pursuant to the tariff reaches a specified level.

Current law provides that a fuel cell electrical generating facility is not eligible for the tariff unless it commences operation on or before December 31, 2021. This bill would make a nonsubstantive change to the above provision.

[AB 79](#)

(Levine D) Electrical generation: hourly greenhouse gas emissions: electricity from unspecified sources.

Current Text: Amended: 3/6/2017 [Text](#)

Introduced: 1/4/2017

Last Amend: 3/6/2017

Status: 3/6/2017-From committee chair, with author's amendments: Amend, and re-refer to Com. on U. & E. Read second time and amended.

Location: 3/6/2017-A. U. & E.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/15/2017 1:30 p.m. - State Capitol, Room 437 ASSEMBLY UTILITIES AND COMMERCE, HOLDEN, Chair

Summary: Would require, by January 1, 2020, the State Air Resources Board, in consultation with the Independent System Operator, to adopt a methodology for the calculation of hourly emissions of greenhouse gases associated with

electricity from unspecified sources, a term defined in current law but revised for this purpose, purchased within California balancing authority areas, as defined, and for electricity imported into California from other subregions of the Western Electricity Coordinating Council. The bill would require California balancing authorities to assist the State Air Resources Board by providing all relevant data needed for purposes of developing the methodology and calculating the hourly emissions of greenhouse gases.

Notes 1: Levine's bill proposes to continue to reduce California's use of electricity derived from coal fired generation until, by 2026, the state uses zero electricity from such sources. Considering the state has to a large degree moved away from procurement of coal derived power, it would be interesting to know how much of California's power currently comes from coal generation and therefore have a better understand the significance of this proposal.

AB 151

(Burke D) California Global Warming Solutions Act of 2006: market-based compliance mechanisms: scoping plan: report.

Current Text: Amended: 3/2/2017 [Text](#)

Introduced: 1/11/2017

Last Amend: 3/2/2017

Status: 3/6/2017-Re-referred to Com. on NAT. RES.

Location: 3/2/2017-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Air Resources Board to report to the appropriate policy and fiscal committees of the Legislature to receive input, guidance, and assistance before adopting guidelines and regulations implementing the scoping plan and a regulation ensuring statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030. This bill contains other related provisions and other existing laws.

Notes 1: The bill proposes to legislate the continuance of the Cap and Trade program. Passing legislation on this matter is a priority for the Governor considering the ongoing legal challenges to the Cap and Trade program with claims it represents an illegal tax. Considering the Governors position, perhaps the legal challenge has merit. The bill also establishes The Compliance Offsets Protocol Task Force tasked whose role is to develop new GHG Offset protocols potentially increasing allowances thru available thru offsets.

We will be curious whether those challenging the legality of the cap and trade program from a tax perspective will claim that the passage of legislation dealing with the continuance of the Cap and Trade program will require a 2/3 majority in order to pass. Considering the supermajority of both houses, even if a 2/3 majority is deemed necessary, such legislation should pass.

AB 188

(Salas D) Vehicle retirement.

Current Text: Introduced: 1/19/2017 [Text](#)

Introduced: 1/19/2017

Status: 1/30/2017-Referred to Com. on TRANS.

Location: 1/30/2017-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law creates the enhanced fleet modernization program to provide compensation for the retirement of passenger vehicles and light-duty and medium-duty trucks that are high polluters. This bill would require the State Air Resources Board, no later than March 2018, to update the guidelines for the enhanced fleet modernization program to make applicable to light-duty pickup trucks the same standard for miles per gallon that is applicable to minivans, as specified.

AB 193

(Cervantes D) Air Quality Improvement Program: Clean Reused Vehicle Rebate Project.

Current Text: Introduced: 1/19/2017 [Text](#)

Introduced: 1/19/2017

Status: 1/30/2017-Referred to Com. on TRANS.

Location: 1/30/2017-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the state board to establish the Clean Reused Vehicle Rebate Project, as a part of the Air Quality Improvement Program, to provide rebates or other incentives for the acquisition of an eligible used vehicle, as defined; the replacement or refurbishment of a battery and related components for an eligible used vehicle or an extended warranty for the battery or related components; or an extended service warranty to cover unexpected vehicle

repairs not covered by the manufacturer's warranty related to unique problems in eligible used vehicles, as specified.

AB 196

(Bigelow R) Greenhouse Gas Reduction Fund: water supply repairs.

Current Text: Introduced: 1/19/2017 [Text](#)

Introduced: 1/19/2017

Status: 3/6/2017-From committee chair, with author's amendments: Amend, and re-refer to Com. on W.,P., & W. Read second time and amended.

Location: 1/30/2017-A. W.,P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/21/2017 9 a.m. - State Capitol, Room 437 ASSEMBLY WATER, PARKS AND WILDLIFE, GARCIA, Chair

Summary: Current law requires moneys from the Greenhouse Gas Reduction Fund to be allocated for the purpose of reducing greenhouse gas emissions in this state and satisfying other purposes. Current law authorizes specified investments, including water use and supply, if the investment furthers the regulatory purposes of the California Global Warming Solutions Act of 2006 and is consistent with law. This bill would authorize the use of the moneys in the fund for water supply repairs if the investment furthers the regulatory purposes of the act and is consistent with law.

Notes 1: It is our understanding water supply infrastructure in the State represents one of the largest electrical energy users in California. Upgrading and repairing this infrastructure could represent an efficiency improvement for this large user.

AB 246

(Santiago D) Hazardous waste: facilities: permits.

Current Text: Introduced: 1/30/2017 [Text](#)

Current Analysis: 03/03/2017 [Assembly Environmental Safety And Toxic Materials \(text 1/30/2017\)](#)

Introduced: 1/30/2017

Status: 2/6/2017-Referred to Com. on E.S. & T.M.

Location: 2/6/2017-A. E.S. & T.M.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/7/2017 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary: Would, as a condition for a new hazardous waste facilities permit or a renewal of a hazardous waste facilities permit, require an applicant to obtain a permit from the air quality management district or local air pollution control district and to maintain compliance with the requirements of that permit. Because a violation of this requirement would be a crime, the bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

Notes 1: This bill seems of interest in that it calls for operators of hazardous waste facilities to obtain permits from local Air Pollution Control Districts. We question whether this bill duplicates existing authority of air districts to regulate such facilities.

AB 248

(Reyes D) Hazardous waste: facilities: permits.

Current Text: Introduced: 1/30/2017 [Text](#)

Current Analysis: 03/03/2017 [Assembly Environmental Safety And Toxic Materials \(text 1/30/2017\)](#)

Introduced: 1/30/2017

Status: 2/6/2017-Referred to Com. on E.S. & T.M.

Location: 2/6/2017-A. E.S. & T.M.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/7/2017 1:30 p.m. - State Capitol, Room 444 ASSEMBLY ENVIRONMENTAL SAFETY AND TOXIC MATERIALS, QUIRK, Chair

Summary: Would require, for a hazardous waste facilities permit that will expire on or before July 1, 2020, the owner or operator of a facility intending to extend the term of that permit to submit a complete Part A and Part B application for a permit renewal at least 6 months before the fixed term of the permit expires. The bill would require, for a hazardous waste facilities permit that will expire after July 1, 2020, the owner or operator to submit a complete

[AB 262](#)

(Bonta D) Public contracts: lowest responsive bidder: eligible materials.

Current Text: Introduced: 1/31/2017 [Text](#)

Introduced: 1/31/2017

Status: 2/13/2017-Referred to Coms. on A. & A.R. and NAT. RES.

Location: 2/13/2017-A. A. & A.R.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/22/2017 9 a.m. - State Capitol, Room 437 ASSEMBLY ACCOUNTABILITY AND ADMINISTRATIVE REVIEW, EGGMAN, Chair

Summary: The State Contract Act governs the bidding and award of public works contracts by specific state departments. This bill would require an awarding department to require a prospective bidder to complete a standard form that states the cumulative amount of specified greenhouse gas emissions that were produced in the manufacturing of eligible materials, as defined, to be used on the project, and would provide that a prospective bidder may satisfy this standard by attaching to that form an Environmental Product Declaration, developed in accordance with standards established by the International Organization of Standardization, for that type of product.

Notes 1: The bill requires contractors winning state bids to submit affidavits detailing the amount of GHG's generated from the making of raw materials used in such projects.

[AB 277](#)

(Mathis R) Water and Wastewater Loan and Grant Program.

Current Text: Amended: 2/21/2017 [Text](#)

Introduced: 2/1/2017

Last Amend: 2/21/2017

Status: 2/22/2017-Re-referred to Com. on W.,P., & W.

Location: 2/13/2017-A. W.,P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/21/2017 9 a.m. - State Capitol, Room 437 ASSEMBLY WATER, PARKS AND WILDLIFE, GARCIA, Chair

Summary: The Safe Drinking Water State Revolving Fund Law of 1997 establishes the Safe Drinking Water State Revolving Fund to provide grants or revolving fund loans for the design and construction of projects for public water systems that will enable those systems to meet safe drinking water standards. This bill would, to the extent funding is made available, authorize the State Water Resources Control Board to establish the Water and Wastewater Loan and Grant Program to provide funding to eligible applicants for specified purposes relating to drinking water and wastewater treatment.

[AB 278](#)

(Steinorth R) California Environmental Quality Act: exemption: existing transportation infrastructure.

Current Text: Introduced: 2/2/2017 [Text](#)

Introduced: 2/2/2017

Status: 2/13/2017-Referred to Coms. on NAT. RES. and TRANS.

Location: 2/13/2017-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would exempt from the provisions of CEQA a project, or the issuance of a permit for a project, that consists of the inspection, maintenance, repair, rehabilitation, replacement, or removal of, or the addition of an auxiliary lane or bikeway to, existing transportation infrastructure and that meets certain requirements. The bill would require the public agency carrying out the project to take certain actions.

[AB 302](#)

(Gipson D) Greenhouse Gas Reduction Fund: 3-year investment plan.

Current Text: Introduced: 2/6/2017 [Text](#)

Introduced: 2/6/2017

Status: 2/7/2017-From printer. May be heard in committee March 9.

Location: 2/6/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf.	Enrolled	Vetoed	Chaptered
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1st House	2nd House	Conc.			
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Summary: Current law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation by the Legislature. Current law requires the Department of Finance, in consultation with the state board and any other relevant state agency, to develop, as specified, a 3-year investment plan for the moneys deposited in the Greenhouse Gas Reduction Fund. Current law requires appropriations from the fund to be made in the annual Budget Act. This bill would make technical, nonsubstantive changes to those provisions.

Notes 1: At this point we are not sure of the goals of this bill. We consider it a spot bill dealing with how monies from the GHG reduction fund will be spent and is therefore important to track.

AB 311

(Mathis R) Methane: dairy and livestock.

Current Text: Introduced: 2/6/2017 [Text](#)

Introduced: 2/6/2017

Status: 2/7/2017-From printer. May be heard in committee March 9.

Location: 2/6/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Air Resources Board, in consultation with the Department of Food and Agriculture, to adopt regulations to reduce methane emissions from livestock manure management operations and dairy manure management operations consistent with the strategy, as specified. This bill would make technical, nonsubstantive changes to those provisions.

AB 321

(Mathis R) Groundwater sustainability plans.

Current Text: Introduced: 2/7/2017 [Text](#)

Introduced: 2/7/2017

Status: 2/21/2017-Referred to Com. on W.,P., & W.

Location: 2/21/2017-A. W.,P. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/21/2017 9 a.m. - State Capitol, Room 437 ASSEMBLY WATER, PARKS AND WILDLIFE, GARCIA, Chair

Summary: The Sustainable Groundwater Management Act requires that all groundwater basins that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. This bill would require the groundwater sustainability agency to solicit the participation of farmers, ranchers, and other qualified professionals within the groundwater basin prior to and during the development and implementation of the plan.

Notes 1: Although not an air issue, the management of groundwater supplies is of vast importance for the State and therefore we feel it appropriate to include this bill in the Districts bill list.

AB 378

(Garcia, Cristina D) California Global Warming Solutions Act of 2006: regulations.

Current Text: Introduced: 2/9/2017 [Text](#)

Introduced: 2/9/2017

Status: 2/21/2017-Referred to Com. on NAT. RES.

Location: 2/21/2017-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Air Resources Board to consider and account for the social costs of the emissions and greenhouse gases when adopting those rules and regulations. The bill would authorize the state board to adopt or subsequently revise new regulations that establish a market-based compliance mechanism, applicable from January 1, 2021, to December 31, 2030, to complement direct emissions reduction measures in ensuring that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030.

Notes 1: This bill not only promotes the continuation of the cap and trade program with revisions but also calls for direct emissions reduction measures to compliment cap and trade.

(Mullin D) Greenhouse Gas Reduction Fund.

Current Text: Amended: 3/2/2017 [Text](#)

Introduced: 2/9/2017

Last Amend: 3/2/2017

Status: 3/6/2017-Re-referred to Com. on NAT. RES.

Location: 2/21/2017-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Global Warming Solutions Act of 2006 authorizes the state State Air Resources Board to include the use of market-based compliance mechanisms. Current law requires all moneys, except for fines and penalties, collected by the state board as part of a market-based compliance mechanism to be deposited in the Greenhouse Gas Reduction Fund. Current law continuously appropriates 60% of the annual proceeds of the fund for transit, affordable housing, sustainable communities, and high-speed rail purposes. This bill would provide that proceeds of the fund may be appropriated to reduce greenhouse gas emissions by the reuse of dredged material for wetland restoration, flood protection, and carbon sequestration.

(Garcia, Eduardo D) Greenhouse Gas Reduction Fund: report.

Current Text: Introduced: 2/9/2017 [Text](#)

Introduced: 2/9/2017

Status: 2/21/2017-Referred to Com. on NAT. RES.

Location: 2/21/2017-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the Department of Finance to annually submit a report to the appropriate committees of the Legislature on the status of the projects funded with moneys from the Greenhouse Gas Reduction Fund. This bill would require the department to include additional information in its annual report to the Legislature, including, among other things, the greenhouse gas emissions reductions attributable to each project and the geographic location, industry sector, and number of employees of the business entities, as defined, receiving moneys from the fund.

(Salas D) Greenhouse Gas Reduction Fund: report.

Current Text: Introduced: 2/9/2017 [Text](#)

Introduced: 2/9/2017

Status: 2/21/2017-Referred to Com. on NAT. RES.

Location: 2/21/2017-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law continuously appropriates 60% of the annual proceeds of the Greenhouse Gas Reduction Fund for transit, affordable housing, sustainable communities, and high-speed rail purposes. Current law requires the Department of Finance to report annually to the Legislature on the status of projects funded from the Greenhouse Gas Reduction Fund. This bill would require the Department of Finance to prepare the report in consultation with the State Air Resources Board, and would require the report to be prominently posted on the Internet Web sites of both agencies.

(Caballero D) Surface mining: greenhouse gases.

Current Text: Introduced: 2/13/2017 [Text](#)

Introduced: 2/13/2017

Status: 2/27/2017-Referred to Com. on NAT. RES.

Location: 2/27/2017-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require a city or county acting as a lead agency under the Surface Mining and Reclamation Act of 1975 to notify the State Air Resources Board when an application for a new permit or to renew a permit for a surface mining operation for construction aggregate operations is filed with the city or county. The bill would require the state board to prepare and provide to the city or county a low-carbon infrastructure supply chain analysis, as specified, to assist the city or county in its decisionmaking role under the Surface Mining and Reclamation Act of 1975.

[AB 483](#)

(Bocanegra D) Airports: pollution.

Current Text: Amended: 2/28/2017 [Text](#)

Introduced: 2/13/2017

Last Amend: 2/28/2017

Status: 3/1/2017-Re-referred to Com. on NAT. RES.

Location: 2/27/2017-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Department of Toxic Substances Control and the State Air Resources Board to conduct specified tests of the soil and air quality at airports, as defined. The bill would require the state board to coordinate the air quality testing with air districts. The bill would require the department and the state board, no later than July 1, 2019, to submit a specified report to the Legislature and post that report on their Internet Web sites. By adding to the duties of air districts, this bill would impose a state-mandated local program.

[AB 555](#)

(Cunningham R) Carl Moyer Memorial Air Quality Standards Attainment Program.

Current Text: Introduced: 2/14/2017 [Text](#)

Introduced: 2/14/2017

Status: 2/15/2017-From printer. May be heard in committee March 17.

Location: 2/14/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Carl Moyer Memorial Air Quality Standards Attainment Program, which is administered by the State Air Resources Board authorizes the state board to provide grants to offset the incremental cost of eligible projects that reduce emissions from covered vehicular sources. The program also authorizes funding for a fueling infrastructure demonstration program and for technology development efforts that are expected to result in commercially available technologies in the near-term that would improve the ability of the program to achieve its goals. This bill would make technical, nonsubstantive changes to these provision.

[AB 733](#)

(Berman D) Enhanced infrastructure financing districts: projects: climate change.

Current Text: Introduced: 2/15/2017 [Text](#)

Introduced: 2/15/2017

Status: 3/2/2017-Referred to Com. on L. GOV.

Location: 3/2/2017-A. L. GOV.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law authorizes the legislative body of a city or a county to establish an enhanced infrastructure financing district to finance public capital facilities or other specified projects of communitywide significance, and makes related findings and declarations. This bill would additionally authorize the financing of projects that incentivize adapting to the impacts of climate change, including, but not limited to, extreme weather events, sea level rise, flooding, heat waves, wildfire, and drought, and would make conforming changes to the Legislature's findings and declarations.

[AB 771](#)

(Quirk D) Burning of forest lands: forest land owners.

Current Text: Introduced: 2/15/2017 [Text](#)

Introduced: 2/15/2017

Status: 3/2/2017-Referred to Com. on NAT. RES.

Location: 3/2/2017-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Department of Forestry and Fire Protection, by July 1, 2018, in consultation with the State Air Resources Board, local air districts, and other relevant organizations and individuals, to develop an Internet Web site that provides the public certain information relating to prescribed burns, including information on the regulations that govern prescribed burns for forest fuel treatment, and to develop a uniform prescribed burn template for forest landowners that provides standardized procedures associated with planning and implementation of a prescribed burn and meets specified objectives.

[AB 798](#)

(Garcia, Eduardo D) Salton Sea restoration.

Current Text: Introduced: 2/15/2017 [Text](#)

Introduced: 2/15/2017

Status: 2/16/2017-From printer. May be heard in committee March 18.

Location: 2/15/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Salton Sea Restoration Act, to the extent that funding is appropriated to the Department of Fish and Wildlife for Salton Sea restoration activities, authorizes the Department of Water Resources, in coordination and under agreement with the Department of Fish and Wildlife, to undertake certain restoration efforts. The act authorizes the Salton Sea Authority to lead a feasibility study, in coordination and under contract with the Secretary of the Natural Resources Agency, as prescribed. This bill would make nonsubstantive changes in these provisions.

[AB 964](#)

(Gomez D) Economic development: Capital Access Loan Program: low emission vehicles.

Current Text: Introduced: 2/16/2017 [Text](#)

Introduced: 2/16/2017

Status: 3/2/2017-Referred to Coms. on TRANS. and NAT. RES.

Location: 3/2/2017-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would create the California Affordable Clean Vehicle Program to assist low-income or high financial risk individuals in the purchase of low-emission vehicles. The bill would require the California Pollution Control Financing Authority to adopt regulations to implement the program. The bill would establish the California Affordable Clean Vehicle Program Fund, a continuously appropriated fund, for purposes of the program, and would transfer \$50,000,000 from the Greenhouse Gas Reduction Fund to the California Affordable Clean Vehicle Program Fund.

[AB 1014](#)

(Cooper D) Diesel backup generators: health facility.

Current Text: Introduced: 2/16/2017 [Text](#)

Introduced: 2/16/2017

Status: 2/17/2017-From printer. May be heard in committee March 19.

Location: 2/16/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require a health facility, as defined, to conduct specified tests of its diesel backup generators. By adding to the duties of air districts, this bill would impose a state-mandated local program. This bill contains other related provisions and other existing laws.

[AB 1073](#)

(Garcia, Eduardo D) California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program.

Current Text: Introduced: 2/16/2017 [Text](#)

Introduced: 2/16/2017

Status: 3/6/2017-Referred to Coms. on TRANS. and NAT. RES.

Location: 3/6/2017-A. TRANS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Air Resources Board, when funding a specified class of projects, to allocate, until January 1, 2023, no less than 20% of that available funding to support the early commercial deployment or existing zero- and near-zero-emission heavy-duty truck technology. This bill contains other existing laws.

[AB 1132](#)

(Garcia, Cristina D) Nonvehicular air pollution: order of abatement.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 3/6/2017-Referred to Com. on NAT. RES.

Location: 3/6/2017-A. NAT. RES.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law regulates the emission of air pollutants by stationary sources and authorizes the regional air quality management districts and air pollution control districts (air districts) to enforce those requirements. Current law authorizes the governing boards and the hearing boards of air districts to issue an order for abatement, after notice and a hearing, whenever they find a violation of those requirements. This bill would authorize the air pollution control officer, if he or she determines that a person has violated those requirements and the violation presents an imminent and substantial endangerment to the public health or welfare, or the environment, to issue an order for abatement pending a hearing before the hearing board of the air district.

Notes 1: Does this bill provide additional authorities to APCO's?

[AB 1274](#)

(O'Donnell D) Carl Moyer Memorial Air Quality Standards Attainment Program.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law establishes the Carl Moyer Memorial Air Quality Standards Attainment Program, which is administered by the State Air Resources Board. The program authorizes the state board to provide grants to offset the incremental cost of eligible projects that reduce emissions from covered vehicular sources. The program also authorizes funding for a fueling infrastructure demonstration program and for technology development efforts that are expected to result in commercially available technologies in the near-term that would improve the ability of the program to achieve its goals. This bill would make nonsubstantive changes to these provisions.

[AB 1301](#)

(Fong R) Joint Legislative Committee on Climate Change Policies.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law creates the Joint Legislative Committee on Climate Change Policies and requires the committee to ascertain facts and make recommendations to the Legislature and to committees of the Legislature concerning the state's programs, policies, and investments related to climate change, as specified. This bill would state the mission of the joint committee, as specified, and would require the chair of the State Air Resources Board to annually make a specified presentation to the joint committee on specified greenhouse gas emissions reduction measures that are being implemented or considered by the state board.

[AB 1317](#)

(Gray D) Carl Moyer Memorial Air Quality Standards Attainment Program.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would additionally authorize as an eligible grant applicant under the Carl Moyer Memorial Air Quality Standards Attainment Program an operator or owner of point or mobile emissions sources on lands that are wholly or partially under easement for conservation and habitat purposes with the United States Fish and Wildlife Service or the Department of Fish and Wildlife and are located within the boundaries of the grassland ecological area, as defined by the County of Merced.

[AB 1342](#)

(Flora R) Greenhouse Gas Reduction Fund: appropriations.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would continuously appropriate \$100,000,000 from the Greenhouse Gas Reduction Fund to the Department of Forestry and Fire Protection for healthy forest programs that reduce greenhouse gas emissions caused by uncontrolled wildfires, as specified. The bill would continuously appropriate \$100,000,000 from the fund to the Department of Resources Recycling and Recovery for in-state organic waste recycling projects that reduce greenhouse gas emissions, as specified.

[AB 1383](#)

([Fong R](#)) California Global Warming Solutions Act of 2006: regulations.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The State Air Resources Board is required to approve a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020 and to ensure that statewide greenhouse gas emissions are reduced to at least 40% below the 1990 level by 2030. The California Global Warming Solutions Act requires the state board to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emissions reductions. This bill would require the state board to take specified actions and make specified findings prior to adopting a regulation under the act.

[AB 1623](#)

([Acosta R](#)) State Air Resources Board.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law designates the State Air Resources Board as the state agency charged with coordinating efforts to attain and maintain ambient air quality standards, to conduct research into the causes of and solution to air pollution, and to systematically attack the serious problem caused by motor vehicles. This bill would make a technical, nonsubstantive change to that provision.

[AB 1679](#)

([Burke D](#)) Zero-emission vehicles: charging infrastructure.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 2/19/2017-From printer. May be heard in committee March 21.

Location: 2/17/2017-A. PRINT

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would state the intent of the Legislature to enact legislation that would reduce emissions from motor vehicles through the construction of infrastructure to charge zero-emission electric motor vehicles with the goal of expanding the travel range of zero-emission electric vehicles.

[SB 1](#)

([Beall D](#)) Transportation funding.

Current Text: Amended: 1/26/2017 [Text](#)

Current Analysis: 03/02/2017 [Senate Governance And Finance \(text 1/26/2017\)](#)

Introduced: 12/5/2016

Last Amend: 1/26/2017

Status: 3/1/2017-Set for hearing March 8.

Location: 2/22/2017-S. GOV. & F.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local street and road system. The bill would require the California Transportation Commission to adopt performance criteria, consistent with a specified asset management plan, to ensure efficient use of certain funds available for the program. This bill contains other related provisions and other existing laws.

Vote Events:

02/22/2017 SEN. E.Q. (Y:4 N:2 A:1) (P)

02/14/2017 SEN. T. & H. (Y:8 N:3 A:2) (P)

Notes 1: SB 1, although convoluted, represents an increases in fuel taxes and registration fees to assisting in the funding of repairs to existing transportation infrastructure in the state. Being a tax bill, we assume it would require a 2/3 majority for passage

SB 4

(Mendoza D) Goods Movement: allocation of federal funds: Goods Movement and Clean Trucks Bond Act.

Current Text: Introduced: 12/5/2016 [Text](#)

Current Analysis: 03/02/2017 [Senate Transportation And Housing \(text 12/5/2016\)](#)

Introduced: 12/5/2016

Status: 3/1/2017-Set for hearing March 7.

Location: 1/12/2017-S. T. & H.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/7/2017 1:30 p.m. - John L. Burton Hearing Room (4203) SENATE TRANSPORTATION AND HOUSING, BEALL, Chair

Summary: Would, subject to voter approval at the June 5, 2018, statewide primary election, enact the Goods Movement and Clean Trucks Bond Act to authorize \$600,000,000 of state general obligation bonds as follows: \$200,000,000 to the California Transportation Commission for projects and programs eligible for funding from the Trade Corridors Improvement Fund; \$200,000,000 to the State Air Resources Board for projects and programs consistent with the Goods Movement Emission Reduction Program; and \$200,000,000 to the State Air Resources Board for projects and programs to expand the use of zero- and near-zero emission trucks in areas of the state that are designated as severe or extreme nonattainment areas for ozone and particulate matter.

SB 5

(De León D) California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018.

Current Text: Amended: 2/23/2017 [Text](#)

Current Analysis: 03/03/2017 [Senate Natural Resources And Water \(text 2/23/2017\)](#)

Introduced: 12/5/2016

Last Amend: 2/23/2017

Status: 3/1/2017-Set for hearing March 7.

Location: 1/12/2017-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/7/2017 9:30 a.m. - Room 113 SENATE NATURAL RESOURCES AND WATER, HERTZBERG, Chair

Summary: Would enact the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access For All Act of 2018, which, if approved by the voters, would authorize the issuance of bonds in an amount of \$3,500,000,000 pursuant to the State General Obligation Bond Law to finance a drought, water, parks, climate, coastal protection, and outdoor access for all program. This bill contains other related provisions.

Notes 1: This bond measure is very similar to the one proposed in Garcia's AB 18. The 2 authors seem to be working together to get at least one of the measures passed although AB 18 seems to be moving much faster that DeLeon's

SB 30

(Lara D) California-Mexico border: federally funded infrastructure.

Current Text: Amended: 2/16/2017 [Text](#)

Introduced: 12/5/2016

Last Amend: 2/16/2017

Status: 3/2/2017-Re-referred to Com. on G.O.

Location: 3/2/2017-S. G.O.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law establishes the border between the United States and Mexico, which includes the southern border of California. This bill would require any federally funded infrastructure project along California's southern border that exceeds a cost of \$1 billion to first be approved by a majority of the voters voting on the issue at a statewide general election. The bill also would make related findings and declarations.

Notes 1: We include this bill only because we find it of interest the State is considering federally funded projects in the State require an approval by California voters if the funds exceed \$1 billion.

SB 41 (**Galgiani D**) State Air Resources Board: regulations.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 1/12/2017- Referred to Com. on EQ.

Location: 1/12/2017-S. E. Q.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the State Air Resources Board to deem a person, as defined, to be in compliance with all applicable rules and regulations of the state board and, notwithstanding the inadequacy of any required equipment, technologies, or practices, would prohibit the state board from requiring a person to expend further moneys to achieve compliance with, or from seeking to enforce against that person, the applicable rules and regulations, if specified conditions are met.

Notes 1: This proposed bill seems to say that if a "person" complies with air quality standards using approved technology and changes in air pollution control technology and equipment are subsequently specified by CARB, CARB cannot make a finding of non-compliance simply because that person does not install the specified equipment while still meeting the air quality emission standards.

SB 51 (**Jackson D**) Professional licensees: environmental sciences and climate change: whistleblower and data protection.

Current Text: Amended: 2/22/2017 [Text](#)

Introduced: 12/5/2016

Last Amend: 2/22/2017

Status: 2/22/2017- From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Location: 2/15/2017-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would require the Secretary for Environmental Protection to ensure that all scientific information and other data otherwise in the public domain is protected against censorship or destruction by the federal government. This bill would include findings and declarations related to the measure, including that the purpose of these provisions is, to the maximum extent feasible under state law, to ensure those persons may report improper governmental activity and to continue to make scientific and other information open to the public without fear of losing their professional licenses or credentials.

SB 53 (**Hueso D**) Natural gas vehicles.

Current Text: Introduced: 12/5/2016 [Text](#)

Introduced: 12/5/2016

Status: 1/12/2017- Referred to Com. on T. & H.

Location: 1/12/2017-S. T. & H.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current federal law authorizes a vehicle operated by an engine fueled primarily by natural gas to exceed these weight limits, up to a specified maximum, by an amount equal to the difference between the weight of the vehicle attributable to the natural gas tank and fueling system carried by that vehicle and the weight of a comparable diesel tank and fueling system. This bill would authorize a vehicle operated by an engine fueled primarily by natural gas to exceed these weight limits, up to a specified maximum, by an amount equal to the difference between the weight of the vehicle attributable to the natural gas tank and fueling system carried by that vehicle and the weight of a comparable diesel tank and fueling system.

SB 57

(Stern D) Natural gas storage: moratorium.

Current Text: Amended: 2/14/2017 [Text](#)

Current Analysis: 02/07/2017 [Senate Natural Resources And Water \(text 2/2/2017\)](#)

Introduced: 12/8/2016

Last Amend: 2/14/2017

Status: 2/16/2017-Re-referred to Com. on E., U. & C.

Location: 2/16/2017-S. E. U., & C.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law requires the State Oil and Gas Supervisor to continue the prohibition against Southern California Gas Company injecting any natural gas into the Aliso Canyon natural gas storage facility located in the County of Los Angeles until a comprehensive review of the safety of the gas storage wells at the facility is completed. This bill would additionally require the supervisor to continue that prohibition until a specified root cause analysis of the natural gas leak from the facility that started approximately October 23, 2015, has been completed and released in its entirety to the public.

Vote Events:

02/09/2017 SEN. N.R. & W. (Y:7 N:2 A:0) (P)

Notes 1: This bill proposes additional steps be taken by Southern California Gas Co. before the company can once store natural gas at its Aliso Canyon facility.

SB 71

(Wiener D) Electricity: solar energy systems.

Current Text: Amended: 3/1/2017 [Text](#)

Introduced: 1/9/2017

Last Amend: 3/1/2017

Status: 3/1/2017-From committee with author's amendments. Read second time and amended. Re-referred to Com. on RLS.

Location: 1/9/2017-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current regulations on building standards require certain residential and nonresidential buildings to have a solar zone, as defined, on the roof of the building that is designated and reserved for solar electric or solar thermal systems and that meets certain specifications relating to minimum area, orientation, and shading, among other things. This bill would require a solar electric or solar thermal system to be installed in the solar zone of those residential and nonresidential buildings on which construction commences on or after January 1, 2018, during that construction.

Notes 1: This bill seems to define where a solar electrical or thermal system can be place on new construction after a certain date.

SB 80

(Wieckowski D) California Environmental Quality Act: notices.

Current Text: Amended: 2/14/2017 [Text](#)

Introduced: 1/11/2017

Last Amend: 2/14/2017

Status: 2/14/2017-From committee with author's amendments. Read second time and amended. Re-referred to Com. on EQ.

Location: 1/19/2017-S. E.Q.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Environmental Quality Act requires the lead agency to mail certain notices to persons who have filed a written request for notices. The act provides that if the agencies offer to provide the notices by email, upon filing a written request for notices, a person may request that the notices be provided to him or her by email. This bill would require the lead agency to post those notices on the agency's Internet Web site. The bill would require the agency to offer to provide those notices by email. Because this bill would increase the level of service provided by a local agency, this bill would impose a state-mandated local program.

Notes 1: Usually, it is our understanding, land use agencies typically are lead agencies for projects. In the event however that an Air District becomes a lead agency under CEQA, these new notice provisions would be applicable to the District.

SB 146

(Wilk R) Water resources: permit to appropriate: application procedure.

Current Text: Amended: 2/17/2017 [Text](#)

Introduced: 1/17/2017

Last Amend: 2/17/2017

Status: 3/3/2017-March 14 set for first hearing canceled at the request of author.

Location: 1/26/2017-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/28/2017 9:30 a.m. - Room 112 SENATE NATURAL RESOURCES AND WATER, HERTZBERG, Chair

Summary: Current law allows interested persons to file a written protest with regard to an application to appropriate water and requires the protestant to set forth the objections to the application. Current law declares that no hearing is necessary to issue a permit in connection with an unopposed application, or if the undisputed facts support the issuance of the permit and there is no disputed issue of material fact, unless the board elects to hold a hearing. This bill, if the State Water Resources Control Board has not rendered a final determination on an application for a permit to appropriate water within 25 years from the date the application was filed, would require the board to issue a notice and provide an opportunity for protests before rendering a final determination, with specified exceptions.

Notes 1: SB 146 has been gutted to the extent it originally dealt with the Alison Canyon natural gas leakage saga but now deals with water resources.

SB 174

(Lara D) Diesel-fueled vehicles: registration.

Current Text: Introduced: 1/23/2017 [Text](#)

Introduced: 1/23/2017

Status: 2/2/2017-Referred to Coms. on T. & H. and EQ.

Location: 2/2/2017-S. T. & H.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Current law prohibits a person from driving, moving, or leaving standing upon a highway any motor vehicle, as defined, that has been registered in violation of provisions regulating vehicle emissions. This bill, effective January 1, 2020, would require the Department of Motor Vehicles to confirm, prior to the initial registration or the transfer of ownership and registration of a diesel-fueled vehicle with a gross vehicle weight rating of more than 14,000 pounds, that the vehicle is compliant with, or exempt from, applicable air pollution control technology requirements, pursuant to specified provisions.

SB 193

(Cannella R) Groundwater sustainability agencies.

Current Text: Introduced: 1/30/2017 [Text](#)

Introduced: 1/30/2017

Status: 2/9/2017-Referred to Com. on RLS.

Location: 1/30/2017-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The Sustainable Groundwater Management Act requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. This bill would make a nonsubstantive change to those provisions. The Sustainable Groundwater Management Act, requires all groundwater basins designated as high- or medium-priority basins by the Department of Water Resources that are designated as basins subject to critical conditions of overdraft to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2020, and requires all other groundwater basins designated as high- or medium-priority basins to be managed under a groundwater sustainability plan or coordinated groundwater sustainability plans by January 31, 2022, except as specified. The act authorizes any local agency or combination of local agencies overlying a groundwater basin to decide to become a groundwater sustainability agency for that basin, as prescribed. This bill would make a nonsubstantive change to those provisions.

SB 224

(Jackson D) California Environmental Quality Act: baseline conditions.

Current Text: Introduced: 2/2/2017 [Text](#)

Introduced: 2/2/2017

Status: 2/16/2017-Referred to Com. on EQ.

Location: 2/16/2017-S. E.Q.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: Would prohibit the lead agency, in determining the baseline physical conditions by which a lead agency determines whether a project has a significant effect on the environment, from considering the effects of certain actions on the environment.

Notes 1: We feel this to be another spot bill written by Senator Jackson from Santa Barbara and seems to have far reaching implications to the CEQA process and therefore should be watched closely.

[SB 249](#)

(Allen D) Off-highway motor vehicle recreation.

Current Text: Introduced: 2/7/2017 [Text](#)

Introduced: 2/7/2017

Status: 2/18/2017-Set for hearing March 14.

Location: 2/16/2017-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/14/2017 9:30 a.m. - Room 112 SENATE NATURAL RESOURCES AND WATER, HERTZBERG, Chair

Summary: Would revise and recast various provisions of the Off-Highway Motor Vehicle Recreation Act of 2003. The bill would expand the duties of the Division of Off-Highway Motor Vehicle Recreation. The bill would require the Director of Parks and Recreation to assemble a science advisory team to advise and assist the department and the division in meeting the natural and cultural resource conservation purposes of the act, as specified.

Notes 1: This bill dealing with off road recreational activity, although at this time not providing specifics, may have air quality implications.

[SB 615](#)

(Hueso D) Salton Sea restoration.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 3/2/2017-Referred to Com. on N.R. & W.

Location: 3/2/2017-S. N.R. & W.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Calendar: 3/28/2017 9:30 a.m. - Room 112 SENATE NATURAL RESOURCES AND WATER, HERTZBERG, Chair

Summary: Would require the Natural Resources Agency, by January 1, 2018, to develop a 10-year plan to implement the memorandum of understanding between the agency and the United States Department of the Interior entered into on August 31, 2016, and its addendum, entered into on January 18, 2017, and would require the agency to address certain issues in the plan. The bill would rename the Salton Sea Restoration Act as the "John J. Benoit Salton Sea Restoration Act."

[SB 775](#)

(Wieckowski D) California Global Warming Solutions Act of 2006: greenhouse gas emissions reduction.

Current Text: Introduced: 2/17/2017 [Text](#)

Introduced: 2/17/2017

Status: 2/21/2017-From printer. May be acted upon on or after March 23.

Location: 2/17/2017-S. RLS.

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary: The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The act requires the state board to consult with other states, the federal government, and other nations to identify the most effective strategies and methods to reduce greenhouse gases, manage greenhouse gas control programs, and facilitate the development of integrated and cost-effective regional, national, and international greenhouse gas reduction

programs. This bill would require the state board also to consult with local agencies for these purposes.

Total Measures: 57

Total Tracking Forms: 57

Articles of Interest:

How will California battle climate change? A new proposal revs up debate over cap-and-trade program

California lawmakers are moving to reshape the state's climate change policies by focusing on social justice issues such as alleviating local pollution and creating job opportunities, laying down a marker in conversations about the future of the cap-and-trade program.

The new measure, which will be introduced on Thursday by Assemblyman Eduardo Garcia (D-Coachella) and Assemblywoman Cristina Garcia (D-Bell Gardens), represents another step by Latino lawmakers to tie environmental policies to community-level concerns. The approach was a key part of [last year's successful effort](#) to set a new, tougher goal for reducing greenhouse gas emissions by 2030.

Now lawmakers are preparing for a wide-ranging debate over how the state should hit that target and keep California on the front lines of the battle against global warming at a time when [President Trump](#) has promised to step back from the fight. But the new legislation could lead to a confrontation with Gov. Jerry Brown, who has asked lawmakers to reauthorize the cap-and-trade program, which requires companies to purchase permits to release greenhouse gases into the atmosphere.

[He wants a two-thirds vote](#) in both houses of the Legislature, the threshold for approving taxes, to safeguard the program against [legal challenges](#) and preserve an important source of money for building the bullet train from Los Angeles to San Francisco. Brown has pledged to hold back cap-and-trade revenue, which is generated when the state auctions off pollution permits, until the vote happens. However, the lawmakers behind the legislation, who also include Assemblyman Chris Holden (D-Pasadena), are not committing to cap and trade at this point. The legislation would allow regulators to pursue a "market-based compliance mechanism," a phrase often used to describe a system such as cap and trade, but they're not yet asking their colleagues for a two-thirds vote to ensure revenue keeps flowing. "Everything is on the table right now," Cristina Garcia said. "This is the first step."

The legislation will likely be fleshed out more as negotiations continue. At this point, it would direct state regulators to pursue policies that specifically help polluted communities, she said, "not just with cleaner air, but with more jobs, or more immediate investment that they can feel."

Eduardo Garcia said conversations around the measure will give lawmakers a greater say in how regulators pursue climate policies, a perennial sore point for the Legislature.

"We need to be part of those developments," he said.

This will be the second measure introduced involving cap and trade; [the first](#) came from a cadre of business-friendly Democrats who called the program "an important tool" for the state. They're aiming to extend cap and trade into the future with a two-thirds vote. Democrats have the supermajorities they need to pass the legislation without Republican help, but putting together the necessary coalition would still be a challenge.

"That's going to be the test of cap and trade — what is this going to do for my community?" said V. John White, director of the Center for Energy Efficiency and Renewable Technologies and a veteran of the state's environmental debates.

The debate will be closely watched outside of California. [Gina McCarthy](#), who led the [U.S. Environmental Protection Agency](#) under former President Obama, encouraged state leaders to keep cap and trade during a visit to Sacramento on Wednesday.

"It has been a huge signal, not just in this state and in this country, but internationally," she said.

Cap and trade remains controversial four years after it began operating. Some industries fear the program will become too restrictive, especially when wielded in conjunction with other environmental regulations.

Meanwhile, environmental justice advocates believe the system doesn't do enough to help neighborhoods — particularly those that are home to mostly low-income residents and people of color — alleviate pollution.

“The system, the way it is, is untenable,” said Parin Shah, senior strategist at the Asian Pacific Environmental Network.

Senate President Pro Tem Kevin de León (D-Los Angeles), one of the Legislature’s biggest advocates for climate policies, pointedly said in a recent interview that he’s “never been a fan of cap and trade.”
“Let’s look at this,” he said. “How can we do a better job?”

However, shifting the state away from cap and trade — perhaps by levying a direct tax on carbon emissions, a favorite idea of some activists — could be politically difficult, not to mention the logistics of winding down a major initiative that California has touted as an international model. The state is holding joint auctions of pollution permits with the Canadian province of Quebec and is scheduled to do the same with Ontario next year.

“Whether you like cap and trade or not, you’re riding that horse,” said Andre Templeman, who tracks California’s program for the consulting firm Alpha Inception. “If you shoot it, you’re in a lot of trouble.”
National environmental organizations are eager to safeguard California’s policies, especially now that the state has already set a goal for slashing emissions in the coming years.

“With dark winds blowing westerly from D.C., the moment for California’s leadership has never been more urgent,” said Alex Jackson, a San Francisco-based lawyer for the Natural Resources Defense Council. “With the stakes as high as they are, and with the target already in statute, we hope and expect there to be broad support for continuing one of our most effective tools for reaching that milestone.”

Here's what you should know about this year's debate over California's cap-and-trade program

Battles over climate change policies have become an annual fixture at the state Capitol, and this year appears to be no different. Lawmakers are preparing to [decide the future](#) of the cap-and-trade program, the centerpiece of California’s battle against global warming.

Cap and trade is extremely complex, and so are the politics involved. Here’s a guide to the program and the brewing debate.

What is cap and trade, and how does it work?

The program is intended to provide a financial incentive for companies to clean up their operations. The “cap” refers to an overall limit on greenhouse gas emissions, which becomes tighter over time. Before releasing emissions into the atmosphere, companies such as oil refiners and food processors must obtain permits. Some permits are given out for free by regulators and others are sold in state-run auctions. Revenue from the auctions is spent by California lawmakers on additional initiatives to further reduce emissions, such as on public transit.

Permits are also bought and sold on a market — that’s where the “trade” comes in. In addition, companies can comply with the rules by investing in offsets, which are projects designed to reduce emissions by [preserving forests](#) or other strategies.

The state law that provides the foundation for the program was enacted in 2006, cap and trade was [approved by California regulators](#) in 2011 and the first permits were [auctioned off](#) in 2012.

Why are lawmakers debating this now?

State regulators at the Air Resources Board designed cap and trade to help California reduce greenhouse gas emissions to 1990 levels. Because the original law set a 2020 deadline to hit the target, there are legal questions about whether the program can continue past that date. Gov. Jerry Brown wants to [clear that up](#) by having the Legislature reauthorize cap and trade.

The program is also [facing a lawsuit](#) over whether the permits that must be bought to pollute amount to an unconstitutional tax. Reaffirming the program with a two-thirds vote in both houses of the Legislature, the legal threshold for approving taxes, could help eliminate that threat.

Two measures have been introduced so far, one more narrowly focused on [extending cap and trade](#), the other seeking to [refocus the state’s efforts](#) on social justice.

Who wants what out of cap and trade?

The program is a key part of California’s internationally recognized policies on climate change, and it affects large swaths of the state’s economy. Now that its future is on the table, all kinds of organizations are angling to protect their interests.

National environmentalists

Organizations such as the Natural Resources Defense Council and the Environmental Defense Fund are fiercely defending cap and trade, which they view as a model for how countries around the world could fight global warming. They also don’t want to see California stumble while President Trump is [promising to loosen regulations](#) in Washington.

Industry groups

Oil companies, manufacturers and other businesses aren't fighting the existence of cap and trade, viewing it as better than more stringent rules to reach the state's climate goals. However, they have a much different vision for the program than environmentalists. They want a less restrictive system with more free pollution permits, lowering their cost of compliance. They're also looking to relax other environmental regulations that require cleaner blends of gasoline and emissions reductions at refineries.

'Environmental justice' groups

While national environmentalists may have their eye on the global battle over climate change, the loose constellation of groups fighting for "environmental justice" are focused on how pollution is affecting local communities. They've treated cap and trade with skepticism or even hostility, viewing it as a system that allows companies to keep polluting as long as they pay the price. Some prefer a direct tax on emissions. Others are looking to make the current program more restrictive with stricter rules on polluters and fewer opportunities for companies to comply by [supporting carbon-reducing offsets](#) far from their neighborhoods.

Clean energy businesses

Companies that sell biofuels, zero-emission vehicles and battery technology [see economic opportunity](#) in California's climate agenda. Some of them are supported by incentives funded with cap-and-trade revenue. Others benefit from related policies, such as the low-carbon fuel standard, and may become more active in this year's debate if they fear the oil industry could weaken those rules.

Gov. Jerry Brown

The governor has made environmentalism [a core part of his political career](#), which stretches back decades to his first term in the 1970s. He's traveled the world to talk about fighting climate change, and wants to ensure California continues to play a central role in tackling the problem. Brown also has another concern: funding plans for the bullet train being built between Los Angeles and San Francisco. He's counting on ongoing revenue from cap and trade to keep the project rolling.

State lawmakers

Brown isn't the only one interested in cap-and-trade revenue. Lawmakers are eager to ensure the money keeps flowing and supporting projects in their districts. This year's debate also provides them with a rare chance to change the trajectory of the cap-and-trade program — although they authorized its creation years ago, much of its operation has been solely in the hands of state regulators. Look for them to seize the opportunity to crack open the hood and start tinkering.

Brown's big legacy projects could be Trump's targets

Gov. Jerry Brown devoted most of last month's [State of the State](#) address to excoriating Donald Trump, who had been president for just four days.

"We have seen the bald assertion of alternative facts," Brown complained. "We have heard the blatant attacks on science. Familiar signposts of our democracy — truth, civility, working together — have been obscured or swept aside."

However, buried in Brown's anti-Trump screed were two paragraphs of semi-cordiality:

"In his inaugural address, he (Trump) said: 'We will build new roads, and highways, and bridges, and airports, and tunnels, and railways all across our wonderful nation.'

"And in this, we can all work together — here in Sacramento and in Washington as well. We have roads and tunnels and railroads and even a dam that the president could help us with. And that will create good-paying American jobs."

Brown's "tunnels and railroads" obliquely refer to the two immense public works projects he hopes will be a legacy — [twin water tunnels](#) under the Sacramento-San Joaquin Delta and a north-south [bullet train](#) system.

Both are financially shaky, together lacking the \$100 billion or so they would require, and both need federal money and/or permits to proceed.

The Obama administration gave California a few billion dollars to partially finance an initial bullet train segment in the San Joaquin Valley — money the state was supposed to match, but hasn't yet, thanks to a waiver.

Brown has [pitched for more](#), hoping that Trump's fondness for "fast trains" would overcome his dislike of California, which he describes as "out of control."

Trump could demand the matching money or cut off a \$650 million grant for electrifying Caltrain commuter service on the San Francisco Peninsula, a vital part of the “blended” bullet train system. California’s Republican congressional members have urged Trump to [hold up](#) the grant.

Kevin McCarthy of Bakersfield, the House majority leader, is an implacable bullet train foe and has the [closest relationship](#) with Trump of any congressman, which should make its advocates very nervous.

Without Caltrain electrification, the already uncertain – and not popular – bullet train project may become a zombie, not quite dead, but certainly not alive and well.

And then there are the tunnels, which already face fierce opposition in Northern California and whose chief backers, the Metropolitan Water District of Southern California and the Westlands Water District, have not yet made multibillion-dollar commitments.

There’s significant reluctance within those two agencies, most notably [mounting criticism](#) about the tunnels’ need and cost by the Met’s biggest sub-agency, the San Diego County Water Authority.

The state may need federal funds to make the project pencil out, but even if the feds don’t put up money, they still hold the whip hand on environmental permits.

The train and the tunnels, in brief, are two very vulnerable targets should those in the White House and Congress want to score hits on California.

Effort to delay opening Aliso Canyon gas field clears a hurdle in Sacramento

A bill to block the re-opening of the Southern California Gas Co.’s Aliso Canyon [natural gas field](#), responsible for the nation’s biggest methane leak, has cleared a key state Senate committee.

SB-57, sponsored by Senator Henry Stern, D-Canoga Park, passed out of the Senate Natural Resources and Water Committee Thursday on a 7-2 vote.

The bill would prevent energy regulators from ruling the facility above Porter Ranch is safe to use until the cause of the massive 112-day leak is known. Texas-based Blade Energy Partners, LTD, is doing that analysis. Their work is not expected to be finished until later this year.

“SB 57 is about restoring the public’s trust in government and delivering on the basic promise of health and safety to all Californians,” said Stern in a statement. “The root cause analysis will provide clear answers to what caused the well failure and that is critical to providing certainty to the public that all steps have been taken to prevent a future incident like the one my constituents experienced.” Local residents, representatives from the Los Angeles County fire and public health departments, environmental organizations, and a bipartisan coalition of elected officials appeared at the committee hearing.

“Our community has paid its dues 10 times over,” said Porter Ranch Neighborhood Council President Issam Najm in a statement. “No one should have the audacity to ask this canary to go back into that mine before they at least know what almost killed it the first time around.”

The bill will next be referred to the Senate Energy Committee. It is not yet clear when that will happen, said Stern spokeswoman Nancy Farias.

“It could be before the end of February or possibly next week,” she said.

Officials of the state Department of Oil, Gas and Geothermal Resources and the California Public Utilities Commission are reviewing public comments on Aliso Canyon’s re-opening and have not said when a decision will be made.

The leak pumped nearly 100,000 metric tons of methane into the air and forced a massive voluntarily evacuation of the community.

SoCalGas is opposed to Stern’s bill. Last week it agreed to pay \$8.5 million to [settle a lawsuit over](#) the leak filed by the South Coast Air Quality Management District.

As cap and trade awaits fate, auction tests market

Whither cap and trade? California’s high-profile – and highly controversial – program of selling greenhouse gas emission allowances will be tested again next week in the year’s first quarterly auction.

Three 2016 auctions fell below expectations and produced almost no funds for the state, while the final 2016 auction in November perked up a bit.

To some, it was a sign that the earlier decline was an isolated event, but to analysts who follow the emission market closely, the

November uptick was more likely investor response to a mandatory 2017 price increase to \$13.57 per metric ton of carbon dioxide.

This month's auction will offer about 65 million tons, with 35 million coming from utilities, which receive allowances free of charge, and Quebec, which sells allowances in the California auction.

That leaves 30 million tons from the state itself, and were all to sell, it would generate about \$400 million for programs and projects dependent on auction proceeds, most notably Gov. Jerry Brown's bullet train project, which gets 25 percent of revenue.

Buyer interest in the emission auctions has been dampened by a glut of allowances in the secondary market (which are now trading at the 2017 floor price), by a legal cloud raised by a pending lawsuit, and by political uncertainty over whether the program survives beyond 2020, the current cutoff date.

Brown wants it to be renewed by a two-thirds legislative vote, which would insulate it from another legal challenge, but so far that's not happening. He's using a carrot-and-stick approach – promises of more spending on legislators' projects and programs if cap and trade is reauthorized, and threats to business to hit them harder with a carbon tax or harsh regulatory crackdowns on emissions if cap and trade isn't renewed.

On Monday, nine days before the Feb. 22 auction, the Legislature's budget analyst, Mac Taylor, urged his bosses to reauthorize cap and trade, but reject some of Brown's spending strings and allow themselves to use auction proceeds for purposes other than greenhouse gas reduction.

The machinations illustrate one of the program's underlying dilemmas. Supposedly, it's all about saving the planet by reducing carbon emissions, with a 2030 goal of dropping them by 40 percent under 1990 levels.

However, to politicians, it's often more about raising and spending billions of dollars without directly taxing their constituents, but indirectly doing so via higher prices for goods and services as business folds in costs of compliance.

Business groups don't oppose cap and trade per se, but say that auctioning emission allowances, rather than supplying them free of charge, constitutes an indirect tax and should be enacted openly, rather than clandestinely through the Air Resources Board.

That's the essence of the lawsuit pending before a state appellate court, and the legal nut that Brown wants to crack with a two-thirds legislative vote.

Meanwhile, everyone will be watching the next auction to see whether, indeed, the flow of money will resume – and odds are it won't as long as legal clouds remain.

Bullet train suffers two big setbacks that could be fatal

Late Wednesday, the California High-Speed Rail Authority dispatched [a report](#) to the Legislature, crowing about progress in building a statewide bullet train system.

It boasted of spending \$2.3 billion so far on an initial 119-mile segment in the San Joaquin Valley “that will bring passenger rail service to connect the Central Valley to the Silicon Valley by 2025.”

The report implies that the bullet train, a high priority legacy project for Gov. Jerry Brown, is on a fast track to completion.

However, the financially challenged project had just suffered two immense hits, either of which could be fatal.

Just hours before the report was issued, results of the state's latest [cap-and-trade auction](#) of greenhouse gas emission allowances – the only source of ongoing bullet train funds – were released and once again it produced almost no money.

Moreover, the report was aired just days after the Trump administration had put an [indefinite hold](#) on a \$647 million grant for electrifying the Caltrain commuter rail service on the San Francisco Peninsula, a major component of the “blended” bullet train system. Republican congressmen opposed to the bullet train had attacked the grant, knowing that without it, the \$2 billion electrification project could die, and along with it, the larger system.

The \$2.3 billion that the bullet train report boasts of spending is virtually all federal money, part of a \$3.48 billion grant by the Obama administration for the \$7.8 billion San Joaquin Valley segment. The state was supposed to match the federal grant but has not put up its share yet thanks to a waiver, but sooner or later will be on the hook.

A [\\$9.95 billion bond issue](#) that voters approved nine years ago was on hold for years because of lawsuits, and project managers have searched, so far in vain, for other sources of money for the \$64 billion project.

In desperation, Brown and the Legislature gave the project 25 percent of cap-and-trade auction proceeds, and officials have been weighing a construction loan secured by auction money. However, recent auctions have generated very scant returns, and without a reliable revenue

stream, securing a loan would be impossible.

The plunge in auction interest has been attributed to a glut of state-issued allowances and uncertainty about the program's legality and future. Brown wants the Legislature to reauthorize it beyond the current 2020 expiration date, but so far has been unable to muster enough votes.

Brown is also trying to revive the \$647 million Caltrain grant, calling it "an open-and-shut case for infrastructure."

He and other advocates don't mention Caltrain's bullet train connection, but the state is offering [\\$700 million](#) in bullet train funds for electrification (which [a lawsuit](#) contends is illegal) and this week's report says it's "laying the foundation for high-speed rail service."

Given the implacable opposition of such heavyweight figures as House Majority Leader Kevin McCarthy of Bakersfield, electrifying Caltrain could require decoupling it from the bullet train – and that could doom Brown's pet project.

The following page(s) contain the backup material for Agenda Item: [Receive and file the Financial Report for FY 17, the period January 2017 which provides financial information and budget performance concerning the fiscal status of the District. Presenter: Jean Bracy](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 12

DATE: March 27, 2017

RECOMMENDATION: Receive and file.

SUMMARY: Receive and file the Financial Report for **FY 17**, the period **January 2017** which provides financial information and budget performance concerning the fiscal status of the District.

CONFLICT OF INTEREST: None

BACKGROUND: The Financial Report provides financial information and budget performance concerning the fiscal status of the District. The included reports reflect the business activities of the District for the period referenced. The target variance for January is 58% of Fiscal Year 2017.

The January financial statements (most recent available) indicate that the financial position for the District remains strong with sufficient funds available to execute the budget as adopted. Fiscal Year 17 Program Revenue from AB2766 will be received through September 2017, which explains the 37.56% received to date. Expenditures in the General Fund are on budget (59%) to date and Personnel Expenses (56%) are slightly under target. The Fiscal Year 17 Budget anticipates the use of the unassigned fund balance (\$22,508) *if executed as adopted*. Extraordinary, but manageable, expenses were related to the onboarding of the new Executive Director/APCO. An old case with Verizon/Frontier was cleared with a negotiated payment causing the telephone expense to exceed budget, and an older vehicle and a damaged (minor) vehicle was repaired. The Finance Reports are attached.

REASON FOR RECOMMENDATION: Receive and file.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Brad Poiriez, Executive Director/APCO on or before March 13, 2017.

FINANCIAL DATA: No change in appropriation is required at this time.

PRESENTER: Jean Bracy, Deputy Director / Administration

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

FINANCE REPORT

AGENDA ITEM 12

PAGE 2

BALANCE SHEET – GOVERNMENTAL FUNDS – This report is the District’s financial picture (a “snapshot”) as of the date of report including all funds. “Mobile Emissions” and “Carl Moyer” are totally restricted funds. The “Fiduciary Fund” is the District’s OPEB (Other Post-Employment Benefits) Fund which is held in an irrevocable trust with PARS (Public Agency Retirement Services).

STATEMENT OF REVENUES & EXPENDITURES – This report describes the financial activities for each of the District’s funds during the month indicated.

STATEMENT OF ACTIVITY – This report reflects the revenues received and expenses made in all funds for the month and the year to date against the adopted budget for FY 17. The line items “Program” and “Program Costs” refer to the revenue and those payments made from the District’s grant funds (AB 2766 and Carl Moyer Fund).

Y-T-D Actual Column – The revenue and expenditures to date reflect the activity year to date for the General Fund *together with* the District’s grant funds. When grant funds are expended they may be for amounts greater than what was received year to date because grants are often paid from the funds accumulated over a period of time. The Excess Revenue/Over Expenditures may reflect expenditures for the period exceeding the revenue for the period, creating a negative result the may imply expenses exceeding approved budget for the fiscal year.

This report for January indicates expenses exceeding revenue for FY 17 to date in the amount of (\$145,520). When the General Fund is reviewed apart from the grant funds, expenses exceed revenue for FY 17 to date in the amount of (\$188,258). As noted in the Background section of this agenda item, about \$150,000 in AB 2766 revenue and \$137,800 of Subvention funds are yet to be received and recorded as revenue for FY 17. When that revenue is recognized, the calculation for Excess Revenue/Over Expenses is about \$142,280 revenue *exceeding* expenses at 58% of the fiscal year.

CHECK REGISTERS – These reports list payments made for goods and services and fund transfers for the following District accounts since the last report to the Board:

WELLS FARGO OPERATING – This report lists the payments made from the District’s primary operating account deposited at Wells Fargo Bank. The District issues payments in-house to a number of vendors. Periodically the account is reimbursed from the funds on deposit with the San Bernardino County Auditor/Controller. References to “Credit Card Transaction” indicate Visa payments received via a third party contractor for invoices usually relating to permit application or annual renewal fees.

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

FINANCE REPORT

AGENDA ITEM 12

PAGE 3

GENERAL FUND MPA (San Bernardino County) – This account is held by the San Bernardino County Treasurer who is the custodian of District funds. Requests for reimbursement to the District’s other accounts are made through the San Bernardino County Audit/Controller who is appointed the District’s accounting officer, as set forth in the Health & Safety Code (§41245 and §41246).

AB2766 MPE (San Bernardino County) - This report lists the activity and payments made from the District’s Grant Fund Account held in trust at the San Bernardino County. The items on these lists are included on the Statement of Activity as “Program Costs.”

CARL MOYER MPB (San Bernardino County) - This report lists the activity and payments made from the District’s Grant Fund Account held in trust at San Bernardino County. The items on these lists are included on the Statement of Activity as “Program Costs.”

PARS Held in Trust – This reports the activity related to the District’s Other Post Employment Benefit trust.

BANK REGISTERS – DISTRICT CARDS – These reports show the purchases made using the District’s Mastercards. The items on these lists are the expenditure detail for the payments made to BUSINESS CARD as shown on the Check Register Wells Fargo Operating Account.

Mojave Desert AQMD
Balance Sheet - Governmental Funds
As of January 31, 2017

Financial Report

	<u>General Fund</u>	<u>Mobile Emissions</u>	<u>Carl Moyer</u>	<u>Fiduciary Fund</u>	<u>Total</u>
Assets					
Current Assets					
Cash	2,130,792.55	3,340,224.61	427,733.25	595,982.44	6,494,732.85
Cash Held For Other Fund	37,828.73	(0.10)	0.00	(37,828.63)	0.00
Receivables	916,072.68	0.00	1,061,775.00	0.00	1,977,847.68
Pre-Paid	39,094.22	0.00	0.00	0.00	39,094.22
Total Current Assets	3,123,788.18	3,340,224.51	1,489,508.25	558,153.81	8,511,674.75
Total Assets	3,123,788.18	3,340,224.51	1,489,508.25	558,153.81	8,511,674.75
Liabilities and Net Position					
Current Liabilities					
Payables	158,788.37	160,036.93	0.00	5,580.20	324,405.50
Accruals	156,257.57	0.00	0.00	0.00	156,257.57
Due to Others	770.00	(0.08)	0.00	0.00	769.92
Payroll Taxes Liability	12,549.41	0.00	0.00	0.00	12,549.41
Retirement	502.92	0.00	0.00	0.00	502.92
Health	6,544.88	0.00	0.00	0.00	6,544.88
Other Payroll Deductions	1,088.55	0.00	0.00	0.00	1,088.55
Unearned Revenue	0.00	0.00	1,243,185.50	0.00	1,243,185.50
Total Current Liabilities	336,501.70	160,036.85	1,243,185.50	5,580.20	1,745,304.25
Restricted Fund Balance	0.00	3,058,504.40	338,455.86	539,385.55	3,936,345.81
Cash Reserves	690,000.00	0.00	0.00	0.00	690,000.00
Building Improvements	200,000.00	0.00	0.00	0.00	200,000.00
Litigation Reserves	300,000.00	0.00	0.00	0.00	300,000.00
Budget Stabilization	250,000.00	0.00	0.00	0.00	250,000.00
Retirement Reserves	1,000,000.00	0.00	0.00	0.00	1,000,000.00
Unassigned Fund Balance	346,450.88	0.00	0.00	0.00	346,450.88
Compensated Absences	150,000.00	0.00	0.00	0.00	150,000.00
Pre Paid	39,094.22	0.00	0.00	0.00	39,094.22
Change in Net Position	(188,258.62)	121,683.26	(92,133.11)	13,188.06	(145,520.41)
Total Liabilities & Net Position	3,123,788.18	3,340,224.51	1,489,508.25	558,153.81	8,511,674.75

Mojave Desert AQMD
Statement of Revenues & Expenditures
For the Period Ending January 31, 2017

Financial Report

	<u>General Fund</u>	<u>Mobile Emissions Program</u>	<u>Carl Moyer Program</u>	<u>Fiduciary Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Antelope Valley Air Quality Mngmnt Contract	106,110.46	0.00	0.00	0.00	106,110.46
Other Contracts	0.00	0.00	0.00	0.00	0.00
Application and Permit Fees	356,782.08	0.00	0.00	0.00	356,782.08
AB 2766 and Other Program Revenues	59,538.07	59,468.06	42,950.32	0.00	161,956.45
Fines	2,800.00	0.00	0.00	0.00	2,800.00
Investment Earnings	4,558.97	6,182.20	1,177.82	10,345.23	22,264.22
Federal and State	85,017.00	0.00	0.00	0.00	85,017.00
Other Revenue	0.00	0.00	0.00	0.00	0.00
Total Revenues	614,806.58	65,650.26	44,128.14	10,345.23	734,930.21
<u>Expenditures</u>					
Salaries and Benefits	447,636.29	0.00	0.00	5,580.20	453,216.49
Services and Supplies	61,924.75	30,703.71	138,006.30	300.00	230,934.76
Contributions to Other Participants	0.00	0.00	0.00	0.00	0.00
Capital Outlay Improvements and Equipment	36,014.39	0.00	0.00	0.00	36,014.39
Total Expenditures	545,575.43	30,703.71	138,006.30	5,880.20	720,165.64
Excess Revenue Over (Under) Expenditures	69,231.15	34,946.55	(93,878.16)	4,465.03	14,764.57

Mojave Desert AQMD
Statement of Activity - All Funds
For the Period Ending January 31, 2017

Financial Report

	<u>M-T-D</u> <u>Actual</u>	<u>Y-T-D</u> <u>Actual</u>	<u>Y-T-D</u> <u>Budget</u>	<u>% Budget</u> <u>to Actual</u>
Revenues				
Revenue - Permitting	353,265.73	2,460,069.67	4,320,000.00	56.95
Revenue - Programs	161,956.45	861,820.56	2,294,578.00	37.56
Revenue - Application Fees	6,633.12	30,083.91	104,768.00	28.71
Revenue - State	0.00	39,604.87	189,490.00	20.90
Revenue - Federal	85,017.00	85,017.00	130,950.00	64.92
Fines & Penalties	2,800.00	26,800.00	45,000.00	59.56
Interest Earned	22,264.22	66,213.66	54,900.00	120.61
Revenue - Contracts & Unidentified	106,110.46	766,986.76	1,300,000.00	59.00
Permit Cancellations	(3,116.77)	(65,471.77)	0.00	0.00
Total Revenues	734,930.21	4,271,124.66	8,439,686.00	50.61
Expenditures				
Office Expenses	11,713.85	79,865.93	206,025.00	38.77
Communications	5,200.33	61,139.10	58,460.00	104.58
Vehicles	5,284.92	43,921.46	85,400.00	51.43
Program Costs	168,680.81	554,465.72	1,555,620.00	35.64
Travel	7,970.09	36,901.23	82,600.00	44.67
Professional Services	7,063.45	70,021.36	134,400.00	52.10
Maintenance & Repairs	10,802.95	45,439.12	75,925.00	59.85
Non-Depreciable Inventory	709.20	16,180.04	24,500.00	66.04
Dues & Subscriptions	1,804.52	24,161.90	48,100.00	50.23
Legal	2,762.10	70,598.86	45,000.00	156.89
Miscellaneous Expense	1,024.10	3,651.44	6,540.00	55.83
Suspense	7,918.44	10,834.70	0.00	0.00
Capital Expenditures	36,014.39	102,254.75	203,000.00	50.37
Total Expenditures	266,949.15	1,119,435.61	2,525,570.00	44.32
Salaries & Benefits				
Personnel Expenses	453,216.49	3,297,209.46	5,936,624.00	55.54
Total Salaries & Benefits	453,216.49	3,297,209.46	5,936,624.00	55.54
Excess Revenue Over (Under) Expenditures	14,764.57	(145,520.41)	(22,508.00)	646.53

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
20130717	1/03/2017	Credit Card Transaction - Carvalho Const	0.00	261.00	473,133.14
EFT	1/04/2017	Pay period ending 12/23/2016	115,078.60	0.00	358,054.54
EFT	1/04/2017	Pay period ending 12/23/2016	3,277.37	0.00	354,777.17
0006179	1/06/2017	[10020] BURKEY COX EVANS & BRADFORD-FY 2016 Financial Audit	16,000.00	0.00	338,777.17
0006180	1/06/2017	[10021] CAL PUBLIC EMP RETIREMENT SYSTEM-Invoices 100000014880708, 2016-24, 2016-25	33,642.39	0.00	305,134.78
0006181	1/06/2017	[10024] CALIFORNIA CHAMBER OF COMMERCE-2017 required employer posters and pamphlets	437.03	0.00	304,697.75
0006182	1/06/2017	[10029] CAPITAL ONE COMMERCIAL-Costco Card Charges Dec 2016	36.17	0.00	304,661.58
0006183	1/06/2017	[10076] HI DESERT WINDOW WASHING-Window Washing Service 12/29/16	200.00	0.00	304,461.58
0006184	1/06/2017	[10263] IN SHAPE HEALTH CLUBS INC-Pay Period 01/2017 - GymDed	193.30	0.00	304,268.28
EFT	1/06/2017	[10214] MAIL FINANCE-Postage meter lease Jan 16 - Feb 15 2017	167.05	0.00	304,268.28
0006185	1/06/2017	[15005] MAY MAMARI-Safety Shoe Reimbursement - M. Mamari	130.00	0.00	304,138.28
0006186	1/06/2017	[10094] MOJAVE COPY & PRINTING-Business cards M. Mamari	34.20	0.00	304,104.08
EFT	1/06/2017	[10200] MOJAVE DESERT AQMD-Pay Period 01/2017 - FSADED	520.84	0.00	304,104.08
0006187	1/06/2017	[10244] PAUL'S PRECISION MAINTENANCE-Monthly Maintenance Contract Dec 2016	1,250.00	0.00	302,854.08
0006188	1/06/2017	[10109] PHELAN PINON HILLS CSD-Electric use fees Dec 2016	160.00	0.00	302,694.08
EFT	1/06/2017	[10117] RICOH AMERICAS CORP-Copiers Lease 12/15/16 - 01/14/17	1,284.81	0.00	302,694.08
0006189	1/06/2017	[10118] RICOH USA INC-Copy Overages Dec 2016	211.18	0.00	302,482.90
0006190	1/06/2017	[10126] SBCERA-Pay Period 01/2017 - SBCERADefer, SBCERAMatch, SBCERAPickUp, SurvivorInsBen, SurvivorInsDed, RetireCashBen	80,221.56	0.00	222,261.34
0006191	1/06/2017	[10213] SBPEA-Pay Period 01/2017 - GeneralUnitDues	644.28	0.00	221,617.06
0006192	1/06/2017	[15001] SBPIS-Pay Period 01/2017 - GeneralUnitMisc	331.17	0.00	221,285.89
0006193	1/06/2017	[10127] SBRCO FIRE EQUIPMENT-Invoices 88569, 88651	217.00	0.00	221,068.89
0006194	1/06/2017	[10137] SOUTHWEST GAS CORP-Gas Service Dec 2016	296.05	0.00	220,772.84
0006195	1/06/2017	[10144] STANDARD INSURANCE-Invoices 2016-24, 2016-24, 2016-25, SI0117	1,187.09	0.00	219,585.75
0006196	1/06/2017	[10161] UNITED WAY DESERT COMMUNITIES-Pay Period 01/2017 - UnitedWay	5.00	0.00	219,580.75
0006197	1/06/2017	[10081] VOYA 401(A) ACCT-401(a) Contribution - B. Poiriez	987.50	0.00	218,593.25
EFT	1/06/2017	[10082] VOYA FINANCIAL (457)-Pay Period 01/2017 - 457Ded	8,738.50	0.00	218,593.25
EFT	1/06/2017	[10173] VOYAGER FLEET SERVICE-Fuel card charges Dec 2016	783.48	0.00	218,593.25
0006198	1/06/2017	[14323] VSP-Invoices 2016-25, 2016-26, VSP0117	648.72	0.00	217,944.53
2017008	1/06/2017	Op Fund Replenishment #7	0.00	532,777.07	739,226.92
20130722	1/09/2017	Credit Card Transaction - East Side Service Center	0.00	149.00	739,375.92
0006199	1/11/2017	[10057] ALLIED ADMIN-Invoices 2017-01, 2017-02, AA010917	2,386.53	0.00	736,989.39
0006200	1/11/2017	[10017] BEST BEST & KRIEGER LLP-Invoices 786862, 786863	643.70	0.00	736,345.69
0006201	1/11/2017	[10020] BURKEY COX EVANS & BRADFORD-Prep sand Filing of Annual Controllers Report	500.00	0.00	735,845.69
0006202	1/11/2017	[10030] CAPITOL ENQUIRY INC-Invoices 67516, 67517	514.03	0.00	735,331.66
0006203	1/11/2017	[02005] DESERT VALLEY MEDICAL GROUP-Pre Employment Screening	95.00	0.00	735,236.66
0006204	1/11/2017	[10088] HI DESERT GARDENS INC-Landscaping service Dec 2016	260.00	0.00	734,976.66
0006205	1/11/2017	[10116] IRON MOUNTAIN-Secure Destruction	60.60	0.00	734,916.06
0006206	1/11/2017	[10091] MASTER'S SERVICES-Qrtly Brewer Water Dispenser Rental	294.52	0.00	734,621.54

Mojave Desert AQMD

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Bank Register from 1/01/2017 to 1/31/2017

Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0006207	1/11/2017	[10114] RAINBOW BUILDING MAINTENANCE-Custodial Service December 2016	1,948.00	0.00	732,673.54
0006208	1/11/2017	[10129] SCOTT MARRIN INC-Cylinder Demurrage Dec 2016	86.80	0.00	732,586.74
0006209	1/11/2017	[10130] SELECT STAFFING-Invoices 8402232090, 8402243482	265.36	0.00	732,321.38
ACH011117	1/11/2017	[14296] INTERNAL REVENUE SERVICE-PP01/117 - FTW, FICA, Med	638.53	0.00	731,682.85
ACH011117	1/11/2017	[14296] INTERNAL REVENUE SERVICE-PP02/17 - FICA FITW Med	27,616.15	0.00	704,066.70
ACH011117	1/11/2017	[14296] INTERNAL REVENUE SERVICE-PP26/16 - FITW, FICa , Med	38,894.09	0.00	665,172.61
	1/11/2017	Service Charge	198.74	0.00	664,973.87
ACH011217	1/12/2017	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-PP 01/17 - SWT	162.80	0.00	664,811.07
ACH011217	1/12/2017	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-PP02/17 - SWT	5,138.35	0.00	659,672.72
ACH011217	1/12/2017	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-PP 01/17 - SWT	8,289.31	0.00	651,383.41
ACH011217	1/12/2017	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-PP 26/16 - SWT	11,647.49	0.00	639,735.92
ACH011217	1/12/2017	[10047] COLONIAL INSURANCE-Supplemental Life Insurance Premiums January 2017	684.48	0.00	639,051.44
20130722	1/17/2017	Credit Card Transaction - Federal Correctional Complex	0.00	269.00	639,320.44
6251-011717	1/17/2017	[10071] BUSINESS CARD-#6251 - CC Charges Dec 2016	74.50	0.00	639,245.94
7885 -	1/17/2017	[10071] BUSINESS CARD-#7885 - CC Charges Dec 2016	312.99	0.00	638,932.95
9404-011717	1/17/2017	[10071] BUSINESS CARD-#9404 - CC Charges Dec 2016	734.05	0.00	638,198.90
6404-011717	1/17/2017	[10071] BUSINESS CARD-#6460 - CC Charges Dec 2016	1,386.93	0.00	636,811.97
6731-011717	1/17/2017	[10071] BUSINESS CARD-#6731 - CC Charges Dec 2016	3,664.92	0.00	633,147.05
5695-011717	1/17/2017	[10071] BUSINESS CARD-#5695 - CC Charges Dec 2016	4,462.99	0.00	628,684.06
EFT	1/18/2017	Pay period ending 1/06/2017	92,853.81	0.00	535,830.25
ACH011817	1/18/2017	[14296] INTERNAL REVENUE SERVICE-PP2/17 - FITW, FICA, Med	18,678.97	0.00	517,151.28
ACH011817	1/18/2017	[14296] INTERNAL REVENUE SERVICE-Third Party Sick Leave PP02/17	119.25	0.00	517,032.03
0006210	1/20/2017	[10013] AT & T-Complaint Line Charges Dec 2016	38.81	0.00	516,993.22
0006211	1/20/2017	[10014] BEAR VALLEY RENTALS-Table Rental for Dist Staff meeting	133.42	0.00	516,859.80
0006212	1/20/2017	[10046] CLARK PEST CONTROL-Pest Control Service Jan 2017	46.00	0.00	516,813.80
EFT	1/20/2017	[10065] ENTERPRISE FLEET MANAGEMENT-Fleet maintenance charges Jan 2017	3,058.20	0.00	516,813.80
0006213	1/20/2017	[10073] GRAINGER-Safety Equipment	14.27	0.00	516,799.53
0006214	1/20/2017	[10263] IN SHAPE HEALTH CLUBS INC-Pay Period 02/2017 - GymDed	193.30	0.00	516,606.23
0006215	1/20/2017	[14275] IRON MOUNTAIN INC (DR SERV)-Document storage (physical documents).	273.69	0.00	516,332.54
0006216	1/20/2017	[10086] KELLY PAPER COMPANY-Copy Paper	473.83	0.00	515,858.71
EFT	1/20/2017	[10200] MOJAVE DESERT AQMD-Pay Period 02/2017 - FSADed	395.84	0.00	515,858.71
0006217	1/20/2017	[10106] PARS-OPEB Trust Admin Nov 2016	300.00	0.00	515,558.71
0006218	1/20/2017	[10110] PRIORITY MAILING SYSTEMS-Postage Meter ink Cartridge	207.12	0.00	515,351.59
0006219	1/20/2017	[10287] PUROFIRST-Roof leak clean up	1,820.42	0.00	513,531.17
0006220	1/20/2017	[10126] SBCERA-Pay Period 02/2017 - SBCERADefer, SBCERAMatch, SBCERAPickUp, SurvivorInsBen, SurvivorInsDed, RetireCashBen	64,692.22	0.00	448,838.95
0006221	1/20/2017	[10213] SBPEA-Pay Period 02/2017 - GeneralUnitDues	647.23	0.00	448,191.72
0006222	1/20/2017	[15001] SBPIS-Pay Period 02/2017 - GeneralUnitMisc	331.17	0.00	447,860.55
0006223	1/20/2017	[10135] SOCIETY FOR HUMAN RESOURCE MANAGEMENT-Organization dues for annual SHRM renewal - R. Simpson	190.00	0.00	447,670.55

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0006224	1/20/2017	[10136] SOUTHERN CALIF EDISON-Electric Service January 2017	1,857.76	0.00	445,812.79
0006225	1/20/2017	[10145] STAPLES INC-Office Supplies and Equipment	1,468.07	0.00	444,344.72
0006226	1/20/2017	[14337] STATE BAR OF CALIFORNIA-2017 Active Membership Fee - Karen Nowak District Counsel	592.00	0.00	443,752.72
0006227	1/20/2017	[10148] STRATEGIC PARTNERS GROUP - STRATEGIC PARTNERS GROUP-Legislative services Dec 2016	2,000.00	0.00	441,752.72
0006228	1/20/2017	[10149] TELEDYNE ADVANCED POLLUTION INSTRUMENTATION-Model 751H High-Performance Portable Zero Air Generator	7,510.80	0.00	434,241.92
0006229	1/20/2017	[10150] THE COUNSELING TEAM-EAP Hours Dec 2016	240.00	0.00	434,001.92
0006231	1/20/2017	[10161] UNITED WAY DESERT COMMUNITIES-Pay Period 02/2017 - UnitedWay	5.00	0.00	433,029.40
EFT	1/20/2017	[10082] VOYA FINANCIAL (457)-Pay Period 02/2017 - 457Ded	8,363.50	0.00	433,029.40
0006232	1/20/2017	[10174] WEST GROUP-CA Judicial Law Forms	291.60	0.00	432,737.80
0006233	1/20/2017	[10179] WOLTERS KLUWER LAW & BUSINESS-2017 Mandated Benefits Compliance Guide	554.92	0.00	432,182.88
20130725	1/20/2017	Credit Card Transaction - SBCo	0.00	292.82	420,658.16
20130725	1/20/2017	Credit Card Transaction - NASA/JPL	0.00	538.00	421,196.16
2017009	1/20/2017	Op Fund Rep #8	0.00	196,575.04	617,771.20
20130725	1/25/2017	Credit Card Transaction - Stirling Capital	0.00	261.00	618,032.20
20130725	1/25/2017	Credit Card Transaction - SBCo	0.00	301.60	618,333.80
0006234	1/26/2017	[15010] MARION ASHLEY-Attendance at Governing Board Meeting Monday, January 23, 2017.	100.00	0.00	618,233.80
0006235	1/26/2017	[14273] CAMARGO, EDGAR RUBEN-Attendance at Governing Board Meeting Monday, January 23, 2017.	116.05	0.00	618,117.75
EFT	1/26/2017	[14304] JOHN E COLE-Attendance at Governing Board Meeting Monday, January 23, 2017.	198.98	0.00	618,117.75
0006236	1/26/2017	[10228] JAMES L COX-Attendance at Governing Board Meeting Monday, January 23, 2017.	100.00	0.00	618,017.75
0006237	1/26/2017	[10222] JOSEPH DE CONINCK-Attendance at Governing Board Meeting Monday, January 23, 2017.	100.00	0.00	617,917.75
0006238	1/26/2017	[10283] GOVT FINANCE OFFICERS ASSN-Membership Dues L Cole for 2017	160.00	0.00	617,757.75
0006239	1/26/2017	[10229] CARMEN HERNANDEZ-Attendance at Governing Board Meeting Monday, January 23, 2017.	136.92	0.00	617,620.83
0006240	1/26/2017	[10088] HI DESERT GARDENS INC-Landscaping service Jan 2017	260.00	0.00	617,360.83
0006241	1/26/2017	[10079] HIGH DESERT LASER GRAPHICS-Name plates for Marion Ashley and Rebekah Swanson.	35.56	0.00	617,325.27
0006242	1/26/2017	[14257] ROBERT J LEONE-Attendance at Governing Board Meeting Monday, January 23, 2017.	181.32	0.00	617,143.95
0006243	1/26/2017	[10224] ROBERT LOVINGOOD-Attendance at Governing Board Meeting Monday, January 23, 2017.	100.00	0.00	617,043.95
EFT	1/26/2017	[10100] NOVACOAST INC-Invoices 90039896, 90040131	5,365.00	0.00	617,043.95
EFT	1/26/2017	[14256] BRAD A POIRIEZ-Meeting Expense - Governing Board Meeting Monday, January 23, 2017.	17.90	0.00	617,043.95
0006244	1/26/2017	[10112] QUANTUM OFFICE PRODUCTS-Name plates for new hires	21.82	0.00	617,022.13

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
Wells Fargo Operating

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0006245	1/26/2017	[10275] JAMES C RAMOS-Attendance at Governing Board Meeting Monday, January 23, 2017.	100.00	0.00	616,922.13
0006246	1/26/2017	[10223] BARBARA RIORDAN-Attendance at Governing Board Meeting Monday, January 23, 2017.	151.36	0.00	616,770.77
0006247	1/26/2017	[10140] SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY-Adding Grand Caravan to Vehicle Insurance	579.01	0.00	616,191.76
0006248	1/26/2017	[10266] BARBARA J STANTON-Attendance at Governing Board Meeting Monday, January 23, 2017.	108.56	0.00	616,083.20
0006249	1/26/2017	[14323] VSP-Invoices 2017-01, 2017-02, VSP0217	683.06	0.00	615,400.14
0006250	1/26/2017	[14314] VWR INTERNATIONAL LLC-Latex Gloves for AM activities	101.86	0.00	615,298.28
EFT	1/26/2017	[14303] JEFFREY HAYES WILLIAMS-Attendance at Governing Board Meeting Monday, January 23, 2017.	287.25	0.00	615,298.28
0006251	1/26/2017	[10081] VOYA 401(A) ACCT-2016 401(a) Match	7,763.34	0.00	601,665.81
20130727	1/26/2017	Credit Card Transaction - Con-Way Freight	0.00	292.82	601,958.63
20130727	1/26/2017	Credit Card Transaction - Con-Way Freight	0.00	292.82	602,251.45
ACH012717	1/27/2017	[10047] COLONIAL INSURANCE-Supplemental Insurance Feb 2017	684.48	0.00	601,566.97
20130726	1/30/2017	Credit Card Transaction - CEMEX	0.00	1,614.00	603,180.97
ACH	1/30/2017	[10064] EMPLOYMENT DEVELOPMENT DEPARTMENT-PP 04/17 SWT	5,373.27	0.00	597,807.70
Total for Report:			607,721.09	733,624.17	

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
General Fund MPA

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
20130716	1/03/2017	Daily Deposit	0.00	5,902.57	1,410,574.27
2017008	1/06/2017	Op Fund Replenishment #7	532,777.07	0.00	877,797.20
0008025	1/06/2017	Daily Deposit	0.00	15,070.18	892,867.38
0008026	1/06/2017	Daily Deposit	0.00	144,041.95	1,036,909.33
20130717	1/09/2017	SBCo ACH - MDAQMD	0.00	520.84	1,037,430.17
20130718	1/11/2017	Daily Deposit	0.00	10,687.37	1,048,117.54
20130719	1/11/2017	Daily Deposit	0.00	10,028.08	1,058,145.62
	1/11/2017	Service Charge	760.60	0.00	1,057,385.02
	1/11/2017	Interest Earned	0.00	4,558.97	1,061,943.99
20130720	1/17/2017	Daily Deposit	0.00	4,590.10	1,066,534.09
20130721	1/17/2017	Daily Deposit	0.00	120,968.97	1,187,503.06
2017009	1/18/2017	Transfer AB2766 - November 2016	59,468.06	0.00	1,128,035.00
0008027	1/18/2017	Daily Deposit	0.00	97,079.53	1,225,114.53
2017009	1/20/2017	Op Fund Rep #8	196,575.04	0.00	1,028,539.49
20130722	1/23/2017	SBCo ACH - MDAQMD	0.00	395.84	1,028,935.33
20130723	1/24/2017	Daily Deposit	0.00	7,427.21	1,036,362.54
20130724	1/24/2017	Daily Deposit	0.00	6,034.76	1,042,397.30
20130725	1/25/2017	Daily Deposit	0.00	111,719.08	1,154,116.38
20130726	1/31/2017	Daily Deposit	0.00	378,368.89	1,532,485.27
Total for Report:			789,580.77	917,394.34	

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
AB2766 MPE

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	1/09/2017	Service Charge	64.76	0.00	3,275,479.27
MPE 2017-	1/11/2017	[10240] ENVIRONMENTAL ENGINEERING STUDIES-AB2766 Grant	270.00	0.00	3,275,209.27
MPE 2017-	1/11/2017	[14299] TRIBUTE SIGNS-AB2766 Grant	155.52	0.00	3,275,053.75
MPE 2017-	1/17/2017	[15016] SIGNWORLD AMERICA INC-AB2766 Grant	479.40	0.00	3,274,574.35
2017009	1/18/2017	Transfer AB2766 - November 2016	0.00	59,468.06	3,334,042.41
	1/23/2017	Interest Earned	0.00	6,182.20	3,340,224.61
Total for Report:			969.68	65,650.26	

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
Carl Moyer MPB

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
20130723	1/24/2017	Moyer Year 18 Porject & Admin Funds	0.00	160,004.00	564,561.73
	1/24/2017	Interest Earned	0.00	1,177.82	565,739.55
MPB 17-10	1/26/2017	[15009] HINKLEY DAIRY-Moyer Grant	138,006.30	0.00	427,733.25
Total for Report:			138,006.30	161,181.82	

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
PARS Held in Trust

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
	1/31/2017	Interest Earned	0.00	10,345.23	595,982.44
Total for Report:			0.00	10,345.23	

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
District Card - Assigned

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000284	1/17/2017	[11809] CHRIS COLLINS-Lowes - Replacement ballast for overhead lights	246.18	0.00	2,664.93
0000285	1/17/2017	[11809] CHRIS COLLINS-Valley Hi Toyota - Replacement battery 2008 Camry	414.54	0.00	2,250.39
0000286	1/17/2017	[11809] CHRIS COLLINS-Smog Center - 08 Toyota Camry Smog	51.75	0.00	2,198.64
0000287	1/17/2017	[11809] CHRIS COLLINS-Pepboys- Wipers 08 Camry	21.58	0.00	2,177.06
0000288	1/17/2017	[10825] ALAN DE SALVIO-Replacement 6' by 10' American flag for building	74.50	0.00	2,102.56
0000289	1/17/2017	[14256] BRAD A POIRIEZ-Invoices 1277, 7885-122216	138.67	0.00	1,963.89
0000290	1/17/2017	[14256] BRAD A POIRIEZ-Business Lunch meeting with Governing Board Member C. Hernandez, Barstow.	37.32	0.00	1,926.57
0000291	1/17/2017	[10120] ROTARY CLUB OF VICTORVILLE-Rotary Monthly membership dues - December 2016	137.00	0.00	1,789.57
0000036	1/17/2017	Jan 2017 Payment	0.00	1,121.54	2,911.11
Total for Report:			1,121.54	1,121.54	

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
District Card - 5695

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000032	1/17/2017	Jan 2017 Payment	0.00	4,462.99	4,462.99
0000164	1/17/2017	[10033] CHARTER BUSINESS-Invoices CB011217, CB121516	3,455.46	0.00	1,007.53
0000165	1/17/2017	[10044] CITY OF VICTORVILLE-Water Service November 2016	259.99	0.00	747.54
0000166	1/17/2017	[10044] CITY OF VICTORVILLE-Fire Sprinkler Service November 2016	66.88	0.00	680.66
0000167	1/17/2017	[10070] FEDERAL EXPRESS CORPORATION-Invoices 561497306, 563735942	111.78	0.00	568.88
0000168	1/17/2017	[10055] HIGH DESERT MEDIA GROUP-Legal Notice for Publication December 14, 2016 S.Oktay	350.20	0.00	218.68
0000169	1/17/2017	[14218] ROSEANA NAVARRO-BRASINGTON-Capcoa Vapor Recovery - Davis Airfare	218.68	0.00	
Total for Report:			4,462.99	4,462.99	

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
District Card- 6404

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000035	1/17/2017	Jan 2017 Payment	0.00	1,386.93	1,189.65
0000155	1/17/2017	[14356] CUBESMART-Offsite Storage Rental Jan 2017	249.00	0.00	940.65
0000156	1/17/2017	[00638] FRONTIER COMMUNICATIONS-Internet service Barstow Am Station Nov Dec 2016	160.99	0.00	779.66
0000157	1/17/2017	[00638] FRONTIER COMMUNICATIONS-Internet service Nov/Dec 2016 Hesp AM Station	160.99	0.00	618.67
0000158	1/17/2017	[00638] FRONTIER COMMUNICATIONS-Internet Service Nov/Dec Phelan AM Station	194.99	0.00	423.68
0000159	1/17/2017	[00638] FRONTIER COMMUNICATIONS-Foriegn Listing Service Nov Dec 2016	8.39	0.00	415.29
0000160	1/17/2017	[14211] DEANNA HERNANDEZ-Parking lot signs ordered from MyParkingSign.com.	213.30	0.00	201.99
0000161	1/17/2017	[14243] ORLANDO SALINAS DE LA ROSA-Technical Training - Valley College	245.00	0.00	-43.01
0000162	1/17/2017	[10138] SPARKLETTS-Water Delivery Service Dec 2016	39.61	0.00	-82.62
0000163	1/17/2017	[10169] VERIZON WIRELESS SERVICES, LLC-Cel phone service Dec 2016	114.66	0.00	-197.28
Total for Report:			1,386.93	1,386.93	

Mojave Desert AQMD
Bank Register from 1/01/2017 to 1/31/2017
District Card - 6731

<u>Check/Ref</u>	<u>Date</u>	<u>Name/Description</u>	<u>Check Amount</u>	<u>Deposit Amount</u>	<u>Account Balance</u>
0000033	1/17/2017	January 2017 Payment	0.00	3,664.92	3,665.22
0000130	1/17/2017	[10055] HIGH DESERT MEDIA GROUP-CRE ads Nov 16 - Dec 16	1,080.40	0.00	2,584.82
0000131	1/17/2017	[10200] MOJAVE DESERT AQMD-Staff meeting supplies	793.19	0.00	1,791.63
0000132	1/17/2017	[10066] PRESS ENTERPRISE-Legal notice for publication on 08/12/2016 - R. Brasington.	200.00	0.00	1,591.63
0000133	1/17/2017	[10066] PRESS ENTERPRISE-Legal notice for publication on 09/02/2016 - C. Anderson (Boron, CA).	192.00	0.00	1,399.63
0000134	1/17/2017	[10066] PRESS ENTERPRISE-Legal notice for publication on 09/02/2016 - C. Anderson (Hinkley, CA).	192.00	0.00	1,207.63
0000135	1/17/2017	[10066] PRESS ENTERPRISE-Legal notice for publication on 09/02/2016 - R. Brasington (Title V HDPP).	204.00	0.00	1,003.63
0000136	1/17/2017	[10066] PRESS ENTERPRISE-Legal notice for publication on 09/22/2016 - 2015 Annaul Hot Spots Report - C. Anderson.	124.00	0.00	879.63
0000137	1/17/2017	[10066] PRESS ENTERPRISE-Legal notice for publication on 09/23/2016 - T. Walters Rule 1106	148.00	0.00	731.63
0000138	1/17/2017	[10066] PRESS ENTERPRISE-Legal notice for publication on 11/04/2016 - S. Oktay	132.00	0.00	599.63
0000139	1/17/2017	[10066] PRESS ENTERPRISE-Legal notice for publication on 11/13/2016 - D. Hernandez	164.00	0.00	435.63
0000140	1/17/2017	[10066] PRESS ENTERPRISE-Legal notice for publication on 11/15/2016 - S. Oktay SCGC Needles Compressor Station.	220.00	0.00	215.63
0000141	1/17/2017	[10169] VERIZON WIRELESS SERVICES, LLC-Cellular service	215.33	0.00	0.30
Total for Report:			3,664.92	3,664.92	

The following page(s) contain the backup material for Agenda Item: [Conduct a public hearing to consider the amendment of Rule 1104 – Organic Solvent Degreasing Operations: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Env](#)

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 15

DATE: March 27, 2017

RECOMMENDATION: Conduct a public hearing to consider the amendment of Rule 1104 – *Organic Solvent Degreasing Operations*: a. Open public hearing; b. Receive staff report; c. Receive public testimony; d. Close public hearing; e. Make a determination that the California Environmental Quality Act (CEQA) Categorical Exemption applies; f. Waive reading of Resolution; g. Adopt Resolution making appropriate findings, certifying the Notice of Exemption, amending Rule 1104 and directing staff actions.

SUMMARY: Rule 1104 is proposed for amendment to satisfy 42 U.S.C. §§7511a (Federal Clean Air Act (FCAA) §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Technique Guidelines (CTGs) and for major sources of ozone precursors.

CONFLICT OF INTEREST: None

BACKGROUND: The Mojave Desert Air Quality Management District (MDAQMD) has the authority pursuant to California Health and Safety Code (H&S Code) §40702 to adopt, amend or repeal rules and regulations. The MDAQMD is proposing to amend Rule 1104 – *Organic Solvent Degreasing Operations* for inclusion in the current rulebook.

The FCAA requires areas designated non-attainment and classified moderate and above to implement RACT for sources subject to CTG documents issued by United States Environmental Protection Agency (USEPA) and for “major sources” of volatile organic compounds (VOCs) and oxides of nitrogen (NO_x) which are ozone precursors. The District adopted the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* in February, 2015 for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). This document committed to amending current RACT for organic solvent degreasing operations. The MDAQMD has an organic solvent degreasing rule which was approved as RACT into the State Implementation Plan (SIP) in 1996 (61 FR 18962, 04/30/1996). This rule is subject to the CTG entitled *Control of Volatile Organic Emissions from Solvent Metal Cleaning* (EPA-450/2-77-022 November 1977) which is applicable to solvent metal cleaning in

**MINUTES OF THE GOVERNING BOARD
OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT
VICTORVILLE, CALIFORNIA**

AGENDA ITEM 15

PAGE 2

three major categories: cold cleaning, open top vapor degreasing and conveyORIZED degreasing. Rule 1104 is also subject to the CTG entitled *Industrial Cleaning Solvents* (EPA-453/R-06-001 September 2006) which is applicable to industries that have to use Organic solvents for cleaning operations such as mixing vessels (tanks), spray booths, and parts cleaners, where a facility emits at least 15 pounds per day of VOC before consideration of controls in an ozone nonattainment area. The cleaning activities for removal of foreign material from substrate being cleaned include actions (activities) such as wiping, flushing, or spraying. The MDAQMD is now proposing to update Rule 1104 – *Organic Solvent Degreasing Operations* to reflect current federal RACT as determined by CTG requirements, other related national rules and guidance, and the rules of other California nonattainment agencies.

The proposed amendments to Rule 1104 address the *RACT SIP Analysis* commitment. The proposed amendments update rule applicability, definitions, VOC content, control equipment requirements, cleaning equipment requirements, work practices, exemptions, and test methods. The amendments are based on the CTGs and San Joaquin Valley Unified Air Pollution Control District (SJVUAPCD) Rule 4663 – *Organic Cleaning, Storage and Disposal* as amended September 20, 2007. SJVUAPCD Rule 4663 was approved into the SIP as RACT at 74 FR 37948, July 30, 2009. Therefore, MDAQMD staff recommends amending Rule 1104 – *Organic Solvent Degreasing Operations*.

A Notice of Exemption, Categorical Exemption (Class8; 14 Cal. Code Reg. §15308) will be prepared by the MDAQMD for the amendment of Rule 1104 pursuant to the requirements of CEQA.

REASON FOR RECOMMENDATION: Health & Safety Code §§40702 and 40703 require the Governing Board to hold a public hearing before adopting rules and regulation. Also, 42 U.S.C. §7410(l) (FCAA §110(l)) requires that all SIP revisions be adopted after public notice and hearing.

REVIEW BY OTHERS: This item was reviewed by Karen Nowak, District Counsel as to legal form and by Alan De Salvio, Deputy Director – Mojave Desert Operations on or about March 13, 2017.

FINANCIAL DATA: No increase in appropriation is anticipated.

PRESENTER: Alan De Salvio, Deputy Director – Mojave Desert Operations

RESOLUTION _____

A RESOLUTION OF THE GOVERNING BOARD OF THE MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT MAKING FINDINGS, CERTIFYING THE NOTICE OF EXEMPTION, AMENDING RULE 1104 – ORGANIC SOLVENT DEGREASING OPERATIONS AND DIRECTING STAFF ACTIONS.

On March 27, 2017, on motion by Member Board Member Name, seconded by Member Board Member Name, and carried, the following resolution is adopted:

WHEREAS, the Mojave Desert Air Quality Management District (MDAQMD) has authority pursuant to California Health and Safety Code (H&S Code) §§40702, 40725-40728 to adopt, amend or repeal rules and regulations; and

WHEREAS, the Federal Clean Air Act (FCAA) requires areas designated non-attainment and classified moderate and above to implement Reasonably Available Control Technology (RACT) for sources subject to Control Techniques Guidelines (CTG) documents issued by United States Environmental Protection Agency (USEPA) and for “major sources” of volatile organic compounds (VOCs) and oxides of nitrogen (NO_x) which are ozone precursors; and

WHEREAS, the MDAQMD adopted the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* in February, 2015 for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS) and this document committed to amending current RACT for organic solvent degreasing operations; and

WHEREAS, the MDAQMD has an organic solvent degreasing rule which was approved as RACT into the State Implementation Plan (SIP) in 1996 (61 FR 18962, 04/30/1996); and

WHEREAS, this rule is subject to the CTG entitled *Control of Volatile Organic Emissions from Solvent Metal Cleaning* (EPA-450/2-77-022, November 1977) which is applicable to solvent metal cleaning in three major categories: cold cleaning, open top vapor degreasing and conveyORIZED degreasing; and

WHEREAS, this rule is also subject to the CTG entitled *Industrial Cleaning Solvents* (EPA-453/R-06-001, September 2006) which is applicable to industries that use organic solvents for cleaning operations such as mixing vessels (tanks), spray booths, and parts cleaners, where a facility emits at least 15 pounds per day of VOC before consideration of controls in an ozone nonattainment area; and

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RESOLUTION _____

1 **WHEREAS**, the cleaning activities for removal of foreign material from substrate being cleaned
2 include actions (activities) such as wiping, flushing, or spraying; and

3 **WHEREAS**, the MDAQMD is now proposing to update Rule 1104 – *Organic Solvent*
4 *Degreasing Operations* to reflect current federal RACT as determined by CTG requirements, other related
5 national rules and guidance, and the rules of other California nonattainment agencies; and

6 **WHEREAS**, the proposed amendments update rule applicability, definitions, VOC content,
7 control equipment requirements, cleaning equipment requirements, work practices, exemptions, and test
8 methods; and

9 **WHEREAS**, the amendments are based on the CTGs and San Joaquin Valley Unified Air
10 Pollution Control District (SJVUAPCD) Rule 4663 – *Organic Cleaning, Storage and Disposal* as
11 amended September 20, 2007; and

12 **WHEREAS**, SJVUAPCD Rule 4663 was approved into the SIP as RACT at 74 FR 37948, July
13 30, 2009; and

14 **WHEREAS**, the proposed amendments will satisfy 42 U.S.C. §§7511a (FCAA §182) which
15 requires that ozone non-attainment areas implement RACT for sources that are subject to CTGs and for
16 major sources of ozone precursors; and

17 **WHEREAS**, the MDAQMD has the authority pursuant to H&S Code §40702 to amend rules and
18 regulations; and

19 **WHEREAS**, the proposed amendments are clear in that the meaning can be easily understood by
20 the persons impacted by the rule; and

21 **WHEREAS**, the proposed amendments are in harmony with, and not in conflict with, or
22 contradictory to existing statutes, court decisions, or state or federal regulations; and

23 **WHEREAS**, the proposed amendments do not impose the same requirements as any existing state
24 or federal regulation because the District is amending this rule in response to federal VOC RACT
25 requirements; and

26 **WHEREAS**, the proposed amendments are needed to satisfy 42 U.S.C. §§7511a (FCAA §182)
27 which requires that ozone non-attainment areas implement RACT for sources that are subject to CTGs
28 and for major sources of ozone precursors; and

RESOLUTION _____

1 **WHEREAS**, a public hearing has been properly noticed and conducted, pursuant to H&S Code
2 §40725, concerning the proposed amendments to Rule 1104; and

3 **WHEREAS**, a Notice of Exemption, a Categorical Exemption (Class 8, 14 CCR §15308) for the
4 proposed amendments to Rule 1104, completed in compliance with the California Environmental Quality
5 Act (CEQA), has been presented to the Governing Board of the MDAQMD; each member having
6 reviewed, considered and approved the information contained therein prior to acting on the proposed
7 amendments to Rule 1104, and the Governing Board of the MDAQMD having determined that the
8 proposed amendments will not have any potential for resulting in any adverse impact upon the
9 environment; and

10 **WHEREAS**, the Governing Board of the MDAQMD has considered the evidence presented at the
11 public hearing; and

12 **NOW, THEREFORE, BE IT RESOLVED**, that the Governing Board of the MDAQMD finds
13 that the proposed amendments to Rule 1104 – *Organic Solvent Degreasing Operations* are necessary,
14 authorized, clear, consistent, non-duplicative and properly referenced; and

15 **BE IT FURTHER RESOLVED**, that the Governing Board of the MDAQMD hereby makes a
16 finding that the Class 8 Categorical Exemption (14 CCR §15308) applies and certifies the Notice of
17 Exemption for the proposed amendments to Rule 1104; and

18 **BE IT FURTHER RESOLVED**, that the Governing Board of the MDAQMD does hereby adopt,
19 pursuant to the authority granted by law, the proposed amendments to Rule 1104, as set forth in the
20 attachments to this resolution and incorporated herein by this reference; and

21 **BE IT FURTHER RESOLVED**, that this resolution shall take effect immediately upon adoption,
22 that the Executive Office Manager is directed to file the Notice of Exemption in compliance with the
23 provisions of CEQA.

24 **PASSED, APPROVED AND ADOPTED** by the Governing Board of the Mojave Desert Air Quality
25 Management District by the following vote:

26 AYES: MEMBER:

27 NOES: MEMBER:

28 ABSENT: MEMBER:

RULE 1104

Organic Solvent Degreasing Operations

(A) General

(1) Purpose

- (a) The purpose of this rule is to limit the emission of Volatile Organic Compounds (VOCs) from Wipe Cleaning and degreasing operations using organic Solvents.

(2) Applicability

- (a) This rule applies to any facility engaged in Wipe Cleaning, Cold Solvent Cleaning and/or Vapor Cleaning (Degreasing) operations for metal/non-metal parts/products, which utilize volatile organic Solvents.
- (b) This rule does not apply to janitorial supplies used for cleaning offices, bathrooms or other similar areas.

(B) Definitions

- (1) “Air-Vapor Interface” - The Degreaser surface area between the sides of the cleaner, the top of the solvent-vapor layer, and the air touching this layer.
- (2) “Batch-loaded” - The material placed in a nonconveyorized container for a vapor or cold cleaning process.
- (3) “Cold Solvent Cleaning” - A process or activity, such as Wipe Cleaning, of removing Soils from the surfaces of Workloads by spraying, brushing, flushing, or immersing the parts with/in liquid solvent which is not heated or, when heated does not reach the solvent's boiling point.
- (4) “Cold Solvent Degreaser” - Any equipment using solvent which, if heated is maintained below the boiling temperature. Such equipment includes, but is not limited to, Remote Reservoirs, spray sinks and Batch-loaded dip tanks.
- (5) “Condenser” (Primary Condenser) - The primary device, such as cooling coils, used to condense (liquify) solvent vapor.
- (6) “Condenser Flow Switch” - A safety switch connected to a thermostat which shuts off the sump heater if the Condenser coolant is either not circulating or exceeds its designed operating temperature.

- (7) “Control Device” - A device for reducing emissions of VOC to the atmosphere.
- (8) “Conveyorized Degreaser” - Any continuously loaded, conveyorized cold solvent or vapor Degreaser, including but not limited to gyro, vibra, monorail, cross-rod, mesh, belt and strip cleaners. Also strip Degreasers which clean material by drawing the strip itself through the unit.
- (9) “Degreaser” - The Solvent cleaning equipment used to clean Soils from the surfaces of parts/Workloads, and include the following types of equipment: Cold Solvent Degreasers, Vapor Degreasers, Conveyorized Degreasers, and Sealed Chamber Degreasers.
- (10) “Emulsion” - A suspension of small droplets of one liquid in a second liquid with which the first will not mix.
- (11) “Evaporation” - To change into a vapor, normally from a liquid state.
- (12) “Evaporative Surface Area for a Cold Solvent Degreaser” - The surface area of the top of the Solvent.
- (13) “Evaporative Surface Area for a Conveyorized Degreaser”
 - (a) For a Cold Solvent Degreaser, the surface area of the top of the Solvent; or
 - (b) For a Vapor Degreaser, the surface area of the top of the Solvent vapor-air interface.
- (14) “Evaporative Surface Area for a Vapor Degreaser” - The surface area of the top of the Solvent vapor-air interface.
- (15) “Freeboard Height for a Batch-loaded Vapor Degreaser” - The vertical distance from the top of the Solvent vapor-air interface to the top of the Degreaser.
- (16) “Freeboard Height for a Cold Solvent Degreaser” - The vertical distance from the top of the Solvent to the lip of the Cold Solvent Degreaser. For the purposes of this rule, Remote Reservoirs do not have a freeboard.
- (17) “Freeboard Height for a Conveyorized Degreaser”
 - (a) For non-boiling (cold) Solvent, the vertical distance from the top of the Solvent to the bottom of the first opening in the Solvent containing compartment or to the bottom of the lowest opening in the Degreaser, whichever distance is greater; or
 - (b) For boiling (vaporized) Solvent, the vertical distance from the top of the Solvent vapor-air interface to the bottom of the first opening in the vapor containing compartment or to the bottom of the lowest opening in the Degreaser, which ever distance is greater.

- (18) “Freeboard Ratio” - The Freeboard Height divided by the smaller of the inside length, diameter, or the inside width of the Degreaser evaporative area.
- (19) “High Volatility Solvent” - Any Solvent that is not classified as a Low Volatility Solvent.
- (20) “Initial Boiling Point” - The boiling point of a Solvent as defined by ASTM Test Method D1078-11.
- (21) “Lip Exhaust” - A system which captures Solvent vapors which escape from the top of an open top Degreaser by directing the vapors away from persons operating the Degreaser.
- (22) “Low Volatility Solvent” - A Solvent with an Initial Boiling Point greater than 120 degrees Celsius (248 degrees Fahrenheit) and with an operating temperature a least 100 degrees Celsius (180 degrees Fahrenheit) below the Initial Boiling Point, as used.
- (23) “Refrigerated Freeboard Chiller (Secondary Condenser)” - A secondary cooling coil mounted above the Primary Condenser to provide a chilled air blanket above the Solvent vapor-air interface and cause the condensation of additional Solvent vapor.
- (24) “Remote (Enclosed) Reservoir” - A Cold Solvent Degreaser with a tank which is completely enclosed except for a Solvent return opening which allows used Solvent to drain into it from a separate Solvent sink or work area. The return opening must be no larger than 100 square centimeters and the reservoir must not be accessible for soaking Workloads.
- (25) “Sealed Chamber Degreaser” - A Degreaser in which all spraying is contained inside the cleaning equipment.
- (26) “Soil” - Any surface contaminant which is to be removed by either Cold Solvent Cleaning or Vapor Cleaning. Surface contaminants include, but are not limited to, for metal/non-metal cleaning operations: oils, greases, waxes, tars, stains, ink and/or particulate matter such as sand, metal chips, abrasives, or fibers. In addition, for circuit board operations, surface contaminants include the resist (a maskant) and flux from soldering.
- (27) “Solvent” - A liquid solution or vapor, which contains VOCs, and which is used as a diluent, thinner, dissolver, viscosity reducer, cleaning agent or for other similar use. Typical degreasing Solvents would dissolve oils, greases, waxes, or tars, to release and flush surface contaminants such as sand, metal chips, buffing abrasives or fibers and other Soil-held surface contaminants from the surfaces of the Workload. A Solvent may be a single compound or a blend of two (2) or more compounds.
- (28) “Solvent Leak” - The fugitive loss of three (3) or more drops of liquid Solvent per minute.

- (29) “Spray Safety Switch” - A manually reset switch which shuts off the spray pump if the vapor level drops more than ten (10) centimeters (4 inches) from the design operating height.
- (30) “Ultrasonics” - The enhancement of the cleaning process by agitation of liquid Solvents with high frequency sound waves. The induced vibrations cause implosions of the microscopic vapor cavities within the liquid Solvent. Such implosions within the Solvent which is in contact with a solid surface, facilitates the removal of grease, dirt and other material from that surface.
- (31) “Vapor Cleaning” - A process using the condensation of vaporized Solvent to remove/flush Soils and Soil-held debris from the surfaces of the Workload.
- (32) “Vapor Degreaser” - Any Degreaser that cleans through the condensation of Solvent vapor on colder Workload surfaces.
- (33) “Vapor Level Control Thermostat” - A manually reset safety switch which turns off the sump heater if the thermostat senses the temperature rising above the design operating level at the Air-Vapor Interface.
- (34) “Volatile Organic Compound” (VOC) - Any compound containing at least one atom of carbon, except for the following exempt compounds: methane, carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, ammonium carbonate, and those compounds listed in 40 CFR 51.100(s).
- (35) “Waste” - Material which may contain dirt, oil, metal particles, and/or other Waste products concentrated after heat distillation of the Waste Solvent either in the Degreaser itself or after distillation in a separate still.
- (36) “Wipe Cleaning” - That method of cleaning which utilizes a material such as a rag, wetted with a Solvent, coupled with a physical rubbing process, to remove contaminants from surfaces. For the purposes of this rule, Wipe Cleaning materials shall not be considered “equipment.”
- (37) “Workload” - The objects, i.e. parts, put in a cleaner for the purpose of removing oil, grease, Soil, a coating, dirt or other undesirable matter from the surface of the objects.
- (38) “Workload Area”
- (a) The plane geometric surface area of the top of the submerged parts basket;
or
 - (b) When no basket is used, the combined plane geometric surface area(s) displaced by the submerged Workload.

(C) Standards

(1) VOC Content

- (a) An owner/operator shall not use a Solvent with a VOC content that exceeds 25 grams VOC per liter, as applied, for cleaning or surface preparation in any operation subject to this rule.
- (b) As an alternative to, or in lieu of, subsection (C)(1)(a), an owner/operator may use cleaning materials with a VOC composite vapor pressure limit of 8 millimeters of mercury (mmHg) at 20 degrees Celsius.

(2) Control Equipment

- (a) Owners and/or operators may comply with subsection (C)(1)(a) by using approved air pollution control equipment provided that the VOC emissions from such operations and/or materials are reduced in accordance with the following:
 - (i) The Control Device shall reduce emissions from an emission collection system by at least 95 percent (95%), by weight, or by reducing the output of the air pollution Control Device to less than 25 ppm calculated for carbon with no dilution.
 - (ii) The owner/operator demonstrates that the system collects at least 90 percent (90%), by weight, of the emissions generated by the sources of emissions.

(3) Cleaning Equipment and Method Requirements

An owner/operator shall not perform Solvent cleaning unless one of the following cleaning devices or methods is used:

- (a) Wipe Cleaning;
- (b) Closed containers or hand held spray bottles from which Solvents are applied without a propellant-induced force;
- (c) Cleaning equipment which has a Solvent container that can be, and is closed during cleaning operations, except when depositing and removing objects to be cleaned, and is closed during non-operation with the exception of maintenance and repair to the equipment itself;
- (d) Non-atomized Solvent flow method where the cleaning Solvent is collected in a container or a collection system which is closed except for Solvent collection openings and, if necessary, openings to avoid pressure build-up inside the container; or

- (e) Solvent flushing method where the cleaning Solvent is discharged into a container which is closed except for Solvent collection openings and, if necessary, openings to avoid excessive pressure build-up inside the container. The discharged Solvent from the equipment must be collected into containers without atomizing into the open air. The Solvent may be flushed through the system by air or hydraulic pressure, or by pumping.
- (f) All Degreasers shall be equipped with the following:
 - (i) An apparatus or cover(s) which reduces Solvent Evaporation, except for Remote Reservoirs.
 - (ii) A permanent, conspicuous label summarizing the applicable operating requirements contained in subsection (C)(4). In lieu of a label, operating instructions may be posted near the Degreaser where the operators can access the proper operating requirements of this rule.
- (g) Remote Reservoirs shall be equipped with the following:
 - (i) A sink, platform or work area which is sloped sufficiently towards a drain to prevent pooling of Solvent within the work area.
 - (ii) A single or total drain hole area, not larger than 100 square centimeters (15.5 square inches) in area, for the Solvent to flow from the sink (platform/work area) into the Enclosed Reservoir.
 - (iii) If High Volatility Solvent is used, a drain cover/plug/closure device or a cover for placement over the top of the sink (platform/work area), when the equipment is not being used, cleaned or repaired.
 - (iv) A minimum sink depth of six (6) inches, as measured from the top of the drain to the top of the side of the sink.
- (h) Cold Solvent Degreasers - Freeboard Requirements:
 - (i) Cold Solvent Degreasers using only Low Volatility Solvents which are not agitated, shall operate with a Freeboard Height of not less than six (6) inches.
 - (ii) Cold Solvent Degreasers using only Low Volatility Solvents may operate with a Freeboard Ratio equal to or greater than 0.50 when the Cold Solvent Degreaser has a cover which remains closed during the cleaning operation.
 - (iii) Any Cold Solvent Degreasers using Solvent which is agitated, or heated above 50 degrees Celsius (120 degrees Fahrenheit) shall operate with a Freeboard Ratio equal to or greater than 0.75.
 - (iv) A water cover may be used as an acceptable control method to meet the freeboard requirements, when the Solvent is insoluble in water and has a specific gravity greater than one (1).

Cold Solvent Degreasers - Cover Requirements:

- (v) Cold Solvent Degreasers using High Volatility Solvent shall have a cover that is a sliding, rolling or guillotine (bi-parting) type which is designed to easily open and close without disturbing the vapor zone.

Cold Solvent Degreasers - Solvent Level Identification:

- (vi) A permanent, conspicuous mark locating the maximum allowable Solvent level conforming to the applicable freeboard requirements.
- (i) ConveyORIZED Cold Solvent Degreasers shall be equipped with the following:
- (i) A rotating basket or other method, to prevent cleaned parts from carrying out Solvent liquid.
 - (ii) Minimized entrance and exit openings which silhouette the Workloads such that the average clearance between material and the edges of the cleaner openings are less than 10 centimeters (4 inches) or less than ten (10) percent of the opening width, whichever is greater.
 - (iii) A Freeboard Ratio equal to or greater than 0.75.
 - (iv) Alternately, a hood or enclosure to collect emissions which are vented to a Control Device may be used to satisfy requirement of subsection (C)(3)(i)(iii) above, provided that the air pollution control equipment meets the provisions of subsection (C)(2). The collection system shall have a ventilation rate of 15-20 cubic meters per minute per square meter of Solvent cleaner opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and State Occupational Safety and Health Administration requirements, and is approved in writing by the Air Pollution Control Officer (APCO).
- (j) Batch-loaded Vapor Degreasers shall be equipped with the following:
- (i) A cover that is a sliding, rolling or guillotine (bi-parting) type which is designed to easily open and close without disturbing the vapor zone.
 - (ii) A Vapor Level Control Thermostat, a Condenser Flow Switch and a Spray Safety Switch.
 - (iii) A Freeboard Ratio greater than or equal to 0.75.
 - (iv) A Primary Condenser.
 - (v) In addition, Degreasers with an Evaporative Surface Area greater than or equal to one (1) square meter, shall be equipped with a Refrigerated Freeboard Chiller for which the chilled air blanket temperature (degrees Fahrenheit) at the coldest point on the vertical axis in the center of the Air-Vapor Interface shall be no greater than 30 percent of the Initial Boiling Point (degrees Fahrenheit) of the

- Solvent used, or 40 degrees Fahrenheit, whichever is greater. (If the chiller operates below the freezing temperature of water, it shall be equipped with an automatic defrost).
- (vi) Alternately, a hood or enclosure to collect emissions which are vented to a Control Device may be used to satisfy the requirements of subsections (C)(3)(j)(i) and (iii) above, provided that the air pollution control equipment meets the provisions of subsection (C)(2). The collection system shall have a ventilation rate of 15-20 cubic meters per minute per square meter of Solvent cleaner opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and/or State Occupational Safety and Health Administration requirements, and is approved in writing by the APCO.
- (k) ConveyORIZED Vapor Degreasers shall be equipped with the following:
- (i) An enclosed drying tunnel or other method, such as a rotating basket, sufficient to prevent cleaned parts from carrying out Solvent liquid or vapor.
 - (ii) Minimized entrance and exit openings which silhouette the Workloads such that the average clearance between material and the edges of the Degreaser openings are less than ten (10) centimeters (four (4) inches) or less than ten (10) percent of the opening, whichever is greater.
 - (iii) A Primary Condenser.
 - (iv) A Freeboard Ratio equal to or greater than 0.75.
 - (v) A vapor control thermostat, a Condenser Flow Switch, and a Spray Safety Switch.
 - (vi) Additionally, a Refrigerated Freeboard Chiller for which the chilled air blanket temperature (degrees Fahrenheit) at the coldest point on the vertical axis in the center of the Air-Vapor Interface shall be no greater than 30 percent of the Initial Boiling Point (degrees Fahrenheit) of the Solvent used, or 40 degrees Fahrenheit, whichever is greater. (If the chiller operates below the freezing temperature of water, it shall be equipped with an automatic defrost).
 - (vii) Alternately, a hood or enclosure to collect emissions which are vented to a Control Device may be used to satisfy requirements of subsections (C)(3)(f)(iv) and (vi) above, provided that the air pollution control equipment meets the provisions of subsection (C)(2). The collection system shall have a ventilation rate of 15-20 cubic meters/min per square meter of Degreaser opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and State Occupational Safety and Health Administration requirements, and is approved in writing by the District APCO.

(4) Operating Requirements

- (a) All Degreasers shall comply with the following:
- (i) Any Solvent cleaning equipment and any emission Control Device shall be operated and maintained in strict accord with the recommendations of the manufacturer.
 - (ii) Degreasers shall not be operating with any detectable Solvent Leaks.
 - (iii) All Solvent, including Waste Solvent, Waste Solvent residues, and used applicators shall be stored in closed containers at all times. All containers for any Solvent(s) shall have a label indicating the name of the Solvent/material they contain.
 - (iv) Waste Solvent and any residues shall be disposed of by one of the following methods: a commercial Waste Solvent reclamation service licensed by the State of California; or a federally or state licensed facility to treat, store or dispose of such Waste; or the originating facility may recycle the Waste Solvent and materials in conformance with requirements of Section 25143.2 of the California Health and Safety Code.
 - (v) Degreasers shall be covered to prevent fugitive leaks of vapors, except when processing work or to perform maintenance.
 - (vi) Solvent carry-out shall be minimized by the following methods:
 - a) Rack Workload arranged to promote complete drainage.
 - b) Limit the vertical speed of the power hoist to 3.3 meters per minute (11 feet per minute) or less when such a hoist is used.
 - c) Retain the Workload inside of the vapor zone until condensation ceases.
 - d) Tip out any pools of Solvent remaining on the cleaned parts before removing them from the Degreaser if the Degreasers are operated manually.
 - e) Do not remove parts from the Degreaser until the parts are visually dry and not dripping/leaking Solvent. (This does not apply to an Emulsion cleaner Workload that is rinsed with water within the Degreaser immediately after cleaning.)
 - (vii) The cleaning of porous or absorbent materials such as cloth, leather, wood or rope is prohibited.
 - (viii) Except for Sealed Chamber Degreasers, all Solvent agitation shall be by either pump recirculation, a mixer, or Ultrasonics.
 - (ix) The Solvent spray system shall be used in a manner such that liquid Solvent does not splash outside of the container. The Solvent spray shall be a continuous stream, not atomized or shower type, unless, the spray is conducted in a totally enclosed space, separated from the environment.
 - (x) For those Degreasers equipped with a water separator, no Solvent shall be visually detectable in the water in the separator.

- (xi) Wipe Cleaning materials, including shop towels, containing Solvent shall be kept in closed containers at all times, except during use.
 - (xii) Cleaning operations shall be located so as to minimize air circulation and drafts being directed across the cleaning equipment, the exposed Solvent surface, or the top surface of the vapor blanket.
 - (xiii) A method for draining cleaned material, such as a drying rack suspended above the Solvent and within the freeboard area, shall be used so that the drained Solvent is returned to the Degreaser or container.
- (b) Batch-loaded and Conveyorized Degreasers shall, in addition to the requirements in subsection (C)(4)(a), meet the following operating requirements:
- (i) When starting the Degreaser, the cooling system shall be turned on before, or simultaneously with, the sump heater.
 - (ii) When shutting down the Degreaser, the sump heater shall be turned off before, or simultaneously with, the cooling system.
 - (iii) The Workload Area shall not occupy more than half of the Evaporative Surface Area of the Degreaser.
 - (iv) Except for Sealed Chambers, the spray must be kept at least ten (10) centimeters (four (4) inches) below the top of the vapor level and be pointed downward, to prevent turbulence at the air-Solvent vapor interface.
- (c) Remote Reservoir Degreasers shall, in addition to the applicable requirements in subsection (C)(4)(a), meet the following operating requirements:
- (i) The Solvent pump shall not circulate Solvent into the sink unless a Workload is being actively processed.
 - (ii) The sink of a Remote Reservoir Degreaser or any container placed therein may not be used to soak a Workload. Such use is prohibited and such use will cause the unit to be classified as a Cold Solvent Degreaser and be subject to provisions of subsection (C)(3)(h) of this rule.
 - (iii) Parts shall be visually dry and not dripping/leaking Solvent before being removed from the sink. Parts shall be tipped to release any trapped pools of Solvent before being removed from the sink.
 - (iv) The Workload must “drip-dry” while being contained completely within the sink.

(D) Prohibition

A Lip Exhaust system shall not be used on any Degreaser unless it is vented to a hood or enclosure system as defined in subsection (C)(3)(j)(iv).

(E) Exemptions

- (1) The provisions of this rule shall not apply to:
 - (a) Solvents Containing Less Than two (2) percent VOC: Solvent cleaning/degreasing operations using total liquid Solvent containing less than two (2) percent by weight of VOC.
 - (b) Small Cold Solvent Degreasers: Any Cold Solvent Degreaser with a Solvent surface area of less than 929 square centimeters (1 square foot) shall meet the requirements of subsection (C)(4)(a)(v) and (E)(2) of this rule.
 - (c) Consumer products such as aerosol cans or small containers (one quart or smaller) unless the total accumulative use is greater than 160 ounces (five quarts) of Solvent per day. Persons using these products are subject to subsection (C)(4)(a)(iii, iv & xi), subsection (E)(2), subsection (G)(1)(a)(v) and subsections (G)(1)(c) and (d) of this rule.
 - (d) Any source operation that is subject to or not specifically exempted by any of the following rules:
 - (i) Rule 1106 – *Marine Coating Operations*.
 - (ii) Rule 1113 – *Architectural Coatings*.
 - (iii) Rule 1114 – *Wood Products Coating Operations*.
 - (iv) Rule 1115 – *Metal Parts & Products Coating Operations*.
 - (v) Rule 1116 – *Automotive Refinishing Operations*.
 - (vi) Rule 1117 – *Graphic Arts and Paper, Film, Foil and Fabric Coatings*.
 - (vii) Rule 1118 – *Aerospace Vehicle Parts and Products Coating Operations*.
 - (viii) Rule 1162 – *Polyester Resin Operations*.
 - (e) Film cleaning operations that use 1,1,1-trichloroethane exclusively.
 - (f) The surface preparation standards in subsection (C)(1) and (C)(2) shall not apply to the following:
 - (i) The surface preparation of electrical and electronic components, precision optics, or numismatic dies;
 - (ii) Stripping of cured inks, coatings and adhesives or cleaning of resin, coating, ink and adhesive mixing, molding and application equipment; or,
 - (iii) Surface preparation associated with research and development operations; medical device or pharmaceutical manufacturing operations; performance testing to determine coating, adhesive or ink performance; or testing for quality control or quality assurance purposes.

- (2) Any facility classified as exempt or claiming to be exempt under Section (E), shall meet the record keeping requirements of this rule so as to be able to prove the exemption status.

(F) Administrative Requirements

Rule 442 Applicability: Any Solvent using operation or facility which is not subject to this source-specific rule shall comply with the provisions of Rule 442 – *Usage of Solvents*. Any Solvent using operation or facility which is exempt from all or a portion of the VOC limits, equipment limits or the operational limits of this rule shall be subject to the applicable provisions of Rule 442 – *Usage of Solvents*.

(G) Recordkeeping Requirements

- (1) Solvent Usage Records: All persons subject to this rule and any person claiming any exemption under Section (E) shall comply with the following requirements:
 - (a) Maintain and have available during an inspection, a current list of Solvents in use at the facility which provides all of the data necessary to evaluate compliance, including the following information separately for each Degreaser, as applicable:
 - (i) Product name(s) used in the Degreaser;
 - (ii) The mix ratio of mixtures containing Solvents as used;
 - (iii) VOC content of Solvent or mixture of compounds as used;
 - (iv) The total volume of the Solvent(s) used for the facility, on a monthly basis: and
 - (v) The name and total volume applied of Wipe Cleaning Solvent(s) used, on a monthly basis.
 - (b) Additionally, for any Degreaser utilizing an add-on emission Control Device/system as a means of complying with provisions of this rule shall, on a monthly basis, maintain records of key system operating and maintenance data. Such data is recorded for the purpose of demonstrating continuous compliance during periods of emission producing activities. The data shall be recorded in a manner as prescribed by the District.
 - (c) Documentation shall be maintained on site of the disposal or on site recycling of any Waste Solvent or residues.
 - (d) Such records shall be retained on site (at the facility) and available for inspection by the APCO for the previous five (5) years.

(H) Test Methods

- (1) A violation determined by any one of these test methods shall constitute a violation of this rule.
- (2) The following specified test methods shall be used to determine compliance with the provisions of this rule.
 - (a) Determination of the VOC Content of Solvent Samples - The determination of the VOC content shall be by the appropriate procedures contained in EPA Method 24 – *Determination of Volatile Matter Content, Water Content, Density, Volume Solids, and Weight Solids of Surface Coating*.
 - (b) Determination of Initial Boiling Point of Solvents - The Initial Boiling Point of the Solvent shall be determined by ASTM Test Method D1078-11.
 - (c) Determination of Capture Efficiency - Capture efficiency shall be determined by the appropriate procedures set out in Guidelines for Determining Capture Efficiency (January 9, 1995).
 - (d) Determination of Control Efficiency – Control Efficiency shall be determined by using:
 - (i) EPA Method 25 – *Determination of Total Gaseous Nonmethane Organic Emissions as Carbon*;
 - (ii) EPA Method 25A – *Determination of Total Gaseous Organic Concentration Using a Flame Ion Analyzer*,
 - (iii) SCAQMD Test Method 25.1 – *Determination of Total Gaseous Non-Methane Organic Emissions as Carbon* (February 1991); or
 - (iv) SCAQMD Test Method 25.3 – *Determination of Low Concentration Non-Methane Non-Ethane Organic Compound Emissions from Lean Fueled Combustion Sources* (March 2000).
 - (e) Determination of the Ventilation/Draft Rate - The ventilation/draft rate shall be determined by using:
 - (i) EPA Method 2 – *Determination of Stack Gas Velocity and Volumetric Flow Rate (Type S Pitot Tube)*;
 - (ii) EPA Method 2A – *Direct Measurement of Gas Volume through Pipes and Small Ducts*;
 - (iii) EPA Method 2C – *Determination of Gas Velocity and Volumetric Flow Rate in Small Stacks of Ducts (Standard Pitot Tube)*; and
 - (iv) EPA Method 2D – *Measurement of Gas Volume Flow Rates in Small Pipes and Ducts*.
 - (f) Determination of Exempt Compounds - Exempt Compound content shall be determined by using:

- (i) CARB Method 432, “*Determination of Dichloromethane and 1,1,1Trichloroethane in Paints and Coatings*” (September 12, 1998);
- (ii) CARB Method 422, “*Determination of Volatile Organic Compounds in Emissions form Stationary Sources*” (January 22, 1987).
 - a) It is only approved for the compounds listed in Method 422, section 2, that have been exempted from USEPAs definition of VOC; and
 - b) If aqueous impingers are used, the solution also shall be analyzed for the target VOCs; or
- (iii) SCAQMD Method 303-91, “*Determination of Exempt Compounds*” (February 1993).

Perfluorocarbon compounds shall be assumed to be absent from a product or process unless a manufacturer or facility operator identifies a specific compound or compounds from the broad classes of perfluorocarbons listed in 40 CFR 51.100(s)(1) as being present in the product or process. When such compounds are identified, the facility shall provide the test method to determine the amount(s) of the specific compound(s).

See SIP Table at <http://www.mdaqmd.ca.gov>

Mojave Desert
Air Quality Management District



Draft
Staff Report
Proposed Amendments to
Rule 1104 – *Organic Solvent Degreasing
Operations*

For amendment on
March 27, 2017

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STAFF REPORT
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List of Acronyms

BACT	Best Available Control Technology
BAAQMD	Bay Area Air Quality Management District
BARCT	Best Available Retrofit Control Technology
CARB	California Air Resources Board
CCAA	California Clean Air Act
CEQA	California Environmental Quality Act
CTG	Control Techniques Guidelines
FCAA	Federal Clean Air Act
H&S Code	California Health & Safety Code
MDAB	Mojave Desert Air Basin
MDAQMD	Mojave Desert Air Quality Management District
NO _x	Oxides of Nitrogen
RACT	Reasonably Available Control Technology
SCAQMD	South Coast Air Quality Management District
SIP	State Implementation Plan
SJVUAPCD	San Joaquin Valley Unified Air Quality Management District
SO _x	Oxides of Sulfur
USEPA	United States Environmental Protection Agency
VOC	Volatile Organic Compounds

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TC-4

MDAQMD Rule 1104
Staff Report D3, 03/02/2017

STAFF REPORT
Rule 1104 – Organic Solvent Degreasing Operations

I. PURPOSE OF STAFF REPORT

A staff report serves several discrete purposes. Its primary purpose is to provide a summary and background material to the members of the Governing Board. This allows the members of the Governing Board to be fully informed before making any required decision. It also provides the documentation necessary for the Governing Board to make any findings, which are required by law to be made prior to the approval or adoption of a document. In addition, a staff report ensures that the correct procedures and proper documentation for approval or adoption of a document have been performed. Finally, the staff report provides evidence for defense against legal challenges regarding the propriety of the approval or adoption of the document.

II. EXECUTIVE SUMMARY

The Federal Clean Air Act (FCAA) requires areas designated non-attainment and classified moderate and above to implement Reasonably Available Control Technology (RACT) for sources subject to Control Techniques Guidelines (CTG) documents issued by United States Environmental Protection Agency (USEPA) and for “major sources” of volatile organic compounds (VOCs) and oxides of nitrogen (NO_x) which are ozone precursors. The District adopted the *8-Hour Reasonably Available Control Technology – State Implementation Analysis (RACT SIP Analysis)* in February, 2015 for the 2008 75 ppb ozone National Ambient Air Quality Standards (NAAQS). This document committed to amending current RACT for organic solvent degreasing operations. The Mojave Desert Air Quality Management District (MDAQMD) has an organic solvent degreasing rule which was approved as RACT into the State Implementation Plan (SIP) in 1996 (61 FR 18962, 04/30/1996). This rule is subject to the CTG entitled *Control of Volatile Organic Emissions from Solvent Metal Cleaning* (EPA-450/2-77-022 November 1977) which is applicable to solvent metal cleaning in three major categories: cold cleaning, open top vapor degreasing and conveyORIZED degreasing. Rule 1104 is also subject to the CTG entitled *Industrial Cleaning Solvents* (EPA-453/R-06-001 September 2006) which is applicable to industries that have to use organic solvents for cleaning operations such as mixing vessels (tanks), spray booths, and parts cleaners, where a facility emits at least 15 pounds per day of VOC before consideration of controls in an ozone nonattainment area. The cleaning activities for removal of foreign material from substrate being cleaned include actions (activities) such as wiping, flushing, or spraying. The MDAQMD is now proposing to update Rule 1104 – *Organic Solvent Degreasing Operations* to reflect current federal RACT as determined by CTG requirements, other related national rules and guidance, and the rules of other California nonattainment agencies.

The proposed amendments to Rule 1104 address the 2015 *RACT SIP Analysis* commitment. The proposed amendments update rule applicability, definitions, VOC content, control equipment requirements, cleaning equipment requirements, work practices, exemptions, and test methods. The amendments are based on the CTGs and San Joaquin Valley Unified Air Pollution Control

District (SJVUAPCD) Rule 4663 – *Organic Cleaning, Storage and Disposal* as amended September 20, 2007. SJVUAPCD Rule 4663 was approved into the SIP as RACT at 74 FR 37948, July 30, 2009. Therefore, MDAQMD staff recommends amending Rule 1104 – *Organic Solvent Degreasing Operations*.

III. STAFF RECOMMENDATION

MDAQMD staff and the Technical Advisory Committee recommend that the Governing Board of the MDAQMD amend proposed Rule 1104 – *Organic Solvent Degreasing Operations* and approve the appropriate California Environmental Quality Act (CEQA) documentation. This action is necessary satisfy 42 U.S.C. §§7511a (FCAA) §182) which requires that ozone non-attainment areas implement RACT for sources that are subject to CTGs and for major sources of ozone precursors.

IV. LEGAL REQUIREMENTS CHECKLIST

The findings and analysis as indicated below are required for the procedurally correct amendments to Rule 1104 – *Organic Solvent Degreasing Operations*. Each item is discussed, if applicable, in Section V. Copies of related documents are included in the appropriate appendices.

FINDINGS REQUIRED FOR RULES & REGULATIONS:

- Necessity
- Authority
- Clarity
- Consistency
- Nonduplication
- Reference
- Public Notice & Comment
- Public Hearing

REQUIREMENTS FOR STATE IMPLEMENTATION PLAN SUBMISSION (SIP):

- Public Notice & Comment
- Availability of Document
- Notice to Specified Entities (State, Air Districts, USEPA, Other States)
- Public Hearing
- Legal Authority to adopt and implement the document.
- Applicable State laws and regulations were followed.

ELEMENTS OF A FEDERAL SUBMISSION:

- Elements as set forth in applicable Federal law or regulations.

CALIFORNIA ENVIRONMENTAL QUALITY ACT REQUIREMENTS (CEQA):

- Ministerial Action
- Exemption
- Negative Declaration
- Environmental Impact Report
- Appropriate findings, if necessary.
- Public Notice & Comment

SUPPLEMENTAL ENVIRONMENTAL ANALYSIS (RULES & REGULATIONS ONLY):

- Environmental impacts of compliance.
- Mitigation of impacts.
- Alternative methods of compliance.

OTHER:

- Written analysis of existing air pollution control requirements
- Economic Analysis
- Public Review

V. DISCUSSION OF LEGAL REQUIREMENTS

A. REQUIRED ELEMENTS/FINDINGS

This section discusses the State of California statutory requirements that apply to the proposed amendments to Rule 1104. These are actions that need to be performed and/or information that must be provided in order to amend the rule in a procedurally correct manner.

1. State Findings Required for Adoption of Rules & Regulations:

Before adopting, amending, or repealing a rule or regulation, the Governing Board of the MDAQMD is required to make findings of necessity, authority, clarity, consistency, non-duplication, and reference based upon relevant information presented at the hearing. The information below is provided to assist the Governing Board in making these findings.

a. Necessity:

The proposed amendments to Rule 1104 are necessary to satisfy 42 U.S.C. §§7511a (FCAA §182) which requires that ozone non-attainment areas implement RACT for sources that are subject to CTGs and for major sources of ozone precursors.

b. Authority:

The District has the authority pursuant to California Health and Safety Code (H&S Code) §40702 to adopt, amend or repeal rules and regulations.

c. Clarity:

The proposed amendments to Rule 1104 are clear in that they are written so that the persons subject to the rule can easily understand the meaning.

d. Consistency:

The proposed amendments to Rule 1104 are in harmony with, and not in conflict with or contradictory to any state law or regulation, federal law or regulation, or court decisions.

e. Nonduplication:

The proposed amendments to Rule 1104 do not impose the same requirements as any existing state or federal law or regulation because the District is amending this rule in response to federal VOC RACT requirements.

f. Reference:

The District has the authority pursuant to H&S Code §40702 to adopt, amend or repeal rules and regulations.

g. Public Notice & Comment, Public Hearing:

Notice for the public hearing for the proposed amendments to Rule 1104 will be published February 24, 2017. See Appendix “B” for a copy of the public notice. See Appendix “C” for copies of comments, if any, and District responses.

2. Federal Elements (SIP Submittals, Other Federal Submittals).

Submittals to USEPA are required to include various elements depending upon the type of document submitted and the underlying federal law that requires the submittal. The information below indicates which elements are required for the proposed amendments to Rule 1104 and how they were satisfied.

a. Satisfaction of Underlying Federal Requirements:

The FCAA requires areas designated non-attainment and classified moderate and above to implement RACT for sources subject to CTG documents issued by USEPA and for “major sources” of VOCs and NO_x that are ozone precursors. Because the District has an existing SIP rule for this CTG category, the District committed to adopting an updated RACT rule for organic solvent degreasing operations as part of the *RACT SIP Analysis*. The MDAQMD is proposing to update Rule 1104 – *Organic Solvent Degreasing Operations* to reflect current federal RACT as determined by CTG requirements, other related national rules and guidance, and the rules of other California nonattainment agencies. USEPA approved SJVAPCD Rule 4663 – *Organic Cleaning, Storage and Disposal* as amended September 20, 2007 as a RACT rule on July 30, 2009 (74 FR 37948) and this rule was used as a basis for amendment.

b. Public Notice and Comment:

Notice for the public hearing for the proposed amendments to Rule 1104 will be published February 24, 2017. See Appendix “B” for a copy of the public notice. See Appendix “C” for copies of comments, if any, and District responses.

c. Availability of Document:

Copies of the proposed amendments to Rule 1104 and the accompanying draft staff report were made available to the public

on or before February 10, 2017. The proposed amendments were reviewed on February 2, 2017 by the Technical Advisory Committee (TAC), a committee consisting of a variety of regulated industry and local governmental entities. The TAC recommended approval for adoption of the amendments to Rule 1104.

d. Notice to Specified Entities:

Copies of the proposed amendments to Rule 1104 and the accompanying draft staff report were sent to all affected agencies. The proposed amendments were sent to the California Air Resources Board (CARB) and USEPA on or before February 10, 2017.

e. Public Hearing:

A public hearing to consider the proposed amendments to Rule 1104 has been set for March 27, 2017.

f. Legal Authority to Adopt and Implement:

The District has the authority pursuant to H&S Code §40702 to adopt, amend, or repeal rules and regulations and to do such acts as may be necessary or proper to execute the duties imposed upon the District.

g. Applicable State Laws and Regulations Were Followed:

Public notice and hearing procedures pursuant to H&S Code §§40725-40728 have been followed. See Section (V)(A)(1) above for compliance with state findings required pursuant to H&S Code §40727. See Section (V)(B) below for compliance with the required analysis of existing requirements pursuant to H&S Code §40727.2. See Section (V)(C) for compliance with economic analysis requirements pursuant to H&S Code §40920.6. See Section (V)(D) below for compliance with provisions of the CEQA.

B. WRITTEN ANALYSIS OF EXISTING REQUIREMENTS

H&S Code §40727.2 requires air districts to prepare a written analysis of all existing federal air pollution control requirements that apply to the same equipment or source type as the rule proposed for modification by the district.

The FCAA requires areas designated non-attainment for ozone and classified moderate and above to adopt and maintain RACT rules to control the emissions of VOCs and NO_x for categories which the USEPA has adopted a CTG and for all categories where there are major stationary sources of air pollution (42 U.S.C. §7511a(b)(2), FCAA 182(b)(2)).

For purposes of the FCAA, portions of the District have been designated non-attainment for ozone and classified severe-17.

The MDAQMD has an organic solvent degreasing rule which was approved as RACT into the SIP in 1996 (61 FR 18962, 04/30/1996). This rule is subject to the CTG entitled *Control of Volatile Organic Emissions from Solvent Metal Cleaning* (EPA-450/2-77-022 November 1977) which is applicable to solvent metal cleaning in three major categories: cold cleaning, open top vapor degreasing and conveyORIZED degreasing. Rule 1104 is also subject to the CTG entitled *Industrial Cleaning Solvents* (EPA-453/R-06-001 September 2006) which is applicable to industries that have to use organic solvents for cleaning operations such as mixing vessels (tanks), spray booths, and parts cleaners, where a facility emits at least 15 pounds per day of VOC before consideration of controls in an ozone nonattainment area. The cleaning activities for removal of foreign material from substrate being cleaned include actions (activities) such as wiping, flushing, or spraying. The MDAQMD is now proposing to update Rule 1104 – *Organic Solvent Degreasing Operations* to reflect current federal RACT as determined by CTG requirements, other related national rules and guidance, and the rules of other California nonattainment agencies.

C. ECONOMIC ANALYSIS

1. General

Rule 1104 is equivalent to a rule that was determined by USEPA to be RACT, so cost effectiveness is not applicable.¹

2. Incremental Cost Effectiveness

Pursuant to H&S Code §40920.6, incremental cost effectiveness calculations are required for rules and regulations which are adopted or amended to meet the California Clean Air Act (CCAA) requirements for Best Available Retrofit Control Technology (BARCT) or “all feasible measures” to control volatile compounds (VOCs), oxides of nitrogen (NOx) or oxides of sulfur (SOx). The amendment of Rule 1104 is not subject to incremental cost effectiveness calculations because it does not involve BARCT or “all feasible measures.”

D. ENVIRONMENTAL ANALYSIS (CEQA)

Through the process described below the appropriate CEQA process for the proposed amendments to Rule 1104 was determined.

1. The proposed amendments to Rule 1104 meet the CEQA definition of “project.” They are not “ministerial” actions.

¹ San Joaquin Valley Unified Air Pollution Control District Rule 4663 – *Organic Solvent Cleaning, Storage, and Disposal* as amended September 20, 2007 (74 FR 37948, July 30, 2009).

2. The proposed amendments to Rule 1104 are exempt from CEQA review because the proposed amendments will not create any adverse impacts on the environment. Because there is no potential that the amendment might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies. Copies of the documents relating to CEQA can be found in Appendix “D”.

E. SUPPLEMENTAL ENVIRONMENTAL ANALYSIS

1. Potential Environmental Impacts

There are no potential adverse environmental impacts of compliance with the adoption of Rule 1104. Rule 1104 will impose additional controls on VOC limits, control equipment, cleaning equipment and methods, work practices, exemptions and test methods.

2. Mitigation of Impacts

N/A.

3. Alternative Methods of Compliance

N/A.

F. PUBLIC REVIEW

See Staff Report Section (V)(A)(1)(g) and (2)(b), as well as Appendix “B.”

VI. TECHNICAL DISCUSSION

A. SOURCE DESCRIPTION

This rule applies to any facility engaged in wipe cleaning, cold solvent cleaning and/or vapor cleaning (degreasing) operations for metal/non-metal parts/products or electronic circuit boards, which utilize volatile organic solvents. This rule does not apply to janitorial supplies used for cleaning offices, bathrooms or other similar areas. This rule also exempts source operations subject to or specifically exempted by existing source specific District rules.

B. EMISSIONS

The amendments to Rule 1104 do not cause the release of additional air contaminants or create any environmental impacts. Standards for VOC content, control equipment, cleaning equipment and methods, and work practices have all been strengthened,

C. CONTROL REQUIREMENTS

Please see section (C) of the rule (Appendix A) for control requirements. Control requirements consist of VOC content, control equipment, and cleaning equipment and methods, and work practices.

D. PROPOSED RULE SUMMARY

This section gives a brief overview of the proposed amendments to Rule 1104.

Section (A) Applicability has been updated, and clarifies that the rule does not apply to janitorial supplies used for cleaning offices, bathrooms or similar areas.

Section (B) The Definition for VOC has been updated for consistency with District Tert-Butyl Acetate policy. Other definitions have been modified to match current District rule format.

Section (C) Standards have been added for VOC Content, control equipment, cleaning equipment and methods requirements, and work practices:

- VOC content is limited to 25 grams per liter, as applied, for cleaning or surface preparation.
- A composite vapor pressure limit is provided in lieu of the VOC content limit.
- A capture and control efficiency for control equipment of 90 percent has been added in subsection (C)(2)(a). Subsection (C)(3)(i), (C)(3)(j), and (C)(3)(K) have been modified to reference this provision
- Cleaning methods have been provided, in addition to the existing cleaning equipment specifications.
- Work practices as specified in the CTG have been incorporated into the operating requirements.

Section (E) Specific exemptions have been included as recommended by the CTG. These exemptions point specific operations to the requirements for solvent cleaning operations contained in source specific rules. Other exemptions have been added as recommended by the CTG as derived from Bay Area Air Quality Management District (BAAQMD) Rule 8-4.

Section (G)(1)(d) Record retention has been increased from 24 months to 5 years in response to USEPA comment letter of 02/23/2017.

Section (H) Test methods have been updated to include complete title of test method, and update outdated methods. The section has also been reformatted to list test methods separately within subsections.

Subsection (H)(2)(f)(ii) CARB Method 422 limitations have been added in response to USEPA comment letter of 02/23/2017.

Section (I) Section removed. Compliance dates are past. All rule provisions must be complies with upon amendment.

E. SIP HISTORY

1. SIP History

a. SIP in the San Bernardino County Portion of MDAQMD

On July 1, 1993 the MDAQMD was formed pursuant to statute. Pursuant to statute it also retained all the rules and regulations of the San Bernardino County Air Pollution Control District (SBCAPCD) until such time as the Governing Board of the MDAQMD wished to adopt, amend or rescind such rules. The Governing Board of the MDAQMD, at its very first meeting, reaffirmed all the rules and regulations of the SBCAPCD. Rule 1104 was adopted on September 9, 1994, after the formation of the MDAQMD. Rule 1104 was incorporated in the SIP for the MDAQMD on April 30, 1996 (61 FR 18962).

b. SIP in the Riverside County (Blythe/Palo Verde Valley) Portion of the MDAQMD

One of the provisions of the legislations which created the MDAQMD allowed areas contiguous to the MDAQMD boundaries and within the same air basin to leave their current air district and become a part of the MDAQMD. On July 1, 1994 the area commonly known as the Palo Verde Valley in Riverside County, including the City of Blythe, left the South Coast Air Quality Management District (SCAQMD) and joined the MDAQMD.

Since USEPA adopts SIP revisions in California as effective within the jurisdictional boundaries of local air districts, when the local boundaries change the SIP as approved by USEPA for that area up to the date of the change remains as the SIP in that particular area. Upon annexation of the Blythe/Palo Verde Valley the MDAQMD acquired the SIP prior to July 1, 1994 that was effective in the Blythe/Palo Verde Valley. Therefore, the SIP history for the Blythe/Palo Verde Valley Portion of the MDAQMD is based upon the rules adopted and approved for that portion of Riverside County by SCAQMD.

SCAQMD adopted Rule 1171 – *Solvent Cleaning Operations* on August 2, 1991, prior to the annexation of the Blythe/Palo Verde

Valley. This rule was submitted by the SCAQMD for inclusion in the SIP, and the submission was given a limited approval/limited disapproval (LA/LD) on December 20, 1993 (58 FR 66285). The adoption of MDAQMD Rule 1104 on September 9, 1994 was intended to address the LA/LD of SCAQMD Rule 1171.

Unfortunately, the USEPA SIP action taken on April 30, 1996 does not mention the removal of SCAQMD Rule 1171 from the SIP for the Blythe/Palo Verde Valley. Thus, there are 2 SIP rules effective in the Blythe/Palo Verde Valley: the LA/LD version of SCAQMD Rule 1171, and the September 28, 1994 MDAQMD Rule 1104 version.

2. SIP Analysis

The District will request CARB to submit the proposed amendments to Rule 1104 to replace the SIP versions in effect in the San Bernardino County portion of the Mojave Desert Air Basin (MDAB) and the Blythe/Palo Verde Valley portion of Riverside County. This submission is necessary to satisfy 42 U.S.C. §§7511a (FCAA §182) which requires that ozone non-attainment areas implement RACT for sources that are subject to CTGs and for major sources of ozone precursors

Since there are previously existing SIP rules for this category the District will request that they be superseded. In order to replace existing SIP rules the District is required to show that the proposed amendments are not less stringent than the provisions currently in the SIP.

Proposed amended Rule 1104 is more stringent than the prior versions in the SIP because it contains more stringent VOC limits, control equipment requirements, cleaning equipment and methods, work practices, exemptions and test methods.

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Appendix “A”
Rule 1104 – *Organic Solvent Degreasing Operations* Iterated Version

The iterated version is provided so that the changes to an existing rule may be easily found. The manner of differentiating text is as follows:

1. Underlined text identifies new or revised language.
2. ~~Lined-out text~~ identifies language which is being deleted.
3. Normal text identifies the current language of the rule which will remain unchanged by the adoption of the proposed amendments.
4. [*Bracketed italicized text*] is explanatory material that is not part of the proposed language. It is removed once the proposed amendments are adopted.

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RULE 1104

Organic Solvent Degreasing Operations

(A) General

(1) Purpose:

(a) The purpose of this Rule is to limit the emission of Volatile Organic Compounds from Wipe Cleaning and degreasing operations using organic Solvents.

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(2) Applicability:

(a) This rule applies to any facility engaged in Wipe Cleaning, Cold Solvent Cleaning and/or Vapor Cleaning (Degreasing) operations for metal/non-metal parts/products ~~or electronic circuit boards~~, which utilize volatile organic Solvents.

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(b) This rule does not apply to janitorial supplies used for cleaning offices, bathrooms or other similar areas. [Not subject to the provisions of the applicable CTG.]

(B) Definitions

- (1) "Air-Vapor Interface" - The Degreaser surface area between the sides of the cleaner, the top of the solvent-vapor layer, and the air touching this layer.
- (2) "Batch-loaded" - The material placed in a nonconveyorized container for a vapor or cold cleaning process.
- (3) "Cold Solvent Cleaning" - A process or activity, such as Wipe Cleaning, of removing Soils from the surfaces of Workloads by spraying, brushing, flushing, or immersing the parts with/in liquid solvent which is not heated or, when heated does not reach the solvent's boiling point.
- (4) "Cold Solvent Degreaser" - Any equipment using solvent which, if heated is maintained below the boiling temperature. Such equipment includes, but is not limited to, Remote Reservoirs, spray sinks and Batch-loaded dip tanks.
- (5) "Condenser" (Pprimary Condenser)² - The primary device, such as cooling coils, used to condense (liquify) solvent vapor.

- (6) “Condenser Flow Switch” - A safety switch connected to a thermostat which shuts off the sump heater if the Condenser coolant is either not circulating or exceeds its designed operating temperature.
- (7) “Control Device” - A device for reducing emissions of VOC to the atmosphere.
- (8) “Conveyorized Degreaser” - Any continuously loaded, conveyorized cold solvent or vapor Degreaser, including but not limited to gyro, vibra, monorail, cross-rod, mesh, belt and strip cleaners. Also strip Degreasers which clean material by drawing the strip itself through the unit.
- (9) “Degreaser” - The Solvent cleaning equipment used to clean Soils from the surfaces of parts/Workloads, and include the following types of equipment: Cold Solvent Degreasers, vapor Degreasers, Conveyorized Degreasers, and Sealed Chamber Degreasers.
- (10) “Emulsion” - A suspension of small droplets of one liquid in a second liquid with which the first will not mix.
- (11) “Evaporation” - To change into a vapor, normally from a liquid state.
- (12) “Evaporative Surface Area for a Cold Solvent Degreaser” - The surface area of the top of the Solvent.
- (13) “Evaporative Surface Area for a Conveyorized Degreaser”-
- (a) ____ -For a Cold Solvent Degreaser, the surface area of the top of the Solvent; or
- (b) ____ -For a vapor Degreaser, the surface area of the top of the Solvent vapor-air interface.
- (14) “Evaporative Surface Area for a Vapor Degreaser” - The surface area of the top of the Solvent vapor-air interface.
- (15) “Freeboard Height for a Batch-loaded Vapor Degreaser” - The vertical distance from the top of the Solvent vapor-air interface to the top of the Degreaser.
- (16) “Freeboard Height for a Cold Solvent Degreaser” - The vertical distance from the top of the Solvent to the lip of the Cold Solvent Degreaser. For the purposes of this rule, Remote Reservoirs do not have a freeboard.
- (17) “Freeboard Height for a Conveyorized Degreaser”-
- (a) ____ -For non-boiling (cold) Solvent, the vertical distance from the top of the Solvent to the bottom of the first opening in the Solvent containing compartment or to the bottom of the lowest opening in the Degreaser, whichever distance is greater; or

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- (b) ~~F~~ For boiling (vaporized) Ssolvent, the vertical distance from the top of the Ssolvent vapor-air interface to the bottom of the first opening in the vapor containing compartment or to the bottom of the lowest opening in the Ddegreaser, whichever distance is greater.
- (18) “Freeboard Ratio” - The freeboard height divided by the smaller of the inside length, diameter, or the inside width of the Ddegreaser evaporative area.
- (19) “High Volatility Solvent” - Any Ssolvent that is not classified as a Low Volatility Ssolvent.
- (20) “Initial Boiling Point” - The boiling point of a Ssolvent as defined by ASTM Test Method D-1078-~~1186~~. *[Most recent version is 2011.]*
- (21) “Lip Exhaust” - A system which captures Ssolvent vapors which escape from the top of an open top Ddegreaser by directing the vapors away from persons operating the Ddegreaser.
- (22) “Low Volatility Solvent” - A Ssolvent with an Initial Boiling Point greater than 120 °C (248 °F) and with an operating temperature a least 100 °C (180 °F) below the Initial Boiling Point, as used.
- ~~(23) “Make up Solvent” - That solvent added to the operation to replace solvent lost through evaporation and other means. [Definition not used.]~~
- (234) “Refrigerated Freeboard Chiller” (Secondary Condenser)² - A secondary cooling coil mounted above the Pprimary Ceondenser to provide a chilled air blanket above the Ssolvent vapor-air interface and cause the condensation of additional Ssolvent vapor.
- (245) “Remote (Enclosed) Reservoir” - A Ceold Ssolvent Ddegreaser with a tank which is completely enclosed except for a Ssolvent return opening which allows used Ssolvent to drain into it from a separate Ssolvent sink or work area. The Return return opening must be no larger than 100 square centimeters and the reservoir must not be accessible for soaking Wworkloads.
- (256) “Sealed Chamber Degreaser” - A Ddegreaser in which all spraying is contained inside the cleaning equipment.
- (267) “Soil” - Any surface contaminant which is to be removed by either Ceold Ssolvent Cleaning or Vapor Cleaning. Surface contaminants include, but are not limited to, for metal/non-metal cleaning operations: oils, greases, waxes, tars, stains, ink and/or particulate matter such as sand, metal chips, abrasives, or fibers. In addition, for circuit board operations, surface contaminants include the resist (a maskant) and flux from soldering.
- (278) “Solvent” - A liquid solution or vapor, which contains Volatile Organic Compounds (VOCs), and which is used as a diluent, thinner, dissolver, viscosity

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reducer, cleaning agent or for other similar use. Typical degreasing Ssolvents would dissolve oils, greases, waxes, or tars, to release and flush surface contaminants such as sand, metal chips, buffing abrasives or fibers and other Ssoil-held surface contaminants from the surfaces of the Wworkload. A Ssolvent may be a single compound or a blend of two or more compounds.

- (289) “Solvent Leak” - The fugitive loss of three (3) or more drops of liquid Ssolvent per minute.
- (2930) “Spray Safety Switch” - A manually reset switch which shuts off the spray pump if the vapor level drops more than ten (10) em-centimeters (4 inches) from the design operating height.
- (304) “Ultrasonics” - The enhancement of the cleaning process by agitation of liquid Ssolvents with high frequency sound waves. The induced vibrations cause implosions of the microscopic vapor cavities within the liquid Ssolvent. Such implosions within the Ssolvent which is in contact with a solid surface, facilitates the removal of grease, dirt and other material from that surface.
- (312) “Vapor Cleaning” - A process using the condensation of vaporized Ssolvent to remove/flush Ssoils and Ssoil-held debris from the surfaces of the Wworkload.
- (323) “Vapor Degreaser” - Any Ddegreaser that cleans through the condensation of Ssolvent vapor on colder Wworkload surfaces.
- (334) “Vapor Level Control Thermostat” - A manually reset safety switch which turns off the sump heater if the thermostat senses the temperature rising above the design operating level at the Aair-Vvapor Iinterface.
- (345) “Volatile Organic Compound” (VOC) - Any compound containing at least one atom of carbon, except for the following exempt compounds: methane, carbon monoxide, carbon dioxide, carbonic acid, metallic carbides or carbonates, ammonium carbonate, and those compounds listed in 40 CFR 51.100(s)(4). *[Definition modified for consistency with District Tert-Butyl Acetate (tBA) policy.]*
- (356) “Waste” - Material which may contain dirt, oil, metal particles, and/or other Wwaste products concentrated after heat distillation of the Wwaste Ssolvent either in the Ddegreaser itself or after distillation in a separate still.
- (367) “Wipe Cleaning” - That method of cleaning which utilizes a material such as a rag, wetted with a Ssolvent, coupled with a physical rubbing process, to remove contaminants from surfaces. For the purposes of this rule, Wwipe Ccleaning materials shall not be considered “equipment.”
- (378) “Workload” - The objects, i.e. parts, put in a cleaner for the purpose of removing oil, grease, Ssoil, a coating, dirt or other undesirable matter from the surface of the objects.

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(389) “Workload Area”–

- (a) –The plane geometric surface area of the top of the submerged parts basket; or
- (b) –~~W~~when no basket is used, the combined plane geometric surface area(s) displaced by the submerged Wworkload.

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(C) Standards

(1) VOC Content [Added for consistency with the CTG and current federal RACT.]

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- (a) An owner/operator shall not use a Solvent with a VOC content that exceeds 25 grams VOC per liter, as applied, for cleaning or surface preparation in any operation subject to this rule.
- (b) As an alternative to, or in lieu of, (C)(1)(a), an owner/operator may use cleaning materials with a VOC composite vapor pressure limit of 8 millimeters of mercury (mmHg) at 20 degrees Celsius.

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(2) Control Equipment [Added for consistency with the CTG, language derived from MDAQMD Rule 1118.]

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- (a) Owners and/or operators may comply with (C)(1)(a) by using approved air pollution control equipment provided that the VOC emissions from such operations and/or materials are reduced in accordance with the following:
 - (i) The Control Device shall reduce emissions from an emission collection system by at least 95 percent (95%), by weight, or by reducing the output of the air pollution control device to less than 25 ppm calculated for carbon with no dilution.
 - (ii) The owner/operator demonstrates that the system collects at least 90 percent (90%), by weight, of the emissions generated by the sources of emissions.

(34) Cleaning Equipment and EQUIPMENT Method RequirementsEQUIREMENTS [Derived from SCAQMD Rule 1171 §(c)(2).]

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An owner/operator shall not perform Solvent cleaning unless one of the following cleaning devices or methods is used:

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- (a) Wipe Cleaning;
- (b) Closed containers or hand held spray bottles from which Solvents are applied without a propellant-induced force;

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- (c) Cleaning equipment which has a Solvent container that can be, and is closed during cleaning operations, except when depositing and removing objects to be cleaned, and is closed during non-operation with the exception of maintenance and repair to the equipment itself
- (d) Non-atomized Solvent flow method where the cleaning Solvent is collected in a container or a collection system which is closed except for Solvent collection openings and, if necessary, openings to avoid pressure build-up inside the container; or
- (e) Solvent flushing method where the cleaning Solvent is discharged into a container which is closed except for Solvent collection openings and, if necessary, openings to avoid excessive pressure build-up inside the container. The discharged Solvent from the equipment must be collected into containers without atomizing into the open air. The Solvent may be flushed through the system by air or hydraulic pressure, or by pumping.
- (af) All Ddegreasers shall be equipped with the following:
- (i) An apparatus or cover(s) which reduces Ssolvent Eevaporation, except for Rremote Reservoirs.
 - (ii) A permanent, conspicuous label summarizing the applicable operating requirements contained in subsection (C)(42)(b). In lieu of a label, operating instructions may be posted near the Ddegreaser where the operators can access the proper operating requirements of this rule. *[Corrected cross reference.]*
- (bg) Remote Reservoirs shall be equipped with the following:
- (i) A sink, platform or work area which is sloped sufficiently towards a drain to prevent pooling of Ssolvent within the work area.
 - (ii) A single or total drain hole area, not larger than 100 square centimeters (15.5 square inches) in area, for the Ssolvent to flow from the sink (platform/work area) into the Enclosed Reservoir.
 - (iii) If High Volatility Ssolvent is used, a drain cover/plug/closure device or a cover for placement over the top of the sink (platform/work area), when the equipment is not being used, cleaned or repaired.
 - (iv) A minimum sink depth of six (6) inches, as measured from the top of the drain to the top of the side of the sink.
- (eh) Cold Solvent Ddegreasers - Freeboard Requirements:
- (i) Cold Ssolvent Ddegreasers using only Low Volatility Ssolvents which are not agitated, shall operate with a freeboard height of not less than six (6) inches.

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- (ii) Cold Ssolvent Ddegreasers using only Llow Vvolatility Ssolvents may operate with a Ffreeboard Rratio equal to or greater than 0.50 when the Ccold Ssolvent Ddegreaser has a cover which remains closed during the cleaning operation.
- (iii) Any Ccold Ssolvent Ddegreasers using Ssolvent which is agitated, or heated above 50 °C (120 °F) shall operate with a Ffreeboard Rratio equal to or greater than 0.75.
- (iv) A water cover may be used as an acceptable control method to meet the freeboard requirements, when the Ssolvent is insoluble in water and has a specific gravity greater than one (1).

Cold Solvent Degreasers - Cover Requirements:

- (v) Cold Ssolvent Ddegreasers using Hhigh Vvolatility Ssolvent shall have a cover that is a sliding, rolling or guillotine (bi-parting) type which is designed to easily open and close without disturbing the vapor zone.

Cold Solvent Degreasers - Solvent Level Identification:

- (vi) A permanent, conspicuous mark locating the maximum allowable Ssolvent level conforming to the applicable freeboard requirements.

(di) Conveyorized Cold Solvent Degreasers shall be equipped with the following:

- (i) A rotating basket or other method, to prevent cleaned parts from carrying out Ssolvent liquid.
- (ii) Minimized entrance and exit openings which silhouette the Wwork loads such that the average clearance between material and the edges of the cleaner openings are less than 10 centimeters (4 inches) or less than ten (10)%- percent of the opening width, whichever is greater.
- (iii) A Ffreeboard Rratio equal to or greater than 0.75.
- (iv) Alternately, a hood or enclosure to collect emissions which are vented to a control device may be used to satisfy requirement of subsection (C)(3)(ei)(iii) above, provided that the overall efficiency air pollution control equipment meets the provisions of subsection (C)(2)(collection efficiency multiplied by the control efficiency) of the total system shall not be less than 85 percent by weight. The collection system shall have a ventilation rate of 15-20 cubic meters per /minute per square meter of Ssolvent cleaner opening (at each Aair-Vvapor Iinterface), unless the rate must be changed to meet Federal and State Occupational Safety and Health Administration requirements, and is approved in writing by the

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~~District Air Pollution Control Officer (APCO). [Control device efficiency consistent with (C)(2).]~~

(e) Batch-loaded Vapor Degreasers shall be equipped with the following:

- (i) A cover that is a sliding, rolling or guillotine (bi-parting) type which is designed to easily open and close without disturbing the vapor zone.
- (ii) A Vapor Level Control Thermostat, a Condenser Flow Switch and a Spray Safety Switch.
- (iii) A Freeboard Ratio greater than or equal to 0.75.
- (iv) A Primary Condenser.
- (v) In addition, degreasers with an evaporative surface area greater than or equal to one (1) square meter, shall be equipped with a Refrigerated Freeboard Chiller for which the chilled air blanket temperature (degrees F) at the coldest point on the vertical axis in the center of the Air-Vapor Interface shall be no greater than 30 percent of the Initial Boiling Point (degrees F) of the Solvent used, or 40 °F, ~~which ever~~ ~~whichever~~ is greater. (If the chiller operates below the freezing temperature of water, it shall be equipped with an automatic defrost).
- (vi) Alternately, a hood or enclosure to collect emissions which are vented to a Control Device may be used to satisfy the requirements of ~~subsections (C)(3)(d)(iii) and (d)(iii)~~ above, provided ~~that the air pollution control equipment meets the provisions of subsection (C)(2) that the overall control efficiency (collection efficiency multiplied by the control efficiency) of the total system shall not be less than 85 percent by weight.~~ The collection system shall have a ventilation rate of 15-20 cubic meters per minute per square meter of Solvent cleaner opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and/or State Occupational Safety and Health Administration requirements, and is approve in writing by the ~~District Air Pollution Control Officer (APCO). [Control device efficiency consistent with (C)(2).]~~

(f) Conveyorized Vapor Degreasers shall be equipped with the following:

- (i) An enclosed drying tunnel or other method, such as a rotating basket, sufficient to prevent cleaned parts from carrying out Solvent liquid or vapor.
- (ii) Minimized entrance and exit openings which silhouette the ~~work loads~~ Workloads such that the average clearance between material and the edges of the Degreaser openings are less than ~~ten (10) centimeters (four (4) inches)~~ or less than ~~ten (10) percent%~~ of the opening, ~~which ever~~ ~~whichever~~ is greater.
- (iii) A Primary Condenser.

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- (iv) A Freeboard Ratio equal to or greater than 0.75.
- (v) A vapor control thermostat, a Condenser Flow Switch, and a Sspray Ssafety Switch.
- (vi) Additionally, a Refrigerated Freeboard Chiller for which the chilled air blanket temperature (degrees F) at the coldest point on the vertical axis in the center of the Air-Vapor Interface shall be no greater than 30 percent of the Initial Boiling Point (degrees F) of the Solvent used, or 40 °F, ~~which ever~~whichever is greater. (If the chiller operates below the freezing temperature of water, it shall be equipped with an automatic defrost).
- (vii) Alternately, a hood or enclosure to collect emissions which are vented to a Control Device may be used to satisfy requirements of sections (f)(iv) and (f)(vi) above, provided that the air pollution control equipment meets the provisions of subsection (C)(2)~~overall efficiency (collection efficiency multiplied by the control efficiency) of the total system shall not be less than 85 percent by weight~~. The collection system shall have a ventilation rate of 15-20 cubic meters/min per square meter of Degreaser opening (at each Air-Vapor Interface), unless the rate must be changed to meet Federal and State Occupational Safety and Health Administration requirements, and is approved in writing by the District APCO. [Control device efficiency consistent with (C)(2).]

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(24) Operating~~PERATING~~ Requirements~~EQUIREMENTS~~

- (a) All Degreasers shall comply with the following:
 - (i) Any Solvent cleaning equipment and any emission Control Device shall be operated and maintained in strict accord with the recommendations of the manufacturer.
 - (ii) Degreasers shall not be operating with any detectable Solvent Leaks.
 - (iii) All Solvent, including Wwaste Solvent, ~~and~~ Wwaste Solvent residues, and used applicators shall be stored in closed containers at all times. All containers for any Solvent(s) shall have a label indicating the name of the Solvent/material they contain. [Work practices updated for consistency with the CTG.]
 - (iv) Waste Solvent and any residues shall be disposed of by one of the following methods: a commercial Wwaste Solvent reclamation service licensed by the State of California; or a federally or state licensed facility to treat, store or dispose of such Wwaste; or the originating facility may recycle the Wwaste Solvent and materials in conformance with requirements of Section 25143.2 of the California Health and Safety Code.
 - (v) Degreasers shall be covered to prevent fugitive leaks of vapors, except when processing work or to perform maintenance.
 - (vi) Solvent carry-out shall be minimized by the following methods:

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- a) Rack **W**orkload arranged to promote complete drainage.
 - b) Limit the vertical speed of the power hoist to 3.3 meters per minute (11 **feet per minute**(**f/min**)) or less when such a hoist is used.
 - c) Retain the **W**orkload inside of the vapor zone until condensation ceases.
 - d) Tip out any pools of **S**olvent remaining on the cleaned parts before removing them from the **D**egreaser if the **D**egreasers are operated manually.
 - e) Do not remove parts from the **D**egreaser until the parts are visually dry and not dripping/leaking **S**olvent. (This does not apply to an **E**mulsion cleaner **W**orkload that is rinsed with water within the **D**egreaser immediately after cleaning.)
- (vii) The cleaning of porous or absorbent materials such as cloth, leather, wood or rope is prohibited.
 - (viii) Except for **S**ealed **C**hamber **D**egreasers, all **S**olvent agitation shall be by either pump recirculation, a mixer, or **U**ltrasonics.
 - (ix) The **S**olvent spray system shall be used in a manner such that liquid **S**olvent does not splash outside of the container. The **S**olvent spray shall be a continuous stream, not atomized or shower type, unless, the spray is conducted in a totally enclosed space, separated from the environment.
 - (x) For those **D**egreasers equipped with a water separator, no **S**olvent shall be visually detectable in the water in the separator.
 - (xi) Wipe **C**leaning materials, **including shop towels**, containing **S**olvent shall be kept in closed containers at all times, except during use. *[Work practices updated for consistency with CTG work practices.]*
 - (xii) **A degreaser**Cleaning operations shall be located so as to minimize **air circulation and** drafts being directed across the cleaning equipment, the exposed **S**olvent surface, or the top surface of the vapor blanket. *[Work practices updated for consistency with CTG work practices.]*
 - (xiii) A method for draining cleaned material, such as a drying rack suspended above the **S**olvent and within the freeboard area, shall be used so that the drained **S**olvent is returned to the **D**egreaser or container.
- (b) **Batch-loaded and Conveyorized Degreasers** shall, in addition to the requirements in **subsection (C)(42)(a)**, meet the following operating requirements:
- (i) When starting the **D**egreaser, the cooling system shall be turned on before, or simultaneously with, the sump heater.
 - (ii) When shutting down the **D**egreaser, the sump heater shall be turned off before, or simultaneously with, the cooling system.

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- (iii) The **W**orkload **A**rea shall not occupy more than half of the evaporative surface area of the **D**egreaser.
 - (iv) Except for **S**sealed **C**hambers, the spray must be kept at least **ten (10)** centimeters (**four (4)** inches) below the top of the vapor level and be pointed downward, to prevent turbulence at the air-**S**olvent vapor interface.
- (c) Remote Reservoir Degreasers shall, in addition to the applicable requirements in **subsection (C)(24)(a)**, meet the following operating requirements:
- (i) The **S**olvent pump shall not circulate **S**olvent into the sink unless a **W**orkload is being actively processed.
 - (ii) The sink of a **R**emote **R**eservoir **D**egreaser or any container placed therein may not be used to soak a **W**orkload. Such use is prohibited and such use will cause the unit to be classified as a **C**eold **S**olvent **D**egreaser and be subject to provisions of **subsection (C)(43)(eh)** of this rule.
 - (iii) Parts shall be visually dry and not dripping/leaking **S**olvent before being removed from the sink. Parts shall be tipped to release any trapped pools of **S**olvent before being removed from the sink.
 - (iv) The **W**orkload must “drip-dry” while being contained completely within the sink.

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(D) Prohibition

A **L**ip **E**xhaust system shall not be used on any **D**egreaser unless it is vented to a hood or enclosure system as defined in **subsection (C)(43)(ej)(vi)**.

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(E) Exemptions

- (1) The provisions of this **R**ule shall not apply to:
- (a) Solvents Containing Less Than **two (2) percent%** VOC: Solvent cleaning/degreasing operations using total liquid **S**olvent containing less than **two (2)** percent by weight of **V**olatile **O**rganic **C**ompounds (VOC).
 - (**cb**) Small Cold Solvent Degreasers: Any **C**eold **S**olvent **D**egreaser with a **S**olvent surface area of less than 929 square centimeters (1 square foot) shall meet the requirements of **subSection (C)(42)(a)(v)** and (E)(2) of this rule.
 - (**de**) Consumer products such as aerosol cans or small containers (one quart or smaller) unless the total accumulative use is greater than 160 ounces (five quarts) of **S**olvent per day. Persons using these products are subject to

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subSection (C)(24)(a)(iii, iv & xi), subSection (E)(2), subSection (G)(1)(a)(v) and subSections (G)(1)(c) & and (d) of this rule.

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(e) Any source operation that is subject to or not specifically exempted by any of the following rules: *[Specific exemptions added per the CTG which ensures that particular cleaning activities are only subject to one set of requirements. This structure is similar to exemptions in BAAQMD Rule 8-4 and SJVUAPCD Rule 4661.]*

(i) Rule 1106 – *Marine Coating Operations.*

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(ii) Rule 1113 – *Architectural Coatings.*

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(iii) Rule 1114 – *Wood Products Coating Operations.*

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(iv) Rule 1115 – *Metal Parts & Products Coating Operations.*

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(v) Rule 1116 – *Automotive Refinishing Operations.*

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(vi) Rule 1117 – *Graphic Arts and Paper, Film, Foil and Fabric Coatings.*

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(vii) Rule 1118 – *Aerospace Vehicle Parts and Products Coating Operations.*

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(viii) Rule 1162 – *Polyester Resin Operations.*

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(f) Film cleaning operations that use 1,1,1-trichloroethane exclusively. *[Exemption suggested for inclusion by the applicable CTG, as included in BAAQMD Rule 8-4.]*

(g) The surface preparation standards in subsection (C)(1) and (C)(2) shall not apply to the following: *[Exemption suggested for inclusion by the applicable CTG, as included in BAAQMD Rule 8-4.]*

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(i) The surface preparation of electrical and electronic components, precision optics, or pneumumatic dies;

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(ii) Stripping of cured inks, coatings and adhesives or cleaning of resin, coating, ink and adhesive mixing, molding and application equipment; or,

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(iii) Surface preparation associated with research and development operations; medical device or pharmaceutical manufacturing operations; performance testing to determine coating, adhesive or ink performance; or testing for quality control or quality assurance purposes.

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(2) Any facility classified as exempt or claiming to be exempt under this Section (E), shall meet the record keeping requirements of this rule so as to be able to prove the exemption status.

(F) Administrative Requirements

Rule 442 Applicability: Any Solvent using operation or facility which is not subject to this source-specific rule shall comply with the provisions of Rule 442 – Usage of Solvents. Any Solvent using operation or facility which is exempt from all or a portion of the VOC limits, equipment limits or the operational limits of this rule shall be subject to the applicable provisions of Rule 442 – Usage of Solvents.

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(G) Recordkeeping Requirements

(1) Solvent Usage Records: All persons subject to this rule and any person claiming any exemption under Section (E) shall comply with the following requirements:

- (a) Maintain and have available during an inspection, a current list of Solvents in use at the facility which provides all of the data necessary to evaluate compliance, including the following information separately for each Degreaser, as applicable:
 - (i) Product name(s) used in the Degreaser; ~~and~~
 - (ii) The mix ratio of ~~mixtures containing Solvents solvent compounds mixtures of solvents are~~ used; ~~and~~ [Corrected for clarity.]
 - (iii) VOC content of Solvent or mixture of compounds as used; ~~and~~
 - (iv) The total volume of the Solvent(s) used for the facility, on a monthly basis; and
 - (v) The name and total volume applied of Wipe Cleaning Solvent(s) used, on a monthly basis.
- (b) Additionally, for any Degreaser utilizing an add-on emission Control Device/system as a means of complying with provisions of this rule shall, on a monthly basis, maintain records of key system operating and maintenance data. Such data is recorded for the purpose of demonstrating continuous compliance during periods of emission producing activities. The data shall be recorded in a manner as prescribed by the District.
- (c) Documentation shall be maintained on site of the disposal or on site recycling of any Waste Solvent or residues.
- (d) Such records shall be retained on site (at the facility) and available for inspection by the ~~Air Pollution Control Officer~~ APCO for the previous ~~24 month period~~ five (5) years. [Updated in response to USEPA request.]

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(H) Test Methods

(1) A violation determined by any one of these test methods shall constitute a violation of this rule.

(2) The following specified test methods shall be used to determine compliance with the provisions of this rule. *[Test methods updated, derived from MDAQMD Rule 1115 §(G)(2)(h). CARB Method 422 updated pursuant to USEPA comment.]*

(a) Determination of the VOC Content of Solvent Samples - The determination of the Volatile Organic Compound content shall be by the appropriate procedures contained in EPA Method 24 - *Determination of Volatile Matter Content, Water Content, Density, Volume Solids, and Weight Solids of Surface Coating.*

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(b) Determination of Initial Boiling Point of Solvents - The Initial Boiling Point of the Solvent shall be determined by ASTM Test Method D1078-1186. *[Most recent version is 2011.]*

(c) Determination of Capture Efficiency - Capture efficiency shall be determined by the appropriate procedures set out in ~~40 CFR 52.741 appendix B~~ *Guidelines for Determining Capture Efficiency (January 9, 1995). [Pursuant to guidance in EPA's The Little Bluebook, rules that reference older capture efficiency guidance (e.g., 40 CFR 52.741 should be updated.]*

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(d) Determination of Control Efficiency - Control Efficiency shall be determined by using:

(i) EPA Method 25 - *Determination of Total Gaseous Nonmethane Organic Emissions as Carbon;*

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(ii) EPA Method 25A - *Determination of Total Gaseous Organic Concentration Using a Flame Ion Analyzer;*

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(iii) SCAQMD Test Method 25.1 - *Determination of Total Gaseous Non-Methane Organic Emissions as Carbon (February 1991); or*

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(iv) SCAQMD Test Method 25.3 - *Determination of Low Concentration Non-Methane Non-Ethane Organic Compound Emissions from Lean Fueled Combustion Sources (March 2000). ARB Method 100 shall be used to determine control efficiency. [Updated test methods derived from MDAQMD Rule 1118 §(E)(3)(b).]*

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(e) Determination of the Ventilation/Draft Rate - The ventilation/draft rate shall be determined by using:

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(i) EPA Method 2 - *Determination of Stack Gas Velocity and Volumetric Flow Rate (Type S Pitot Tube);*

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(ii) EPA Method 2A - *Direct Measurement of Gas Volume through Pipes and Small Ducts;*

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(iii) EPA Method 2C - *Determination of Gas Velocity and Volumetric Flow Rate in Small Stacks of Ducts (Standard Pitot Tube); and*

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(iv) EPA Method 2D – *Measurement of Gas Volume Flow Rates in Small Pipes and Ducts.*

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(fg) Determination of Exempt Compounds - Exempt Compound content shall be determined by using:

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(i) CARB Method 432, “*Determination of Dichloromethane and 1,1,1Trichloroethane in Paints and Coatings*” (September 12, 1998);

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(ii) CARB Method 422, “*Determination of Volatile Organic Compounds in Emissions form Stationary Sources*” (January 22, 1987).

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1. It is only approved for the compounds listed in Method 422, section 2, that have been exempted from USEPAs definition of VOC; and

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2. If aqueous impingers are used, the solution also shall be analyzed for the target VOCs; or

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(iii) SCAQMD Method 303-91, “*Determination of Exempt Compounds*” (February 1993). ~~Determination of the exempt compounds, shall be performed in accordance with ASTM Test Method D 4457-85 (Solvents and Coatings) and be consistent with the provisions set forth in the Federal Register (FR, Vol. 56, No. 52, March 18, 1991).~~

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Perfluorocarbon compounds shall be assumed to be absent from a product or process unless a manufacturer or facility operator identifies a specific compound or compounds from the broad classes of perfluorocarbons listed in 40 CFR 51.100(s)(1) as being present in the product or process. When such compounds are identified, the facility shall provide the test method to determine the amount(s) of the specific compound(s).

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~~(I) — Compliance Schedule *[Dates for compliance are past. All rule provisions must be complied with upon amendment.]*~~

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~~Any person subject to any of the requirements of this rule shall comply with the following increments of progress:~~

~~(1) — On an after October 28, 1994 be in full compliance with the operating and recordkeeping requirements of this rule.~~

~~(2) — On and after September 28, 1995 be in full compliance with the equipment requirements of this rule.~~

See SIP Table at <http://www.mdaqmd.ca.gov/Modules/ShowDocument.aspx?documentid=45> [SIP: Approved: 4/30/96, 61 FR 18962, 40 CFR 52.220(c)(207)(I)(D)(2)]

Field Code Changed

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1104-16

MDAQMD Rule 1104
Organic Solvent Degreasing Operations
D3: 02/28/2017

Appendix “B”
Public Notice Documents

1. Proof of Publication – Daily Press
2. Proof of Publication – Riverside Press Enterprise

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THE PRESS-ENTERPRISE

1825 Chicago Ave, Suite 100
Riverside, CA 92507
951-684-1200
951-368-9018 FAX

PROOF OF PUBLICATION
(2010, 2015.5 C.C.P)

Publication(s): The Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc.: /

I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper in general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673, under date of August 25, 1995, Case Number 267864, and under date of September 16, 2013, Case Number RIC 1309013; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

02/27/2017

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: February 27, 2017
At: Riverside, California


Legal Advertising Representative, The Press-Enterprise

MOJAVE DESERT AQMD
14306 PARK AVE
ATTN: D. HERNANDEZ
VICTORVILLE, CA 92392

Ad Number: 0010903489-01

P.O. Number:

Ad Copy:

NOTICE OF HEARING

NOTICE IS HEREBY GIVEN that the Governing Board of the Mojave Desert Air Quality Management District (MDAQMD) will conduct a public hearing on March 27, 2017 at 10:00 A.M. to consider the proposed amendment of Rule 1104 - Organic Solvent Degreasing Operations.

SAID HEARING will be conducted in the Governing Board Chambers located at the MDAQMD offices 14306 Park Avenue, Victorville, CA 92392-2310 where all interested persons may be present and be heard. Copies of proposed amended Rule 1104 - Organic Solvent Degreasing Operations and the Staff Report are on file and may be obtained from the Executive Assistant at the MDAQMD Offices. Written comments may be submitted to Brad Palriaz, APCO at the above office address. Written comments should be received no later than March 23, 2017 to be considered. If you have any questions you may contact Tracy Walters at (760) 245-1651 extension 4122 for further information. Traducción esta disponible por solicitud.

The proposed amendment of Rule 1104 - Organic Solvent Degreasing Operations will satisfy 42 U.S.C. 66751(a) (Federal Clean Air Act §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) documents issued by United States Environmental Protection Agency (USEPA) and for "major sources" of volatile organic compounds (VOCs) and oxides of nitrogen (NOx) which are ozone precursors.

Pursuant to the California Environmental Quality Act (CEQA) the MDAQMD has determined that a Categorical Exemption (Class 8 - 14 Cal. Code Reg 15300) applies and has prepared a Notice of Exemption for this action.

FILED
MOJAVE DESERT AQMD
CLERK OF THE BOARD

MAR 02 2017

BY 

THE PRESS-ENTERPRISE

1825 Chicago Ave, Suite 100
Riverside, CA 92507
951-684-1200
951-388-9018 FAX

PROOF OF PUBLICATION
(2010, 2015.5 C.C.P)

Publication(s): The Press-Enterprise

PROOF OF PUBLICATION OF

Ad Desc.: /

I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper in general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673, under date of August 25, 1995, Case Number 267864, and under date of September 16, 2013, Case Number RIC 1309013; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

02/27/2017

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: February 27, 2017
At: Riverside, California



Legal Advertising Representative, The Press-Enterprise

MOJAVE DESERT AQMD
14306 PARK AVE
ATTN: D. HERNANDEZ
VICTORVILLE, CA 92392

Ad Number: 0010903489-01

P.O. Number:

Ad Copy:

NOTICE OF HEARING

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SAID HEARING will be conducted in the Governing Board Chambers located at the MDAQMD offices, 14306 Park Avenue, Victorville, CA 92392-2310 where all interested persons may be present and be heard. Copies of proposed amended Rule 1104 - Organic Solvent Degreasing Operations and the Staff Report are on file and may be obtained from the Executive Assistant at the MDAQMD Offices. Written comments may be submitted to Brad Polritz, AP/CO at the above office address. Written comments should be received no later than March 23, 2017 to be considered. If you have any questions you may contact Tracy Walters at (760) 245-1661 extension 6172 for further information. Traducción esta disponible por solicitud.

The proposed amendment of Rule 1104 - Organic Solvent Degreasing Operations will satisfy 42 U.S.C. 86531a (Federal Clean Air Act 5182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) documents issued by United States Environmental Protection Agency (USEPA) and for "major sources" of volatile organic compounds (VOCs) and oxides of nitrogen (NOx) which are ozone precursors.

Pursuant to the California Environmental Quality Act (CEQA) the MDAQMD has determined that a Categorical Exemption (Class 8 - 14 Cal. Code Reg 51508) applies and has prepared a Notice of Exemption for this action. 2/27

FILED
MOJAVE DESERT AQMD
CLERK OF THE BOARD

MAR 02 2017

BY 

Appendix “C”
Public Comments and Responses

1. USEPA Comment, 02/23/2017.

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1. USEPA Comment, 02/23/2017

Tracy Walters

From: Brad Poiriez
Sent: Thursday, February 23, 2017 3:32 PM
To: Alan De Salvio; Tracy Walters
Subject: Fwd: EPA comment on Mojave Rule 1104
Attachments: ATT00001.gif

EPA COMMENTS.

Brad Poiriez
Executive Director
Mojave Desert AQMD

Sent from my iPhone

Begin forwarded message:

From: "Steckel, Andrew" <Steckel.Andrew@epa.gov>
Date: February 23, 2017 at 11:57:53 AM PST
To: "bradp@mdaqmd.ca.gov" <bradp@mdaqmd.ca.gov>, "Sutkus, Carol@ARB" <carol.sutkus@arb.ca.gov>
Cc: "Lazarus, Arnold" <Lazarus.Arnold@epa.gov>, "Lakin, Matt" <Lakin.Matthew@epa.gov>
Subject: EPA comment on Mojave Rule 1104

	United States Environmental Protection Agency Region IX 75 Hawthorne Street San Francisco, CA 94105-3901
---	--

February 23, 2017

Transmittal of EPA Rule Review Comments

To:	Brad Poiriez, Mojave Desert Air Quality Management District bradp@mdaqmd.ca.gov Carol Sutkus, California Air Resources Board csutkus@arb.ca.gov
From:	Andrew Steckel, Rulemaking Office Chief steckel.andrew@epa.gov
Re:	Mojave Desert Draft Rule 1104

We are providing comments based on our preliminary review of the draft rule identified above. Please direct any questions about our comments to me at (415) 947-4115 or to Arnold Lazarus at (415) 972-3024.

1



1. Consistent with Clean Air Act Title V and the federal statute of limitations, and to improve enforceability, we recommend that paragraph (G)(1)(d) require records to be maintained for five instead of two years.

2



2. CARB Method 422, "Determination of Volatile Organic Compounds in Emissions from Stationary Sources," December 13, 1991, was previously reviewed and approved only for CARB's Air Toxics Control Measure for Dry Cleaning. EPA re-reviewed CARB Method 422 for use in determining exempt VOCs in SIP rules and considers it acceptable with the following limitations: 1) it is only approved for the compounds listed in Method 422, section 2, that have been exempted from EPA's definition of VOC; and 2) if aqueous impingers are used, the solution shall also be analyzed for the target VOCs. Please revise Rule 1104, paragraph (H)(2)(f) to include these clarifying limitations.

2. District Response to USEPA Comment, 02/23/2017

1. Subsection (G)(1)(d) has been change to reflect 5 year recordkeeping requirement.
2. CARB Method 422 limitations have been incorporated in subsection (H)(2)(f)(ii).

These changes do not significantly affect the meaning of the proposed rule and therefore are found not to be substantive changes requiring continuation pursuant to H&S Code §40726.

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Appendix “D”
California Environmental Quality Act
Documentation

1. Draft Notice of Exemption – San Bernardino County
2. Draft Notice of Exemption – Riverside County

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NOTICE OF EXEMPTION

TO: County Clerk
San Bernardino County
385 N. Arrowhead, 2nd Floor
San Bernardino, CA 92415

FROM: Mojave Desert
Air Quality Management District
14306 Park Ave
Victorville, CA 92392-2310

MDAQMD Executive Assistant

PROJECT TITLE: Amendment of Rule 1104 – *Organic Solvent Degreasing Operations*.

PROJECT LOCATION – SPECIFIC: San Bernardino County portion of the Mojave Desert Air Basin and Palo Verde Valley portion of Riverside County.

PROJECT LOCATION – COUNTY: San Bernardino and Riverside Counties

DESCRIPTION OF PROJECT: The proposed amendment of Rule 1104 – *Organic Solvent Degreasing Operations* will satisfy 42 U.S.C. §§7511a (Federal Clean Air Act §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) documents issued by United States Environmental Protection Agency (USEPA) and for “major sources” of volatile organic compounds (VOCs) and oxides of nitrogen (NO_x) which are ozone precursors.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Mojave Desert AQMD

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mojave Desert AQMD

EXEMPT STATUS (CHECK ONE)

Ministerial (Pub. Res. Code §21080(b)(1); 14 Cal Code Reg. §15268)

Emergency Project (Pub. Res. Code §21080(b)(4); 14 Cal Code Reg. §15269(b))

Categorical Exemption – Class 8 (14 Cal Code Reg. §15308)

REASONS WHY PROJECT IS EXEMPT: The proposed amendments to Rule 1104 are exempt from CEQA review because the proposed amendments will not create any adverse impacts on the environment. Rule 1104 will impose additional controls on VOC limits, control equipment, cleaning equipment and methods, work practices, exemptions and test methods. Because there is no potential that the amendments might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

LEAD AGENCY CONTACT PERSON: Brad Poiriez **PHONE:** (760) 245-1661

SIGNATURE: _____ **TITLE:** Executive Director **DATE:** March 27, 2017

DATE RECEIVED FOR FILING:

NOTICE OF EXEMPTION

TO: Clerk/Recorder
Riverside County
3470 12th St.
Riverside, CA 92501

FROM: Mojave Desert
Air Quality Management District
14306 Park Ave
Victorville, CA 92392-2310

MDAQMD Executive Assistant

PROJECT TITLE: Amendment of Rule 1104 – *Organic Solvent Degreasing Operations*.

PROJECT LOCATION – SPECIFIC: San Bernardino County portion of the Mojave Desert Air Basin and Palo Verde Valley portion of Riverside County.

PROJECT LOCATION – COUNTY: San Bernardino and Riverside Counties

DESCRIPTION OF PROJECT: The proposed amendment of Rule 1104 – *Organic Solvent Degreasing Operations* will satisfy 42 U.S.C. §§7511a (Federal Clean Air Act §182) which requires that ozone non-attainment areas implement Reasonably Available Control Technology (RACT) for sources that are subject to Control Techniques Guidelines (CTG) documents issued by United States Environmental Protection Agency (USEPA) and for “major sources” of volatile organic compounds (VOCs) and oxides of nitrogen (NO_x) which are ozone precursors.

NAME OF PUBLIC AGENCY APPROVING PROJECT: Mojave Desert AQMD

NAME OF PERSON OR AGENCY CARRYING OUT PROJECT: Mojave Desert AQMD

EXEMPT STATUS (CHECK ONE)

Ministerial (Pub. Res. Code §21080(b)(1); 14 Cal Code Reg. §15268)

Emergency Project (Pub. Res. Code §21080(b)(4); 14 Cal Code Reg. §15269(b))

Categorical Exemption – Class 8 (14 Cal Code Reg. §15308)

REASONS WHY PROJECT IS EXEMPT: The proposed amendments to Rule 1104 are exempt from CEQA review because the proposed amendments will not create any adverse impacts on the environment. Rule 1104 will impose additional controls on VOC limits, control equipment, cleaning equipment and methods, work practices, exemptions and test methods. Because there is no potential that the amendments might cause the release of additional air contaminants or create any adverse environmental impacts, a Class 8 categorical exemption (14 Cal. Code Reg. §15308) applies.

LEAD AGENCY CONTACT PERSON: Brad Poiriez **PHONE:** (760) 245-1661

SIGNATURE: _____ **TITLE:** Executive Director **DATE:** March 27, 2017

DATE RECEIVED FOR FILING:

Appendix “E” Bibliography

The following documents were consulted in the preparation of this staff report.

1. *Control of Volatile Organic Emissions from Solvent Metal Cleaning* (EPA-450/2-77-022 November 1977)
2. *Industrial Cleaning Solvents* (EPA-453/R-06-001 September 2006)
3. SJVUAPCD Rule 4661 – *Organic Solvents*, September 20, 2007.
4. SJVUAPCD Rule 4662 – *Organic Solvent Degreasing Operations*, September 20, 2007.
5. TSD for EPA’s Proposed Rulemaking for the California State Implementation Plan, SJVUAPCD Rule 4662 – *Organic Solvent Degreasing Operations*, May 2009.
6. SJVUAPCD Rule 4663 – *Organic Solvent Cleaning, Storage, and Disposal*, September 20, 2007.
7. TSD for EPA’s Proposed Rulemaking for the California State Implementation Plan, SJVUAPCD Rule 4663 – *Organic Solvent Cleaning, Storage, and Disposal*, May 2009.
8. BAAQMD Regulation 8 *Organic Compounds* Rule 4 *General Solvent and Surface Coating Operations*, October 16, 2002.
9. TSD for EPA’s Proposed Rulemaking for the California State Implementation Plan, MDAQMD Rule 1104, January 19, 1996.
10. SCAQMD Rule 1122 – *Solvent Degreasers*, May 1, 2009.
11. Rule 1171 – *Solvent Cleaning Operations*, May 1, 2009.
12. *Guidance Document for Correcting Common VOC and Other Rule Deficiencies (A.K.A., The Little Bluebook)* U.S. Environmental Protection Agency Region IX, Revised August 21, 2001.

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The following page(s) contain the backup material for Agenda Item: [Reports: Executive Director](#)



Community Relations & Education District Activity Report

March 2017

Electric Lawn & Garden Exchange to Offer Equipment Starting at \$90

Emission-free cordless electric mowers, along with electric blowers and trimmers, will be available starting at \$90 during the MDAQMD's annual Lawn & Garden Equipment Exchange at the Victorville Fairgrounds on Saturday April 8, 2017. From 8:00 AM to 12:00 noon, participants will be able to trade in their operable, gas powered equipment and purchase a 21" electric mower for \$150, a 56 volt electric string trimmer for \$90 and a 56 volt electric blower for \$90. Pre-registration is required at <https://www.thegreenstationla.com/mojave> or by calling 1-866-646-4652. Additional information is also available at www.mdaqmd.ca.gov.

District Seeking Local School to Pilot Flag Program

The MDAQMD is seeking a local school to pilot its first-ever School Flag program, a nationwide program which alerts schools to the local air quality forecast and helps them to take action to protect students' health, particularly those with asthma. Each day, the school raises a flag that corresponds to how clean or polluted the air is. During wildfires, when the District issues smoke advisories, the corresponding flag can alert students and the community about how safe the air is to breathe. The color of the flag corresponds with the EPA's Air Quality Index (AQI). On unhealthy days, schools can use the information to adjust physical activities to help reduce exposure to air pollution, while still keeping students active. During wildfires, members of the school and surrounding community can adjust their activities accordingly to reduce exposure to smoke and particle pollution. The school selected by the District to pilot the program will receive a set of school flags and be featured in MDAQMD press releases and newsletter articles related to the program. The deadline to apply is March 23, 2017. An application may be downloaded from www.mdaqmd.ca.gov.

MDAQMD & MEEC to Present Air Quality Teacher Workshop

On March 16, the District will join forces with the Mojave Environmental Education Consortium to present "Air Quality and YOU" a free teacher workshop for grade 3-12 educators. During the two hour workshop, which will be held at MDAQMD offices, educators will learn how to integrate the science of air quality into their lesson plans from District CRE and air monitoring staff. Workshop topics will include the properties of air, air pollution sources, how air pollution is monitored, forecasted and reported, air pollution health effects and "pollution solutions." Attendees will receive a variety of educational resources and standards-based lessons to share with their students.

Public Outreach Update

On March 1, CRE staff read "The Lorax" and shared tips for preventing air pollution with more than 200 students in five classrooms at George Magnet School in Adelanto. The read-in was part of the school's annual "Read Across America" event in honor of Dr. Seuss' birthday, whereby professionals visit classrooms to read aloud to local schoolchildren. On March 3, 45 students from Armargosa Creek Middle School in Lancaster toured the MDAQMD's Clean Power Education Center, visited the Victorville air monitoring station, learned about solar projects in the Mojave Desert from engineering staff and used solar ovens to make S'mores in the District's parking lot. The tour was sponsored through MEEC's Enviro Bus Buck program, which provides field trip grants for local students to visit environmentally-relevant sites.

For more information on activities/projects listed above, contact the MDAQMD's Community Relations & Education Office at (760) 245-1661, ext. 6104.